

Proposed ISSA 5000 - Explanation of Significant Changes

This paper explains the significant changes and the rationale for the changes that have been made by the Sustainability Assurance Task Force (the Task Force) to proposed ISSA 5000, *General Requirements for Sustainability Assurance Engagements* since the December 2022 meeting, as reflected in the marked drafts of the requirements and application material in **Agenda Items 4-B and 4-C**, respectively. This paper also refers to certain significant changes that are discussed in more detail in the relevant sections of **Agenda Item 4** (Issues Paper). Minor editorial changes from December 2022 are not addressed in this paper.

Reference	Significant Changes and the Rationale for Those Changes
Definitions	
Paragraph 1(a)	<p><i>Definition of Assertions</i></p> <ul style="list-style-type: none"> Board members questioned the references to “recognition presentation and disclosure” in the definition of assertions, noting that the terms generally relate to financial reporting frameworks. In response to the Board comments, the Task Force revised the definition to broadly align with the ISAE 3410¹ definition of assertions and the EER guidance.² The Task Force also added application material to the definition of criteria (see paragraph 1(f) below) to explain that the criteria may address the presentation of sustainability information. <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A1R: The Task Force deleted the reference to “categories” to make the first sentence a more direct statement.
Paragraph 1(d)	<p><i>Definition of Assurance Skills and Techniques</i></p> <ul style="list-style-type: none"> The Task Force considered a Board suggestion that critical thinking, professional skepticism and professional judgment be added to this definition. The Task Force noted that, while the exercise of professional skepticism

¹ ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

² *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements*

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	<p>and the application of professional judgment (of which critical thinking forms a part) are important aspects of the application of assurance skills and techniques, they are already appropriately addressed in separate requirements in Part 2 immediately following the overarching requirement to apply assurance skills and techniques (see Part 2 paragraphs 5-6 of Agenda Item 4-B). The Task Force further noted that critical thinking is important to both professional skepticism and professional judgment.</p>
<p>Paragraph 1(f)</p>	<p><i>Definition of Criteria</i></p> <ul style="list-style-type: none"> • The Board also asked the Task Force to reconsider the reference to “presentation and disclosure” in the definition of criteria. The Task Force agreed and deleted that reference. The definition is now consistent with ISAE 3000 (Revised)³. • In addition, the Board asked the Task Force to consider simplifying the explanation of entity-developed criteria. On this point the Task Force was of the view that framework criteria and entity-developed criteria are appropriately explained in Part 3 (see Part 3 paragraph 5(a) of Agenda Item 4-B and paragraphs A22-A23 of Agenda Item 4-C) and therefore deleted the detail to simplify the definition. <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A2: The Task Force added guidance to explain that the criteria may address the presentation of sustainability information and other matters regarding the measurement and evaluation of the underlying subject matter.
<p>Paragraph 1(g)</p>	<p><i>Definition of Disclosures</i></p> <p>See section B.2.1 of Agenda Item 4 regarding the definition of disclosures.</p>
	<p><i>Definition of Engagement Leader</i></p> <ul style="list-style-type: none"> • The Board asked the Task Force to consider the consistency of this definition with other related definitions (e.g., personnel and staff), and with other IAASB standards. The Board also asked the Task Force to consider removing the reference to the public sector. The Task Force discussed all of the related definitions and concluded that they were appropriately linked and consistent with other standards. The engagement leader

³ ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

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	<p>can be a partner or another senior staff member, as explained in Definitions paragraph A4 in Agenda Item 4-C. The term “personnel” is defined as partners and staff in the firm, so the engagement leader by definition is included in personnel. To improve clarity, the Task Force changed “individual” to “staff member” in the definition of engagement leader to better link the definitions and avoid implying that “other individual” could be someone from outside the firm. The Task Force also was of the view that the reference to public sector was helpful and retained that reference.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A4: The Task Force revised this paragraph for clarity and better alignment with the related definitions. • Paragraph A5: The Task Force added a reference to International Standard on Quality Management (ISQM) 1⁴ to help with alignment with the International Ethics Standards Board for Accountants’ <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code).
Paragraph 1(l)	<p><i>Definition of Engagement Team</i></p> <ul style="list-style-type: none"> • The Task Force changed the definition to refer to “other personnel” because the engagement leader, by definition, is part of personnel. The last few words were deleted to align with the conforming amendments to the definition in ISAE 3000 (Revised) arising from the Quality Management standards.
Paragraph 1(m)	<p><i>Application Material to Definition of Entity</i></p> <ul style="list-style-type: none"> • Paragraph A9: For clarity and consistency with the definition in International Standard on Assurance Engagements (ISAE) 3410, paragraph 14(j), the Task Force added this application material to explain identifiable portion of a legal or economic entity.
Paragraph 1(q)	<p><i>Definition of Further Procedures</i></p> <ul style="list-style-type: none"> • The Task Force added this definition in response to a Board suggestion given that “risk procedures” has been defined. The definition of further procedures includes a reference to “substantive procedures.” Although the IAASB’s Glossary of Terms defines a substantive procedure as an audit procedure, the Task Force was of the

⁴ ISQM 1, *Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

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	view that the term is well understood by practitioners and is helpful in Part 7 of proposed ISSA 5000 regarding the further procedures to be performed.
Paragraph 1(w)	<p><i>Definition of Misstatement</i></p> <ul style="list-style-type: none"> Given the Board's comments on references to "presentation and disclosure" in the definitions of assertions and criteria, the Task Force concluded that it would also be better to align the definition of misstatement with ISAE 3000 (Revised), paragraph 12(o).
Paragraph 1(bb)	<p><i>Application Material to Definition of Partner</i></p> <p>Paragraph A11: The Task Force added application material to explain that the individual with authority to bind the firm with respect to the performance of the engagement may not carry the title of partner.</p>
Paragraph 1(cc)	<p><i>Definition of Performance Materiality</i></p> <p>See section B.5.2 of Agenda Item 4 regarding the definition of performance materiality.</p>
Paragraph 1(dd)	<p><i>Definition of Personnel</i></p> <ul style="list-style-type: none"> The Task Force added this definition to provide context for the definitions of engagement leader and engagement team).
Paragraph 1(ii)	<p><i>Definition of Relevant Ethical Requirements</i></p> <ul style="list-style-type: none"> The Task Force considered a Board suggestion to add a reference to independence requirements in the first sentence of the definition. The Task Force was of the view that a reference should not be added to keep the definition aligned with ISQM 1. However, the Task Force noted that there are requirements in proposed ISSA 5000 that make it clear that the practitioner is subject to independence requirements (e.g., Part 2, paragraph 1).

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Paragraph 1(ll)	<p><i>Definition of Risk of Material Misstatement</i></p> <ul style="list-style-type: none"> The Task Force had previously deleted this definition as it was of the view that the term is clear to practitioners. After considering a Board member comment questioning the deletion, the Task Force has reinstated the definition, consistent with ISAE 3000 (Revised), paragraph 12(w).
Paragraph 1(nn)	<p><i>Definition of Staff</i></p> <ul style="list-style-type: none"> The Task Force added this definition to provide context for the definitions of engagement leader and engagement team.
Paragraph 1(pp)	<p><i>Definition of Sustainability Information</i></p> <ul style="list-style-type: none"> The Task Force added a sentence to indicate that sustainability information is the equivalent of “subject matter information” in other IAASB assurance standards. In its ongoing coordination discussions with IESBA staff, the Task Force learned that the IESBA Sustainability Task Force has been exploring a more “plain English” definition of sustainability information that leverages wording from sustainability reporting frameworks and broadly refers to environmental, social and governance factors. The IESBA Sustainability Task Force considers that this approach would be broadly more understandable and more meaningful from a sustainability reporting perspective, given that the IESBA project is addressing both sustainability assurance and sustainability reporting. The IESBA Sustainability Task Force will be seeking the IESBA’s views on this approach at the March 2023 IESBA meeting. The IAASB Sustainability Assurance Task Force was of the view, however, that the definition in proposed ISSA 5000 needs to be consistent with the foundational concepts in ISAE 3000 (e.g., subject matter information and underlying subject matter). The Task Force also noted the link between the definitions of sustainability information and disclosures, and that application material has been added to the definition of disclosures to explain that sustainability information may relate to a number of topics or aspects of topics. The Task Force will continue to coordinate with the IESBA Sustainability Task Force on this definition and other aspects of proposed ISSA 5000. <p><i>Application Material</i></p> <ul style="list-style-type: none"> The proposed application material to this definition has been deleted. Offline comments noted that this application material was confusing because the same term (“sustainability information”) was being used in different contexts – in some cases, to refer to all sustainability information reported by the entity, and in other

