

Proposed ISAE 3410¹— Significant Issues Raised by Respondents on the Exposure Draft and IAASB Task Force Proposals dated December 2011

Background

1. The project was approved by the International Auditing and Assurance Standards Board (IAASB) in December 2007.
2. Four international roundtables were held in 2008.
3. A Consultation Paper² was issued in 2009. It was accompanied by a working draft of a standard dealing with reasonable assurance (RA) engagements only. The working draft received considerable support, but:
 - (a) There was strong support for expanding the scope to also include limited assurance (LA) engagements; and
 - (b) A small number of other issues were identified as needing further refinement.
4. An exposure draft of Proposed ISAE 3410 (ED 3410) covering both RA and LA engagements was approved in December 2010 and issued in January 2011 with a closing date for comments of June 10, 2011.
5. This paper sets out the significant issues raised by respondents to ED 3410 that, in the Task Force's opinion, require specific consideration by the IAASB. It also sets out the Task Force's proposals with respect to those issues.

Overview of Responses

6. There were 41 responses to ED 3410 distributed as follows. A list of respondents is included in the Appendix.

18	IFAC Member Bodies
8	Accounting Firms
4	Non-accounting GHG Assurers/Consultants/Organisations
4	National Auditing/Assurance Standard Setters
2	Regulators and Oversight Authorities
2	Individuals
1	National Standard Setters - Other
1	Public Sector Auditors

¹ Proposed International Standard on Assurance Engagements (ISAE) 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued January 2011

² Consultation Paper, *Assurance on a Greenhouse Gas Statement*, issued October 2009

1 Other Professional Organizations

7. ED 3410 covers both RA and LA engagements. In general, respondents were highly supportive of ED 3410 as it relates to RA engagements, with nearly all of the issues raised relating to LA engagements.
8. While a number of changes have been made to improve the proposed standard in response to comments made, including a change of emphasis with respect to the wording of LA reports, in general the approach adopted remains the same as in the exposure draft and is supported by the vast majority of respondents.

Significant Issues

A. Issues Also Relevant To Other Projects

9. The intent of the Task Force at this meeting is to focus on issues that are specific to ISAE 3410. The following two issues are common to other IAASB projects and will not be dwelt upon in this session.

ISAE 3000³ and ISRE 2400⁴

10. The Explanatory Memorandum to ED 3410 noted that “Proposed ISAE 3410 requires that a practitioner comply with the requirements of both this ISAE 3410 and ISAE 3000. Although ISAE 3000 is currently being revised by the IAASB, proposed ISAE 3410 has been written in the context of extant ISAE 3000. Any conforming amendments to proposed ISAE 3410 as a result of proposed changes to ISAE 3000 will be included in the exposure draft of proposed ISAE 3000 (Revised).”
11. The exposure draft of revised ISAE 3000 (ED 3000) was issued in April 2011. It contained a small number of conforming amendments that would be necessary if both ED 3410 and ED 3000 were approved without amendment.
12. Comments on ED 3000 are currently being collated and significant issues arising on ISAE 3000 are expected to be presented at the IAASB’s March 2012 meeting by the ISAE 3000 Task Force. Comments made by respondents to ED 3410 regarding conceptual consistency with ISAE 3000 will be further considered by the GHG Task Force in the context of responses received to ED 3000 and the deliberations of the ISAE 3000 Task Force. This includes the issue of “additional procedures in a limited assurance engagement,”⁵ which is also common to the work of the Task Force working on ISRE 2400 (the Reviews Task Force). To the extent the comments received on ED 3410 are significant, still relevant, and

³ ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

⁴ International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*

⁵ Question 6 in the Explanatory Memorandum to ED 3410 asked whether respondents agreed with the requirements (paragraph 47L) and related guidance regarding the practitioner’s response in a LA engagement when matters cause the practitioner to believe the GHG statement may be materially misstated. In terms of raw numbers, of those respondents who answered this question directly, 26 gave the existing wording either full or qualified support, and 5 opposed it.

not duplicative of matters to be presented by the ISAE 3000 Task Force or Reviews Task Force, they are expected to be presented for discussion at the March 2012 IAASB meeting.

