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

**UNCTAD-ISAR – WBCSD Workshop
Assurance on sustainability reports: current practices and
challenges**

Friday, 30 October 2020

Presented by

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Board

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Update on IAASB initiatives on Assurance Engagements when Applying ISAE 3000 and the business case for assurance

Professor Roger Simnett, EER Task Force and IAASB Member
UNCTAD-ISAR Webinar
October 30, 2020

IAASB

International Auditing
and Assurance
Standards Board

IAASB Consultation Paper Responses – Support for EER Guidance

- To promote consistent high-quality application of ISAE 3000 (Revised), IAASB is issuing guidance with each chapter of the Guidance addressing practical challenges commonly encountered in applying ISAE 3000 (Revised)
- This guidance discussed at UNCTAD-ISAR/WBCSD co-sponsored Webinar June 2020, at which stage out for consultation
- From consultation, positive support for the draft Guidance, with recognition of:
 - EER as a rapidly evolving area of reporting, regulation and assurance
 - Historical financial information is insufficient, alone, to provide a holistic view of entities' performance and prospects
 - The EER project as 'critically important to the credibility of the global corporate reporting system'



Overarching Themes from consultation and IAASB Task Force Initial Views

- Limited and reasonable assurance - illustration of practical application needed
 - Use of examples to:
 - replace theoretical discussion
 - illustrate different frameworks
 - Qualitative information
 - Guidance on ‘evaluation’ as well as ‘measurement’ techniques
 - Further practical examples needed for obtaining evidence, and evaluating qualitative misstatements
 - Guidance to be spread throughout the chapters
 - Professional skepticism and professional judgment to focus on EER-specific considerations, rather than general conceptual discussion
 - Multi-location engagement guidance needed
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Critique of UNCTAD_ISAR Webinar on EER assurance June 2020

Expected to publish in Journal of International Financial Management & Accounting early 2021
Paper critiques presentations at June 2020 Webinar and identifies ways forward.

Contents include:

- Overview of regulatory developments in Europe addressing EER assurance
- Overview of IAASB's work on EER assurance
- Identification of relevant practice focused reports addressing EER assurance
- Assessment of way forward:
 - Reasonable versus limited assurance
 - Competencies of assurance provider and entity
 - Enhancements in internal control systems and assurance provider's reliance



Research papers on UNCTAD-ISAR panel June 2020

Corresponding paper undertook a literature review of EER assurance 2009-2020

- identified 121 articles on EER assurance published since 2009 across 35 journals
- rapid increase in this literature with almost half of the articles published 2018-2020
- most common research approach was archival methods (49.6%), with a fairly equal spread between experimental (12.4%), content analysis (14.9%) and interviews (14.9%).
- Research reviewed shows benefits of EER assurance including:
 - Improved analyst forecast and reporting
 - Reduced information risk and related costs of capital
 - Positive impact on investors investment decisions
- Comprehensive list of future research questions