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	cases, to refer only to the sustainability information within the scope of the assurance engagement. Proposed ISSA 5000 now uses appropriate contextual wording when referring to sustainability information subject to assurance.
Requirements	
Part 3: Acceptance and Continuance of the Engagement	
Paragraph 1	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • The Task Force noted the Board's decisions to: <ul style="list-style-type: none"> ○ Retain separate requirements for obtaining a preliminary knowledge of the engagement circumstances and determine whether the preconditions for an assurance engagement are present; and ○ Clarify the extent of work effort, when understanding the engagement circumstances at the acceptance and continuance phase, versus the understanding needed in planning or performing risk procedures. <p>The Task Force addressed this by adding a lead-in sentence to this requirement to provide context for the purpose of the preliminary knowledge to be obtained and address the depth of the work effort prior to acceptance or continuance of the engagement.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A1: The Task Force included wording to highlight that the preliminary knowledge of the engagement circumstances (i.e., those matters described in the definition of engagement circumstances in Definitions paragraph 1(h)) may be different in nature and less in extent than the understanding required for risk procedures. In addition, sub-points (b) and (c) were deleted as they are already addressed in the requirement in paragraph 1. • Paragraph A6: The Task Force revised the lead-in to address questions from the Board about the meaning of "additional knowledge" by linking more closely to the requirement to obtain the preliminary knowledge of the engagement circumstances and explaining that these are matters that may be relevant to determining whether the preconditions for an assurance engagement are present. The paragraph is now linked to paragraph 1 (the preliminary knowledge) rather than paragraph 2 (the determination of whether the preconditions are present).

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<p>Paragraph 2</p>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraphs A7-A8: Given the changes to Part 3 paragraph 1 and the related application material as explained above, the Task Force deleted these paragraphs as they were deemed to be redundant. The Task Force also noted a Board comment that the reference to “less complex engagements” in paragraph A8 was unclear in this context. Paragraph A15: The Task Force deleted this paragraph as it was deemed to be redundant with other application material (e.g., paragraph A6D).
<p>Paragraph 2(c)</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Board suggested that the entity's process to identify reporting topics is a critical part of the preliminary knowledge of the engagement circumstances, and the requirement in paragraph 1 could be more direct on understanding this process as part of that preliminary knowledge. The Task Force was of the view that a complete understanding of the entity’s process to identify reporting topics before acceptance or continuance of the engagement was too onerous, in the context of an overarching standard that will be applicable for all assurance engagements on sustainability reporting. In response, the Task Force added a requirement in paragraph 2(c) to evaluate the scope of the sustainability information expected to be reported, in addition to the scope of the assurance engagement. The Task Force also added a requirement in paragraph 7A to consider whether the sustainability information expected to be reported excludes significant information required by the applicable criteria, and in paragraph 7B to consider whether the scope of the assurance engagement excludes sustainability information expected to be reported. The Task Force noted that not all engagements would necessarily require the entity to undertake a process to identify reporting topics, as some engagements may be narrow scope engagements focused on a single topic or an aspect of a topic, or engagements may be required by law or regulation for which the disclosures are mandated.
<p>Paragraph 3</p>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A18: The Board suggested that the application material in paragraph A18 be elevated to a requirement for the practitioner to evaluate whether there is a reasonable basis for the sustainability information. The Task Force noted that as paragraph 3 requires the practitioner to evaluate whether