13. The intention of the GHG Task Force is to seek the IAASB’s approval at the March 2012 meeting to issue ISAE 3410 as a final standard, i.e., prior to approval of revised ISAE 3000. It is recognised that this will likely necessitate some conforming amendments to ISAE 3410 after it has been approved (as was flagged when it was exposed). It is noted that this is in line with the decision of the Board when ED 3410 was issued and is, in the Task Force’s view, in the public interest because:
- (a) The conforming amendments are likely to be reasonably minor in that they will involve points of detail, not principle, and will be few in number (as was the case with draft conforming amendments published with ED 3000).
 - (b) The earlier that ISAE 3410 is finalized, the sooner it will be that practitioners can start preparing for its implementation.
 - (c) The earlier that ISAE 3410 is finalized, the sooner it will be that the current standards “gap” can be filled on the basis that early adoption would be allowed.
 - (d) Firms have started to develop methodologies around the exposure draft and others have started to refer to it. This indicates the need to revise the draft on the basis of comments received and to issue the most relevant, up-to-date version as quickly as possible before the exposure draft becomes entrenched.

Professional Accountants

14. The Explanatory Memorandum to ED 3410 noted that the use of the ISAEs by assurance providers other than professional accountants in public practice was being considered by the IAASB in the context of revised ISAE 3000. While some comments were received that are relevant to this issue, they will be considered in the context of the ISAE 3000 Task Force’s deliberations and are expected to be presented at the March 2012 IAASB meeting.

B. Levels of Assurance

General Approach to LA – the Role of Risk

15. Respondents were asked for their views on the general approach to LA engagements, in particular the role of risk assessment.⁶ The vast majority of respondents⁷ who addressed this question agreed that: (a) a risk assessment is necessary in order to obtain a meaningful

⁶ Question 2 in the Explanatory Memorandum to ED 3410.

⁷ AAP, ACCA, AUASB, CAASB, CGA, CIPFA, DHC, DTT, EY, F Iringu, GT, ICAEW, ICAP, ICAS, ICPAS, JICPA, KPMG, LRQA, AOB, NBA, NZICA, RACOPK, RSM, SAICA, TCR and WAO. AICPA, AUASB, FEE, and IRBA also agree in general but their support is qualified in some respects: AICPA believe risk assessment should be at the assertion level (see later discussion under the heading “Assertions”), and responses should include more focus on internal control; AUASB believe risk assessment should be the same for LA and RA and that the level of assurance should be the same for all LA GHG engagements; FEE would like to see a clearer articulation of minimum LA procedures; and IRBA suggested that inquiries and analytical procedures are the “fundamentals” of LA (SAICA also make a similar comment).

level of assurance; and (b) in responding to the assessed risks, the standard should direct the practitioner to design and perform further procedures whose nature, timing and extent are responsive to the assessed risks having regard to the level of assurance to be obtained.

16. Three respondents⁸ advocated using an ED 2400⁹ approach to risk (i.e. a “risk informed/aware” approach) or at least a change in language toward ED 2400-type wording, e.g., a change from “identify and assess risks of material misstatement” to, e.g., “identify and consider areas where material misstatements are likely to arise”.
17. The main argument put by these respondents was a desire for consistency with respect to LA engagements on different subject matters. Another three respondents¹⁰ placed significant emphasis on consistency between various IAASB documents (in particular ISAE 3410, ISAE 3000 and ISRS 2400), although they did not necessarily advocate an ED 2400-type approach or ED 2400-type wording.¹¹
18. Only one respondent¹² challenged the substantive reasons given in the Explanatory Memorandum for the different approach adopted for LA engagements¹³ stating they were not convinced by the arguments put.

Task Force Recommendation

19. While a small number of changes to the requirements¹⁴ and related application material regarding the risk-based approach to LA engagements have been suggested by the Task Force to improve the proposed standard on the basis of comments received (as noted in the marked version of the revised draft), the revised draft retains the same basic approach because the Task Force found nothing in the responses that persuaded it to change the view expressed in the Explanatory Memorandum: “After careful deliberation, the IAASB concluded that, in order to obtain a meaningful level of assurance, an explicit risk assessment is necessary and that mandating certain types of procedures (such as inquiry and analytical procedures) as the primary means of obtaining evidence is not appropriate.”

⁸ BDO, IdW and PwC.

⁹ Proposed International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

¹⁰ AUASB, FEE and IRBA.

