
**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

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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”);

is materially
inconsistent with
knowledge
obtained in the
audit;

has been prepared
in accordance with
applicable legal
requirements

otherwise appears
to be materially
misstated;

What does this mean in practice?

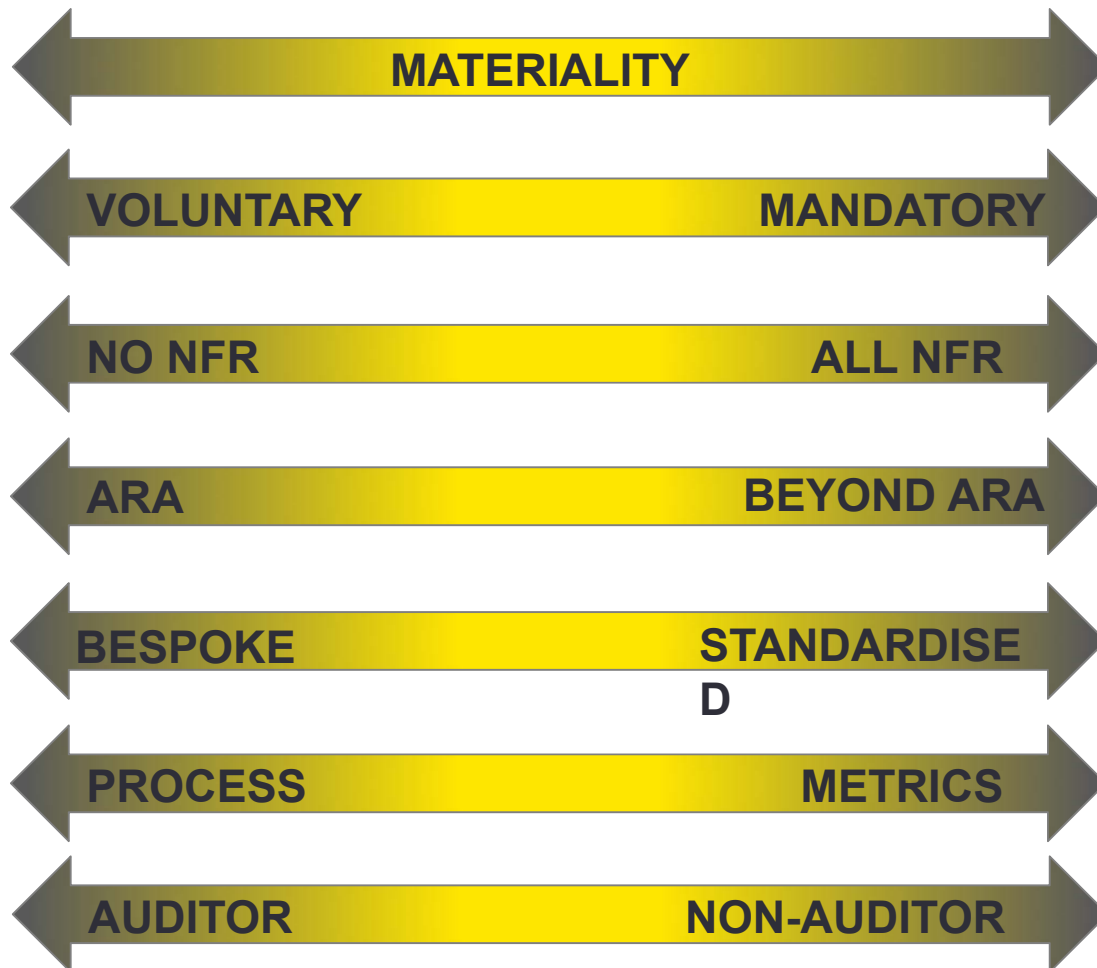
consistent with FS	<ul style="list-style-type: none">• Agree all information back to FS, where applicable• Recompute any financial metrics based on FS
inconsistent with knowledge obtained	<ul style="list-style-type: none">• Compare business model, strategy, risk and other to understanding of business
otherwise appears misstated	<ul style="list-style-type: none">• Obtain supporting documentation for all Key Performance Indicators “KPIs” (including non-financial)
legal requirements	<ul style="list-style-type: none">• 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

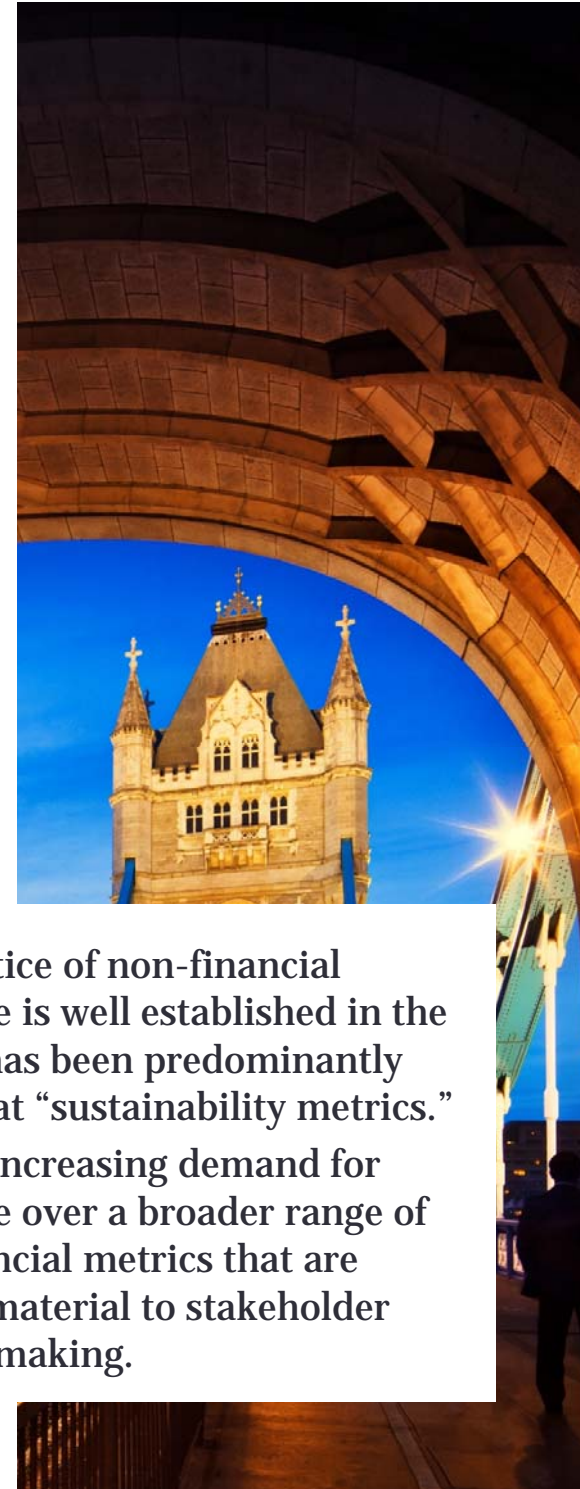
What could it mean in practice?

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.



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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.



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