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	<p>management and those charged with governance, when appropriate, have a reasonable basis for the sustainability information, paragraph A18 remains appropriate as application material.</p>
<p>Paragraph 5</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • Given that paragraphs 5 and 6 both related to the suitability of criteria, the Task Force merged paragraph 6 into paragraph 5(b). <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A25: The Task Force added wording from paragraph A49 of ISAE 3000 (Revised) to explain that, in some cases, law or regulation prescribes the criteria to be used for the engagement. In the absence of indications to the contrary, such criteria are presumed to be suitable, as are criteria issued by authorized or recognized bodies of experts that follow a transparent due process if they are relevant to the intended users' information needs. • Paragraph A30: The Board suggested that the Task Force consider including definitions for each of the characteristics of suitable criteria. The Task Force decided to instead amend the application material to better describe the characteristics. • Paragraph A33: The Task Force simplified the wording to better explain what the practitioner may consider when evaluating the suitability of criteria for processes, systems or controls. • Paragraph A35: The Task Force revised paragraph A35 to better explain the criteria for forward-looking information. • Paragraph A42B: The Task Force clarified that criteria need to be available to users in writing, with identification of the version of the criteria that has been applied, since criteria for sustainability reporting is evolving in many cases. In addition, the Task Force included reference to entity-developed criteria, along with framework criteria, as suggested by the Board. • Paragraphs A42E: The Task Force added this paragraph to describe circumstances in which the practitioner may conclude that, due to the nature of the condition and reliability of an entity's records, it is unlikely that

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	<p>sufficient appropriate evidence will be available to support an unmodified conclusion on the sustainability information.</p> <ul style="list-style-type: none"> The Task Force revised several other application material paragraphs in this section for clarity.
Paragraph 7	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A47L: The Board suggested that the Task Force explain a “meaningful level of assurance” more effectively. The Task Force revised this paragraph, but the revisions were limited so as to not deviate from the way in which this concept is currently described in the IAASB assurance standards.
Paragraph 7A	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraphs A49A and A49B: The Task Force expanded this application material in response to Board comments suggesting that more could be added regarding the entity’s process for identifying reporting topics. The Task Force also noted that paragraph A46 already refers to the relevance of a robust process to identify reporting topics when evaluating whether the engagement has a rational purpose. Paragraph A49B also clarifies that the entity’s process to identify reporting topics (sometimes referred to as the entity’s “materiality assessment” or “materiality process”) is different than the practitioner’s consideration of materiality in Part 5 paragraph 7. The Board also suggested providing further application material on the impact of deficiencies in the entity’s process to prepare the sustainability information. As sustainability information that is not within the scope of the assurance engagement would be “other information,” deficiencies in the entity’s process may indicate that the entity does not have a reasonable basis for reporting this information. Therefore, the Task Force linked the application material in paragraph A49C to the requirements in Part 8 paragraphs 20-22, which addresses the required response if the practitioner identifies that a material inconsistency appears to exist or becomes aware that the other information appears to be materially misstated.
Paragraph 7B	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraphs A49D and A49E: The Task Force amended this application material for considerations related to the appropriateness of the scope of the engagement.