¹¹ AUASB, FEE and IRBA. While the IRBA suggested that “language, closely aligned to that used in the proposed ISRE 2400 (Revised) could be used,” the AUASB on the other hand support risk assessment and in fact thought that additional requirements should be imposed, as discussed below in the section on *Specific differences between RA and LA*.

¹² IdW.

¹³ Essentially that the nature of GHG information is quite different from financial statements, that the nature of GHG assurance engagements vary greatly, and that the approach adopted is consistent with the advice of GHG assurance experts.

¹⁴ For example, changes to paragraph 22L, the addition of paragraph 26.1

Matters for IAASB Consideration

Q1. Does the IAASB agree that the Task Force has appropriately addressed the concerns expressed by respondents with respect to the general approach to LA engagements?

Specific Differences Between RA and LA

Overview

20. Respondents were asked whether, if the risk-based approach to LA engagements were adopted, they would agree with the specific differences between LA and RA engagements noted in ED 3410.¹⁵ While one respondent¹⁶ thought the cumulative effect of differences would not result in a sufficiently rigorous approach to LA engagements, the vast majority of respondents¹⁷ who addressed this question were in general agreement with the specific differences, although a number offered particular suggestions for changes. A number of changes, as noted in the marked-up draft, have been made to respond to comments made by respondents. The more significant proposals for change are discussed below.

Clarity

21. Four respondents¹⁸ thought ED 3410 lacked sufficient clarity in distinguishing between procedures for LA and RA engagements. The Task Force has reviewed the proposed standard for clarity and made improvements where possible, but as the approach adopted is principles based rather than rules based and therefore relies considerably on the exercise of professional judgment in the particular circumstances of the engagement, the final ISAE will, potentially at least, be always open to this criticism.

Components of Internal Control

22. Three respondents¹⁹ argued that for LA engagements, as for RA engagements, the practitioner should be required to obtain an understanding of all the components of internal control, i.e., paragraph 22L should be identical to paragraph 22R. One of these respondents²⁰ took this line of argument further and stated that both LA and RA engagements should require the same work to identify and assess the risks of material misstatement, arguing that “it is the nature and extent of the response to assessed risks which differs in a limited assurance engagement as compared to a reasonable assurance engagement.”

¹⁵ Question 3 in the Explanatory Memorandum to ED 3410.

¹⁶ GT.

¹⁷ AAP, ACCA, AICPA, CIPFA, DTT, EY, FEE, F. Irungu, ICAEW, ICAS, ICAP, ICAPS, IRBA, JICPA, KPMG, LRQA, AOB, NBA, NZICA, PwC, RACOPK, RCM, SAICPA, TCR and WAO

¹⁸ APB, AUASB, BDO, and IdW.

¹⁹ AICPA, AUASB and GT.

²⁰ AUASB.

23. The Task Force notes that it would be a departure from current practice to require for all LA engagements that the practitioner (a) obtain an understanding of all the components of internal control, or (b) perform a risk assessment equal to an RA engagement. Further, it would impose significant additional costs which, in the Task Force’s view, are both unnecessary and not justified in the face of the overwhelming support of both practitioners and all other categories of respondents for the approach in ED 3410; an approach that has also been discussed at some length during the IAASB’s deliberations prior to approving ED 3410.

Design and Implementation of Controls

24. Two respondents²¹ argued that the approach to LA engagements should be changed to include a requirement equivalent to paragraph 23R, which requires the practitioner to evaluate the design of controls and determine whether they have been implemented. A further respondent²² argued that a change should be made to require the practitioner to evaluate design but not implementation.
25. The Task Force does not consider either of these changes to be necessary as “design and implementation” relate primarily to control activities and monitoring of controls, and the practitioner is not required to obtain an understanding of these two components of internal control in a LA engagement for the reasons discussed above.

Assertions

26. Four respondents²³ argued that the assessment of risks should be at the assertion level for LA engagements, as it is for RA engagements.
27. While assertions may be used for LA engagements (which has now been made clearer by reference to paragraph A77 in paragraph 31L), the Task Force considers that to require this would impose an additional and unnecessary burden including, potentially, a documentation burden, as had been discussed at some length by the IAASB prior to approving the exposure draft.

Matters for IAASB Consideration

- Q2. Does the IAASB agree that the Task Force has appropriately addressed the concerns expressed by respondents with respect to the specific differences between LA and RA engagements?

