Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

36th SESSION
30 October – 1 November 2019
Room XIX, Palais des Nations, Geneva

Thursday, 31 October 2019
Morning Session

Agenda item 3. Practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals: Review of case studies

Presented by

Ken Williamson
Partner
Ernst and Young, United Kingdom

This material has been reproduced in the language and form as it was provided. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
UK auditor’s perspective on assurance over non-financial reporting (NFR)
Sources of UK auditor’s obligations in respect of NFR

Companies Act 2006
ISA (UK) 720
Regulator’s expectations

“Other Information”
Strategic Report
Directors Report

is (materially) consistent with the financial statements (“FS”);

has been prepared in accordance with applicable legal requirements

otherwise appears to be materially misstated;

is materially inconsistent with knowledge obtained in the audit;
What does this mean in practice?

| consistent with FS | • Agree all information back to FS, where applicable  
|                   | • Recompute any financial metrics based on FS |
| inconsistent with knowledge obtained | • Compare business model, strategy, risk and other to understanding of business |
| otherwise appears misstated | • Obtain supporting documentation for all Key Performance Indicators “KPIs” (including non-financial) |
| legal requirements | • Detailed disclosure checklists of all legally required disclosures  
|                   | • Assessment of Additional Performance Measures against ESMA guidance  
|                   | • Assessment of the board’s statement on whether the accounts are Fair, Balanced and Understandable (FBU) |

NOT within the remit of the auditor

► Testing controls underpinning non-financial KPI processes
► Testing documentation supporting non-financial KPIs
► Obtaining supporting documentation for non-financial metrics that are not KPIs
What could it mean in practice?

There is an opportunity for enhanced assurance on NFR, if this is perceived as valuable to stakeholders, but there are some fundamental questions and challenges that need to be addressed.

The practice of non-financial assurance is well established in the UK and has been predominantly directed at “sustainability metrics.” There is increasing demand for assurance over a broader range of non-financial metrics that are deemed material to stakeholder decision making.
About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP
The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2019 Ernst & Young LLP. Published in the UK.
All Rights Reserved.