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<p>Paragraph 7C</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Task Force added this new requirement to address the practitioner’s response when the preconditions are not present. The requirement also addresses circumstances when the practitioner is required by law or regulation to accept the engagement when the preconditions are not met and changes cannot be made to meet them. This requirement was added, in part, to address a suggestion from the Board to provide a more fulsome consideration of these circumstances.
<p>Part 4: Evidence and Documentation</p>	
<p>Paragraphs 6-7</p>	<p><i>Evaluating the Evidence Obtained</i></p> <ul style="list-style-type: none"> The Board asked the Task Force to consider whether the requirement in paragraph 6 is appropriately located in this part of the proposed standard. The Task Force agreed that the requirements relating to evaluating evidence obtained, including evidence inconsistent with other evidence, were better positioned in Part 8 because this evaluation is an important part of forming the assurance conclusion. Therefore, the Task Force moved these requirements to Part 8 paragraphs 24 and 25.
<p>Paragraph 15L/15R</p>	<p><i>Specific Documentation Requirements – Risk Procedures</i></p> <ul style="list-style-type: none"> The Board agreed that documentation requirements for specific matters are necessary and should be located in the part of the standard addressing that particular element of the engagement. Accordingly, the Task Force moved the documentation requirements for risk procedures to Part 6 (see Part 6 paragraphs 20L/20R).
<p>Part 5: Planning</p>	
<p>Paragraph 1</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> Board members questioned whether this requirement was duplicative of the requirement in Part 3 to obtain a preliminary knowledge of engagement circumstances. The Task Force agreed that this preliminary

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	<p>understanding is addressed in Part 3, paragraph 1. Therefore, this paragraph was considered redundant and was deleted.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A1: This paragraph was deleted given the deletion of paragraph 1 in the requirements.
Paragraph 2	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Task Force further considered this requirement when reviewing content across the different parts of the proposed standard and concluded that it was duplicative and could be deleted. For example, Part 3 paragraph 2(b)(ii) requires the practitioner to evaluate whether the criteria expected to be applied in the preparation of the sustainability information are suitable for the engagement circumstances. Part 3 paragraph 6 requires the practitioner to evaluate whether the criteria exhibit the characteristics of suitability.
Paragraph 3	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Board suggested clarifying the differentiation in work effort between understanding the engagement circumstances in Part 3 and the understanding obtained in planning the engagement and identifying and assessing risks of material misstatement. In that regard, the Task Force concluded that the requirement in Part 3 paragraph 11 for the practitioner to consider the information obtained in the acceptance and continuance process when planning the assurance engagement is better placed in Part 5. <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A3A: The Task Force added this application material from ISA 220 (Revised)⁵ as it was considered helpful guidance for the practitioner regarding information obtained in the acceptance and continuance process. Paragraph A4(f): The reference to the engagement process was deleted as the Task Force was of the view that this is more appropriately described in paragraph A6.

⁵ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

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<p>Paragraph 4</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • The Task Force revised the wording of this paragraph to align more closely with paragraph 40 of ISAE 3000 (Revised). The Task Force was of the view that referring to the objectives of this ISSA is clearer than referring to the objective of the practitioner. <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A9: The Task Force revised this paragraph to bring in guidance from paragraph 183 of the EER guidance) in response to Board comments to clarify that understanding how the entity disaggregates or aggregates the sustainability information for purposes of reporting may assist the practitioner in planning the assurance engagement. • Paragraph A10: The Task Force expanded this application material to make a stronger connection to the applicable criteria, which may provide requirements or guidance on the level of disaggregation or aggregation of the sustainability information. • Paragraph A10A: Additional material from the EER guidance was added to clarify that the practitioner may consider that management’s approach to grouping the sustainability information is most appropriate for purposes of planning and performing the assurance engagement, or may choose to group it differently.
<p>Paragraphs 5L/5R, and 6</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • See section B.5.1 of Agenda Item 4 regarding the disaggregation and aggregation of disclosures. <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A11: This paragraph was deleted as the related requirement (paragraph 6) was deleted and the concepts are sufficiently covered in Part 3. • Paragraph A12: The Task Force agreed to remove this paragraph but will consider whether it can be used in another part of the standard (Introduction, Part 2 or Part 9). • Paragraph A13: This paragraph was deleted as the concepts are sufficiently covered in Part 8, paragraphs A14-A20. • Paragraph A14: This paragraph was deleted as the related requirement (paragraph 6) was deleted.