²¹ IdW and NBA.

²² GT.

²³ AICPA, AUASB, GT and KPMG. IdW also state that “it is unclear to us how one can identify and assess risks of material misstatement for material types of emission and disclosure without using some kind of assertion concept,” although they did not specifically argue for this, rather they argued for an ED-2400-type approach.

Columnar Format to Differentiate Requirements

28. Respondents were asked if they agree with the columnar format to differentiate between LA and RA requirements.²⁴ While one respondent²⁵ did not support this approach, preferring that requirements for LA and RA were set out in separate sections, the vast majority of respondents²⁶ who addressed this question supported it, in some cases with minor qualifications or with suggestions for change. One suggestion was to underline or otherwise highlight the difference between LA and RA requirements. The Task Force thought such an approach would unduly emphasize the differences between LA and RA rather than the coherence of each approach on its own. Another suggestion was to include some of the material from the Explanatory Memorandum into the ISAE, particularly for the benefit of practitioners who are not accountants. A small amount of such material has been moved to the application material²⁷ and the rest, to the extent it is appropriate, will be included in the Basis of Conclusions issued with the ISAE.

Matters for IAASB Consideration

- Q3. Does the IAASB agree with retaining the columnar format to differentiate LA and RA requirements?

Description of Procedures in the Assurance Report

29. Respondents were asked if they thought the requirements and guidance regarding the summary of procedures in the practitioner's report would lead to effectively conveying to users the level of assurance obtained by the practitioner.²⁸ Responses were mixed. 18 respondents²⁹ agreed with the approach taken in ED 3410, but 11 respondents³⁰ indicated concerns, including:
- (a) The risk of “boilerplate” language³¹: While the Task Force acknowledges the risk that boilerplate language may develop, it also understands the difficulty for a standard to guard against this. No effective solutions were proposed by respondents to solve this problem. Proposals suggested included: (i) more examples, and (ii) a standard format report, both of which also run the risk of creating boilerplate language.

²⁴ Question 4 in the Explanatory Memorandum to ED 3410.

²⁵ BDO.

²⁶ AAP, ACCA, AICPA, AUASB, CAASB, CGA, CIPFA, DHC, DTT, EY, FEE, F. Irungu, GT, ICAEW, ICAP, ICAS, ICPAS, IdW, IRBA, JICPA, KPMG, LRQA, AOB, NBA, NZICA, PwC, RACOPK, RCM.

²⁷ See paragraphs A57.

²⁸ Question 5 in the Explanatory Memorandum to ED 3410.

²⁹ ACCA, CAASB, CIPFA, DTT, F. Irungu, ICAEW, ICAP, ICAS, ICPAS, IdW, JICPA, KPMG, LRQA, AOB, PwC, RACOPK, SAICA, TCR.

³⁰ APB, AAP, AICPA, AUASB, BDO, CGA, DHC, EY, GT, IRBA, RSM.

³¹ AAP.

- (b) The risk that because LA reports are more detailed than RA reports, users may have the erroneous perception that LA conveys a higher level of assurance than RA.³² The Task Force considers that the IAASB (and practitioners) are entitled to, and in fact must, expect that readers of assurance reports actually read those reports if they intend placing reliance on them. In that context, the Task Force draws the IAASB's attention to the statement required by ED 3410 to be included in a LA report that procedures performed "*do not enable the practitioner to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement*" (which has been made more prominent in the revised draft³³). This statement is unequivocal and could not reasonably be expected to leave a reader under the misconception that a LA engagement conveys more assurance than a RA engagement. For this reason the Task Force did not agree with the suggestion to require that RA and LA reports include an equally detailed summary of procedures.
- (c) The risk of confusion because: different situations are described similarly in the assurance report, leading to users having the perception that the level of assurance obtained is similar when in fact it is not; similar situations are described differently in the assurance report, leading to users having the perception that the level of assurance obtained is different when in fact it is not; or users simply being unable to understand a potentially vast array of differently reported procedures. It seems there are three possible causes for this problem:
- (i) The inherent inability of users to understand potentially complex reports,³⁴ particularly if too much detail is included.³⁵ On the other hand, a number of respondents mentioned the benefit of transparency.³⁶
- (ii) How procedures are described:³⁷ A number of respondents pointed out the issue that the IAASB has discussed previously of users' perceptions of the level of procedures being affected by how practitioners describe their procedures (similar procedures described differently, or different procedures described similarly). Suggestions advanced for dealing with this were:
- To include in the requirements section the guidance currently in paragraph A136 (or a variation thereof) for the summary to be "written in an objective way that allows intended users to understand the work done as the basis for the practitioner's conclusion. In most cases this will not involve detailing the entire work plan, but on the other hand it is important for it not to be so summarized as to be ambiguous, nor written

³² APB, AICPA, DHC, FEE (PwC specifically stated their opposition to this suggestion).

