

# USING ISAE 3000 (REVISED) IN SUSTAINABILITY ASSURANCE ENGAGEMENTS

## A Guide to Accompany *The State of Play in Sustainability Assurance*



Company-reported information about sustainability factors is becoming mainstream—through increased voluntary disclosure as well as through new jurisdiction-specific rules. Investors, as well as other stakeholders, need to have trust and confidence in this information through external assurance—just like financial information. The International Auditing and Assurance Standards Board’s (IAASB) International Standard on Assurance Engagements **ISAE 3000 (Revised)**—founded on decades of assurance standard-setting expertise and extensive stakeholder engagement—is a *comprehensive standard* that applies to non-financial information assurance engagements, which includes environmental, social and governance (ESG), or sustainability, disclosures.



### **ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (i.e., “ISAE 3000”)**

An “umbrella standard”—designed to allow for supplemental standards, such as ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*. The IAASB also recently published *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Extended External Reporting (EER) Assurance Engagements—“EER Guidance”*—to help assurance practitioners apply the Standard in sustainability-related and integrated reporting engagements (among other extended external reporting).

### **Proper application of ISAE 3000 requires use by *competent practitioners* who are subject to:**



Compliance with requirements addressing the practitioner’s own competence (including assurance skills and techniques).



The IAASB’s International Standard on Quality Control 1, or other professional, legal, or regulatory requirements that are as demanding.



The *International Code of Ethics for Professional Accountants (including International Independence Standards)* or other professional, legal, or regulatory requirements that are at least as demanding.

### **ISAE 3000 assurance engagements are not “consulting” services:**

ISAE 3000 assurance engagements have a specific purpose—to enhance confidence of intended users (i.e., investors or other stakeholders).

Consulting services focus directly on the needs of the client (i.e., the preparer of information).

Assurance engagements are undertaken by an *independent* assurance practitioner with the goal of expressing an assurance conclusion on reported information.

The report of the assurance practitioner should include a statement that the engagement was performed *in accordance with ISAE 3000*. Imprecise qualifying or limiting language (e.g., performed by “reference to”—or “based on”—ISAE 3000) may mislead users.

## 4 KEY FACTORS

can enhance and engender credibility and trust in extended external reporting:

- 1** SOUND EER FRAMEWORK – the who, what, why, when, where, and how of the report
- 2** STRONG GOVERNANCE – management oversight, effective system of internal control (including internal audit), and obtaining external professional assurance services
- 3** CONSISTENT WIDER INFORMATION – User evaluation of the consistency of the EER report with wider (additional, external) sources of information
- 4** EXTERNAL PROFESSIONAL SERVICES AND OTHER REPORTS – Externally published assurance reports and/or other professional service engagements that relate to the EER Report

## EER Guidance responds to key stakeholder-identified challenges



Together ISAE 3000, ISAE 3410, and the EER Guidance form an integrated package of standards and guidance designed to enable practitioners to respond to new reporting regimes (i.e., in the European Union and elsewhere). EER assurance engagements may relate to, among others, sustainability or ESG reporting, integrated reporting, reporting on corporate social responsibility, and service performance reporting in the public sector.

### Issues covered in the EER Guidance include overarching matters:

- Applying appropriate competence and capabilities
- Exercising professional skepticism and professional judgement
- Preconditions for an assurance engagement

### Technical issues addressed by the Guidance include:

- Considering the process used to prepare subject matter information (including an understanding of internal control)
- Obtaining evidence
- Materiality of misstatements
- Communicating effectively in the assurance report

## LIMITED VS. REASONABLE: limited assurance engagements are NOT “easier” than reasonable engagements



- Suitable criteria (i.e., a reporting framework), appropriate underlying subject matter, and sufficient and appropriate evidence must be present for all assurance engagements—be they limited or reasonable assurance in nature.
- Deficient criteria and inappropriate underlying subject matter cannot be remedied by lowering the level of assurance obtained, nor does obtaining limited assurance mean that less evidence can be available to the assurance provider.
- Limited assurance engagements put the onus on skilled practitioners—possessing both assurance skills and techniques (ISAE 3000 section 3000.12b) and sufficient competence in the underlying subject matter (ISAE 3000 section 3000.31c)—to determine how much assurance needs to be obtained for enhanced user confidence about the report.
- Limited assurance engagements include an informative summary of the work performed as the basis for the practitioner’s conclusions. Accordingly, the reports must be written with great care to help users accurately understand and interpret the scope of the review performed.

### Additional Information:

- 1) IAASB’s non-authoritative support materials: *A Credibility and Trust Model Related to EER Reporting and Illustrative Examples of Selected Aspects of EER Assurance Engagements*, which are not integral to the EER Guidance and are instead made available as additional resources.
- 2) IAASB’s [web page](#) dedicated to EER.
- 3) IFAC and AICPA-CIMA global study: *The State of Play in Sustainability Assurance*, which provides current, comprehensive, global information.
- 4) *Accelerating Integrated Reporting Assurance in the Public Interest*