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<p>Paragraph 7</p>	<p><i>Materiality</i></p> <ul style="list-style-type: none"> Some Board members questioned the use of the word “determine” in the requirement for materiality. They noted that, in most cases, disclosures represent largely narrative, qualitative information. For such information it is neither possible to determine a quantitative materiality in advance of the consideration of risks, nor in most cases to determine a qualitative benchmark for materiality in advance of the risk consideration. After further discussing this requirement and the related work effort, the Task Force concluded that practitioners should consider what might be material and then apply that consideration when identifying disclosures where material misstatements are likely to arise (for limited assurance engagements) or identifying and assessing risks of material misstatement (for reasonable assurance engagements). Materiality is also a key factor in identifying and evaluating misstatements. Therefore, paragraph 7 has been more closely aligned with paragraph 44 of ISAE 3000 (Revised). <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A18: The Task Force deleted this paragraph as the reconsideration of materiality is addressed in paragraph A29A. Paragraph A20A: This paragraph was added in response to an offline comment from a Board member that paragraph A20 was missing the point in the hanging paragraph of ISAE 3410, paragraph A47 that the practitioner may not be able to identify all those who will read the assurance report. The Task Force was of the view that the equivalent paragraph in ISAE 3000 (Revised) (paragraph A16) is more appropriate as the wording is more generic.
<p>Paragraph 7A</p>	<p><i>Requirement</i></p> <p>See section B.5.2 of Agenda Item 4 regarding performance materiality.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A29B: This paragraph was added to support the new requirement to consider performance materiality.

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<p>Paragraph 8</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> Given the change from “determine” to “consider” as noted above in the description of changes to the requirement in paragraph 7, this requirement was deleted as the Task Force was of the view that paragraph A29A is sufficient to address the reconsideration of materiality as the engagement progresses.
<p>Part 6: Risk Identification and Assessment</p>	
<p>Paragraph 1L/1R</p>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> The Board observed that paragraph 1L is more granular than ISAE 3000 (Revised) and ISRE 2400 (Revised) because it refers to the “disclosures” where material misstatements are likely to arise (rather than “areas” in ISRE 2400 (Revised) or the sustainability information more broadly in ISAE 3000 (Revised)). The Task Force is of the view that the reference to disclosures in paragraph 1L remains appropriate. The Task Force noted the varying nature of the topics and aspects of topics that may be included in the sustainability information, and further noted that “disclosures” has now been defined as the specific sustainability information presented by the entity related to an aspect of a topic. It is that specific sustainability information the practitioner would look to in determining whether a material misstatement is likely to arise – not a more aggregated “area.” To provide a basis sufficient for identifying disclosures where material misstatements are likely to arise, the practitioner is required to design and perform risk procedures to obtain an understanding of the underlying subject matter and the sustainability information (paragraph 4), the applicable criteria (paragraph 6) and the entity and its environment and components of internal control (paragraphs 7A, 8L and 8R). The Task Force also simplified the wording of these requirements to eliminate the hanging paragraph. The requirements to obtain an understanding of the matters in subparts a, b and c have been added to paragraphs 4, 6 and 7A.
<p>Paragraph 1A</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Task Force added this paragraph in response to a Board suggestion to clarify the work effort when understanding the engagement circumstances at the acceptance and continuance phase, versus the understanding needed in planning or performing risk procedures. This paragraph is intended to demonstrate a