³³ As advocated by APB and PwC.

³⁴ BDO, CGA, EY.

³⁵ ICAEW.

³⁶ ACCA, AUASB, APB, BDO, CAASB, DCH.

³⁷ APB, AICPA, IRBA.

in a way that is overstated or embellished.”³⁸ The Task Force does not consider this to be a necessary addition.

- To require the summary to include a note of the additional work that would be necessary to obtain RA.³⁹ The Task Force notes that this is permitted by ISAE 3000⁴⁰ and, in some cases, may be an effective way of communicating the level of assurance obtained. However, given the complexity of many GHG engagements and the judgment required in determining the nature, timing and extent of procedures, it is impractical to expect this will be possible on all engagements. This is particularly so given that the risk assessment in a limited assurance engagement is not as complete as in a reasonable assurance engagement and, therefore, in many cases the practitioner will not know for sure what additional procedures would be needed to obtain RA.

(iii) What is being described: Five respondents⁴¹ pointed out that the summary ED 3410 asks for is a summary of the procedures performed (which is usually restricted mainly to the nature of those procedures. However, what actually determines the level of assurance obtained is a combination of the nature, timing and extent of procedures and the risks they seek to address. Therefore, describing only the procedures, particularly their nature alone, can give only a partial picture of the assurance obtained.

30. As a proposed solution to the various issues noted above, three respondents⁴² suggested that the level of assurance obtained should be the same across all (GHG) LA engagements. The Task Force notes that while this is, theoretically, an option under both extant ISAE 3000 and ED 3000, no suggestions were made by respondents as to how this could be made a practical reality given the large variations in the circumstances of GHG assurance engagements. In light of past IAASB discussions on this topic and the lack of practical, implementable suggestions from respondents, this idea was not pursued.

31. Other suggestions included:

- (a) Providing a “list of generic procedures ... and practitioners could be instructed to eliminate those procedures they did not perform. For example, one of the procedures might be that the practitioner “conducted certain site visits”, but the practitioner should not name the locations, provide percentages of the locations visited, etc.”⁴³ The Task Force does not consider this to be a workable solution given the large range of potential engagements and, therefore, procedures.

³⁸ APB.

³⁹ APB and NZICA (PwC specifically stated their opposition to this suggestion).

⁴⁰ ISAE 3000, paragraph 49(i)(i).

⁴¹ AAP, AUASB, CIPFA, GT, RSM.

⁴² AAP, AICPA, AUASB.

⁴³ AICPA.

- (b) Providing more explicit example reports or related guidance.⁴⁴ Given the large range of potential engagements, examples of procedures in the form of illustrative report wording would not be likely to address many situations. Further, and more importantly, the danger in providing more detailed examples is that they can be seen as standard reports and become boilerplate wording that is used when it is not appropriate. An option the IAASB may choose to consider along these lines, however, is to include just one (or a small number) of example descriptions of procedures to indicate the level of detail envisaged. For example “*Our procedures on this engagement included ... obtaining an understanding of XYZ’s control environment and information system relevant to emissions quantification and reporting, but did not include evaluating the design of particular control activities and testing their implementation.*” Providing just one, or a small number, of example descriptions would obviate the risk of the example(s) being used as boilerplate language. Other examples may be “*... identifying fluctuations or relationships in the emissions data underlying the GHG statement that appear inconsistent or that differed significantly from expectations we had developed for this purpose, and analyzing the reasons for these differences through inquiries of XYZ management. We did not perform further investigations or obtain external evidence about these differences where management’s explanations appeared to us to be reasonable in the circumstances*” or “*...evaluating whether XYZ’s methods for making estimates are appropriate and have been applied consistently. Our procedures did not include, however, testing the data on which estimates are based or separately developing our own estimates against which to evaluate XYZ’s estimates.*”
- (c) Providing a common general description of the requirements for limited assurance engagements rather than a list of procedures that vary from engagement to engagement.⁴⁵ To some extent a form of this has been included in the revised draft.
- (d) Material to help educate users.⁴⁶ While the Task Force would support the development of implementation tools and other efforts to educate users, they are not a substitute for appropriate requirements and guidance in the standard.
- (e) Including consistent wording, in both reasonable and limited assurance reports, in relation to describing procedures that are common to all GHG assurance engagements.⁴⁷ There was not generally perceived to be a problem with the RA report, but rather with the LA report. To some extent, a form of this has been included in the revised draft for LA engagements.