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	<p>“building blocks” approach by requiring the practitioner to consider information from engagement acceptance and continuance when designing and performing risk procedures.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A1AL: The Task Force provided additional guidance for the rare circumstances in which the practitioner may not identify any disclosures where a material misstatement of the sustainability information is likely to arise. This also was intended to address a Board comment that risk procedures alone would not provide sufficient appropriate evidence. • Paragraph A1C: This paragraph, which previously only related to reasonable assurance, was revised to also refer to limited assurance engagements as the Task Force noted that the possibility of performing further procedures concurrently with risk procedures exists for either type of engagement. • Paragraphs A1D and A1E: The Task Force added these paragraphs to further explain how the practitioner’s preliminary knowledge of the engagement circumstances relates to the understanding required to identify disclosures where material misstatements are likely to arise (for limited assurance) or to identify and assess the risks of material misstatement (for reasonable assurance).
Paragraph 4	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • The wording of the requirement was revised to more directly require the practitioner to obtain an understanding of the underlying subject matter and the sustainability information. <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A14L: The Task Force deleted this paragraph as it was considered to be repetitive of the requirements in paragraphs 1L and 4.
Paragraph 6	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • The wording of the requirement was revised to more directly require the practitioner to obtain an understanding of the applicable criteria.

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	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A21: The Task Force deleted subpart (a) related to the source of the criteria as this is appropriately addressed as part of evaluating the suitability of the criteria in Part 3 paragraph 5(a). Paragraph A22: This paragraph was deleted as the Task Force considered it redundant given the addition of paragraph 1A.
Paragraph 7A	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The wording of the requirement was revised to more directly require the practitioner to obtain an understanding of the entity and its environment.
Paragraphs 8L/8R	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Board asked the Task Force to explore whether the practitioner should be required to understand elements of the entity's monitoring component in a limited assurance engagement. The Task Force discussed this point and concluded not to add an understanding of the monitoring process in paragraph 8L. The Task Force noted that the components included in paragraph 8L are consistent with the understanding of internal control for limited assurance in ISAE 3410. <p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A27: The Task Force expanded this paragraph as it applies equally to limited assurance engagements.
Paragraphs 10L/10R	<p><i>Application Material</i></p> <ul style="list-style-type: none"> Paragraph A35: The Task Force revised this paragraph to make it more focused on sustainability information.
Paragraphs 12L/12R	<p><i>Requirement</i></p> <ul style="list-style-type: none"> The Task Force added paragraph 12L as a conditional requirement for limited assurance engagements in which the practitioner plans to test the operating effectiveness of controls. In adding this requirement, the Task Force reflected on the fact that practitioners sometimes test the operating effectiveness of controls in limited

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	<p>assurance engagements currently, and that it may be done more frequently going forward as an entity's information systems and internal control for sustainability information continue to mature.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraphs A42AL/A42AR: This application material was added to provide guidance for practitioners related to other controls for which it may be appropriate to obtain an understanding in accordance with paragraphs 12L(c) and 12R(c).
<p>Paragraphs 12AL/12AR</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • The Task Force added these requirements from ISA 315 (Revised 2019)⁶ to evaluate the design of controls for which the practitioner plans to test operating effectiveness and to determine that they have been implemented. <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A49L: Given the addition of paragraphs 12L and 12AL, the Task Force added this application material as the corollary to paragraph A49R. • Paragraphs A51A and A51R: A Board member noted in an offline comment that paragraph A51R was confusing because it addressed two separate points: 1) circumstances in which the controls are the underlying subject matter and 2) scalability. To address the comment, the Task Force: <ul style="list-style-type: none"> ○ Added paragraph A51A to explain that the practitioner would expect more formal documentation of the information system and control activities when controls are the underlying subject matter. ○ Deleted the remainder of paragraph A51R. The Task Force agreed that controls in a less complex entity are likely to be informal, in which case the way the practitioner understands them may be different. However, the Task Force was of the view that this is addressed in other areas of proposed ISSA 5000 and therefore is redundant here.

⁶ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

Reference	Significant Changes and the Rationale for Those Changes
<p>Paragraphs 14L/14R</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • The Task Force added this requirement as it was of the view that the consideration of control deficiencies is equally applicable to limited assurance engagements given that the practitioner is required to obtain an understanding of certain components of internal control, and may also need to consider the effect of control deficiencies when identifying disclosures where material misstatements are likely to arise, or on the design of further procedures. <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraphs A59A and A59B: This application material from ISA 315 (Revised 2019) was added to provide additional guidance for practitioners when the practitioner’s understanding of the control environment and other components of the system of internal control raise doubts about the practitioner’s ability to obtain evidence on which to base the assurance conclusion.
<p>Paragraphs 15L/15R</p>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A59CR: The Task Force added this paragraph in response to Board comments to build in the concept of a spectrum of risk to help the practitioner focus more on the higher risks. The Task Force noted that the first bullet in paragraph A42AR also addresses this point. • Paragraph A60R: The Task Force included a placeholder in the December 2022 meeting materials (Agenda Item 7-E.1) for assertions about the sustainability information. The Task Force has now included examples of assertions but has not had an opportunity to discuss them in detail. Therefore, the Task Force welcomes input from the Board about the whether the example assertions are appropriate for sustainability information or whether others should be added. In this regard, specific sustainability-related examples would be helpful. A placeholder has been retained for additional application material and examples of the use of assertions. • Paragraph A62L: This paragraph was added as the corollary to paragraph A62R. • Paragraph A62R: The Task Force simplified the wording of this paragraph to eliminate the multiple references to paragraphs in the requirements. • Paragraph A62AR: This paragraph was added to link to the overall responses requirement in Part 7 paragraph 12R.

Reference	Significant Changes and the Rationale for Those Changes
<p>Part 8: Concluding</p> <p>Accumulation and Consideration of Identified Misstatements</p> <p>(previously Part 8.1 – see Agenda Item 7-D.1 for the December 2022 IAASB meeting)</p>	
<p>Paragraph 1</p>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A5: The Task Force agreed with a Board suggestion to add a relevant factor and example to consider when evaluating whether an omission of a disclosure is a misstatement.
<p>Paragraph 2</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • To be consistent with changes in Part 5, the Task Force removed references to “each disclosure” and aligned this section closer to ISAE 3410 and ISA 450⁷ to refer to “misstatements individually or in the aggregate.” <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A9: The Task Force agreed with a Board suggestion to add more examples of possible misstatements due to fraud. • Paragraph A11: Considering the changes in Part 6 regarding the understanding of the entity’s system of internal control, the Task Force updated this paragraph to apply to both limited and reasonable assurance engagements.
<p>Paragraph 8</p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> • To be consistent with changes in Part 5, the Task Force removed references to “each disclosure” and aligned this section closer to ISAE 3410 and ISA 450 to refer to “misstatements individually or in the aggregate.” • A Board member suggested providing further clarification about the evaluation of misstatements in the context of engagements that may have a different scope. Specifically, it was noted that there may be a need to clarify whether the way the practitioner thinks about misstatements in the aggregate would be expected to be consistent regardless of the scope of the engagement. The Task Force considered the comment and concluded that the requirement in paragraph 8 is clear that the process and general principles are the same regardless of

⁷ ISA 450, *Evaluation of Misstatements Identified during the Audit*

Reference	Significant Changes and the Rationale for Those Changes
	<p>the scope of the engagement, i.e., the practitioner considers whether misstatements, individually or in the aggregate, would cause the practitioner to modify the conclusion in the assurance report.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> • Paragraph A16: The Task Force revised the wording to align more closely with paragraph 308 of the EER guidance. • Paragraph A17: The Task Force revised this paragraph to include guidance from paragraph 350 of the EER guidance as it was considered to be helpful (in addition to paragraph 309 of the EER guidance) for practitioners when considering whether the sustainability information as a whole may be misstated. • Paragraphs A17A and A20: These paragraphs were added content in response to offline comments from the Board that more examples are needed to help practitioners evaluate the materiality of misstatements, including how misstatements may be grouped together for purposes of the evaluation. • Paragraph A18: Edits were made to this paragraph to align more closely with paragraphs 315 and 316 of the EER guidance. • Paragraph A21: The Task Force simplified the wording to convey that misstatements are harder to quantify or identify when there is inherent measurement or evaluation uncertainty. • The Task Force intends to review the flow of the application material to paragraph 8 before the June 2023 IAASB meeting.