⁴⁴ AAP, ICAEW, ICAS, JICPA, LRQA, NBA, TCR, WAO.

⁴⁵ EY, IRBA.

⁴⁶ BDO, NBA.

⁴⁷ PwC.

Task Force Recommendations

32. In addition to the reactions noted above, the Task Force reconsidered the appropriateness of the content of the LA report per ED 3410, including consideration of the following options in particular:

- (a) Requiring a shorter, more standardized report (like a RA report) based on the argument that ISAE 3410, as a subject matter-specific standard, sets a consistent, minimum set of requirements for all LA GHG engagements to which a user can refer should they want to know about the meaning of an LA conclusion in more detail. This was not favored because, although it is more simple and therefore less likely to “confuse” users, it is incomplete as it would not highlight the actual differences from one LA engagement to the next. It would, therefore, be less informative and potentially misleading given that the level of assurance obtained on different LA GHG engagements varies. A short, more standardized LA report would also be a change from current practice, which has developed in response to user demand, including regulatory demand, for more information to be included in LA reports;
- (b) Including more engagement-specific information, either in the report itself or as an attachment, about: (i) the extent (and possibly the timing) of procedures in addition to their nature, and/or (ii) the nature and level of risks that the procedures are designed to respond to. This approach would respond, in whole or part, to the point raised above about “what actually determines the level of assurance obtained is a combination of the nature, timing and extent of procedures and the risks they seek to address,” with which the Task Force has some considerable sympathy.

On balance, however, the Task Force does not consider this approach to be a practical option for a number of reasons, including that:

- (i) The resulting report would be considerably longer and more complex, which may confuse users and lead to additional costs;
- (ii) It is difficult to envisage how to communicate in a way that would be meaningful to users (even expert users) without excessive amounts of detail, both:
 - the risks the practitioner has identified, and
 - the nature, timing and extent of procedures performed in response to those risks; and
- (iii) Communicating the risks identified by the practitioner may be perceived as disclosing confidential information.

The Task Force notes that specific disclosures about risks and responses is allowed under ISAE 3000 and there is nothing in proposed ISAE 3410 that would prevent practitioners from innovating along these lines. The Task Force considers, however, that it would be inappropriate to require such disclosures in the assurance report at this stage.

- (c) Including in the LA report, more information about the nature of procedures performed on LA engagements and how those procedures are designed to respond to identified risks based on a risk assessment. The Task Force favors this approach and considers the resulting report (Illustration 2 in Appendix 2 to the draft) to be more informative as it provides better context to the disclosure of specific procedures performed on any particular engagement. The Task Force notes that care has been taken in drafting the language used to ensure that the expanded generic disclosures do not result in confusion with a RA report.

Matters for IAASB Consideration

- Q4. Does the IAASB agree that the Task Force has appropriately addressed the concerns expressed by respondents with respect to the summary of procedures in the practitioner's report?

C. Other Matters

Implementation and Harmonization

33. A number of respondents made suggestions relating to implementation issues for ISAE 3410. They include liaising with other standards organisations, in particular the ISO, with a view to harmonization of GHG assurance standards to the extent possible. The Task Force has reinitiated the liaison with the ISO that it commenced prior to the issue of ED 3410. An oral report on this liaison will be given during the meeting. The Task Force plans to present other implementation issues at the March 2012 IAASB meeting.

Site Visits

34. Respondents were asked whether they agree with the proposed requirements and application material dealing with the performance of procedures on location at an entity's facilities, i.e., site visits.⁴⁸ Virtually all respondents⁴⁹ who answered this question directly supported the approach adopted (at least in principle, some had suggested wording changes, changes of emphasis, etc). Of the three⁵⁰ who did not support it, one⁵¹ thought more specific guidance was needed, and the other two thought the ISAE was "soft" or "weak" in this respect. These respondents believed the ISAE should acknowledge the primacy of regulation/schemes, which often require site visits, and one⁵² suggested that site

⁴⁸ This was question 7 in the Explanatory Memorandum and related specifically to paragraphs 13(q), 29, A14–A15 and A70–A73.

⁴⁹ AAP, ACCA, AICPA, BDO, CAASB, CIPFA, DTT, EY, FEE, F. Irungu, GT, ICAEW, ICAP, IdW, IRBA, JICPA, KPMG, AOB, NBA, NZICA, PwC, RACPAK, RSM, SAICA.

⁵⁰ CGA, LRQA, TCR.

⁵¹ CGA.

⁵² TCR.

visits should be required at regular intervals for all RA engagements. The Task Force has added reference to the primacy of regulation/schemes at paragraphs 10.1 and A6.1, but does not agree that site visits should be mandatory as they are not always necessary, for example, when the GHG statement comprises Scope 2 emissions only and there is a well controlled information system recording consumption with energy invoices available for inspection at head office.

Matters for IAASB Consideration

Q5. Does the IAASB agree that the Task Force has appropriately addressed the concerns expressed by respondents with respect to the other matters noted above?

Appendix

LIST OF RESPONDENTS		
#	Abbrev.	Respondent (41)
Member Bodies (18)		
1.	AAP	Joint Response from Australian Accounting Profession - CPA Au, ICAA, NIA
2.	ACCA	The Association of Chartered Certified Accountants
3.	AICPA	American Institute of Certified Public Accountants
4.	CGA	CGA-Canada
5.	CICA	Canadian Institute of Chartered Accountants
6.	CIPFA	Chartered Institute of Public Finance and Accountancy
7.	DnR	The Norwegian Institute of Public Accountants
8.	FEE	Federation des Experts Comptables Europeens
9.	FSR	Foreningen af Statsautoriserede Revisorer
10.	ICAEW	The Institute of Chartered Accountants in England and Wales
11.	ICAP	Institute of Chartered Accountants of Pakistan
12.	ICAS	The Institute of Chartered Accountants of Scotland
13.	ICJCE	Instituto de Censores Jurados de Cuentas de España
14.	ICPAS	Institute of Certified Public Accountants of Singapore
15.	IDW	Institut der Wirtschaftsprüfer
16.	JICPA	The Japanese Institute of Certified Public Accountants
17.	NBA	The Nederlandse Beroepsorganisatie van Accountants
18.	SAICA	The South African Institute of Chartered Accountants
Accounting Firms (8)		
19.	BDO	BDO Global Coordination B.V.
20.	DTT	Deloitte Touche Tohmatsu
21.	EY	Ernst & Young Global
22.	GT	Grant Thornton International
23.	KPMG	KPMG
24.	PwC	PricewaterhouseCoopers
25.	RACOPK	Riaz Ahmad and Company, Chartered Accountants
26.	RSM	RSM International Limited
Non-accounting GHG Assurers/Consultants/Organisations (4)		
27.	DHC	Douglas Hileman Consulting LLC (United States)
28.	LRQA	Lloyd's Register Quality Assurance Ltd (United Kingdom)
29.	P&P	Planet & Prosperity Ltd (United Kingdom)
30.	TCR	The Climate Registry (United States)
National Auditing/Assurance Standard Setters (4)		
31.	APB	Auditing Practices Board (United Kingdom)
32.	AUASB	Australian Auditing and Assurance Standards Board

33.	CAASB	Canadian Auditing and Assurance Standards Board
34.	NZICA	New Zealand Institute of Chartered Accountants
Regulators and Oversight Authorities (2)		
35.	AOB	Audit Oversight Board (Malaysia)
36.	IRBA	Independent Regulatory Board for Auditors, South Africa
Individuals(2)		
37.	C. Barnard	Chris Barnard
38.	F. Irungu	Felicitas T Irungu
National Standard Setters - Other(1)		
39.	ANSI	American National Standards Institute
Public Sector Auditors (1)		
40.	WAO	Wales Audit Office
Other Professional Organizations (1)		
41.	IIA	Interim Canadian Board of the Institute of Internal Auditors