



**Meeting:** IAASB Consultative Advisory Group

**Meeting Location:** New York

**Meeting Date:** September 11, 2012

## Agenda Item F.3

### Assurance Engagements on Greenhouse Gas Statements—ISAE 3410

#### Objectives of Agenda Item

1. To provide a report back on proposals of the Representatives on ISAE 3410<sup>1</sup> as discussed at the March 2012 CAG Meeting.

#### Project Status and Timeline

2. The IAASB approved the standard at its March 2012 meeting.

#### March 6–7, 2012 CAG Discussion

3. Below are extracts from the draft minutes of the March 2012 CAG meeting,<sup>2</sup> and an indication of how the project Task Force or IAASB has responded to the Representatives' comments.

Representatives' Comments	Task Force/IAASB Response
LIMITED ASSURANCE REPORT	
Mr. Morris agreed with the approach taken by the TF and the proposed changes to the LA report. He noted however that the LA report now appears to be more comprehensive than the RA report. He suggested that a description of procedures could also be added to the RA report, to further explain the work undertaken in a RA engagement. Mr. Hansen agreed with Mr. Morris, noting that if LA reports give more information to users than RA reports, it may drive behavior to favor LA.	Point not accepted.  The view of the IAASB is that the opinion in a RA report differs substantially from the conclusion in a LA report. Accordingly, an LA report requires greater detail on the procedures performed in order to have context for the conclusion; an approach that is consistent with extant ISAE 3000. <sup>3</sup>
Mr. Bradbury suggested that, in the "Our Responsibility" section, the message that LA is substantially less in scope than RA should come first.	Point not accepted.  The IAASB agreed to order the paragraphs this way to provide the link with the description of the procedures, which immediately follows.

<sup>1</sup> International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*

<sup>2</sup> The minutes will be approved at the September 2012 IAASB CAG meeting.

<sup>3</sup> Proposed ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

Representatives' Comments	Task Force/IAASB Response
Mr. Pannier supported the TF proposals, noting that the proposed ISAE is technically sound and that the need for it is pressing. He mentioned that an upcoming United Nations sustainability conference in Rio will address aspects of these issues. Also the OECD's corporate governance committee has a proposal on its agenda to develop a code on the disclosure of carbon emissions and how to integrate this into business processes, so it is timely to issue this standard.	Support noted.
<b>'TRIGGER POINT' FOR ADDITIONAL PROCEDURES IN A LA ENGAGEMENT</b>	
Ms. de Beer noted that the material addressing an instance where a practitioner becomes aware of a matter that causes the practitioner to believe the GHG statement may be materially misstated did not identify what additional procedures were to be performed by the practitioner.	Point taken into account.  Based on this and other comments from respondents to the exposure draft raising this concern, the IAASB agreed that additional guidance would be useful. As a result, additional application material was added to make clear that the extent of the procedures to be performed would be a matter of professional judgment, and would be based on the likelihood of material misstatement – the greater the likelihood of misstatement, the more persuasive the evidence to be obtained would need to be.  <b>[See paragraph A110 of ISAE 3410.]</b>
<b>OTHER ISSUES</b>	
Mr. Diomeda questioned the rationale for stating that decisions regarding materiality are not affected by the level of assurance. Mr. Stewart noted that, from the perspective of IFRS, materiality should be independent of the level of assurance as the focus is on decision making by users.	Ms. McCabe and Prof. Simnett agreed with Mr. Stewart, noting that materiality in both ISAE 3000 level engagements and the Assurance Framework is based on information needs of users, not on the level of assurance obtained. They noted that the difference between RA and LA engagements is the level of procedures conducted to reduce the risk that the practitioner expresses an inappropriate conclusion when the GHG statement is materially misstated.
Ms. de Beer noted that the list of matters in ISAE 3000 that are not replicated in proposed ISAE 3410 is useful.	Support noted.

#### Matters for CAG Consideration

4. The Representatives are asked to note the Report Back above, in particular the changes made as a result of the CAG's comments.

**IAASB Interaction with the IAASB CAG**

5. There are no substantive issues being raised for the purposes of the September 2012 IAASB meeting as the IAASB has approved the standard at its March 2012 meeting. Accordingly, this report back serves as the final update to the CAG Representatives on this project.

**Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY**

ISAE 3410, issued June 2012

[www.ifac.org/sites/default/files/publications/files/B010%202012%20IAASB%20Handbook%20ISAE%203410%20Final%20\(revised%20IFAC%20logo%20placement\).pdf](http://www.ifac.org/sites/default/files/publications/files/B010%202012%20IAASB%20Handbook%20ISAE%203410%20Final%20(revised%20IFAC%20logo%20placement).pdf)

## Appendix

### Project History

#### Project: Proposed ISAE 3410, Assurance Engagements on Greenhouse Gas Statements

##### Summary

	CAG Meeting	IAASB Meeting	International Roundtables
Project Commencement	September 2007	December 2007	
Development of Proposed International Pronouncement (up to Exposure)	March 2009  September 2009  September 2010  March 2011	December 2008  June 2009 September 2009 March 2010 June 2010 September 2010 December 2010	May 2008 (x 2) September 2008 December 2008
Exposure – January 2011			
Discussion of Issues from Exposure Draft	March 2012	December 2011	
Final Approval of Proposed Pronouncement	March 2012	March 2012	

##### CAG Discussions: Detailed References

<b>Project Commencement</b>	<u>September 2007</u>  See IAASB CAG meeting material: <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=3407">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=3407</a>  See CAG meeting minutes (part of Agenda Item L of the following material): <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4276">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4276</a>
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	<p>See report back on September 2007 CAG meeting: <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=3738">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=3738</a></p> <p>See meeting minutes of report back on September 2007 CAG meeting (immediately before Agenda Item C): <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4274">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4274</a></p>
<b>Development of Proposed International Pronouncement (Up to Exposure)</b>	<p><u>March 2009</u></p> <p>See IAASB CAG meeting material: <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4571">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4571</a> and <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4572">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4572</a></p> <p>See CAG meeting minutes (in Agenda Item B of the following material): <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5589">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5589</a></p> <p>See report back on March 2009 CAG meeting (in paragraph 6 of the following material): <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4990">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4990</a></p> <p><u>September 2009</u></p> <p>See IAASB CAG meeting material: <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4990">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4990</a></p> <p>See CAG meeting minutes (in Agenda Item I of the following material): <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5305">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5305</a></p> <p>See report back on September 2009 CAG meeting (in paragraph 10 of the following material): <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5672">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5672</a></p> <p><u>September 2010:</u></p> <p>See IAASB CAG meeting material, which includes report back from September 2009 IAASB CAG discussions: <a href="http://www.ifac.org/sites/default/files/meetings/files/5672_0.pdf">http://www.ifac.org/sites/default/files/meetings/files/5672_0.pdf</a></p> <p>See minutes of the September 2010 meeting (section N): <a href="http://www.ifac.org/sites/default/files/meetings/files/6186_0.pdf">http://www.ifac.org/sites/default/files/meetings/files/6186_0.pdf</a></p> <p><u>March 2011</u></p> <p>See IAASB CAG March 2011 meeting material (Item J.2) for report back on September 2010 IAASB CAG discussion: <a href="http://www.ifac.org/sites/default/files/meetings/files/6024_0.pdf">http://www.ifac.org/sites/default/files/meetings/files/6024_0.pdf</a></p> <p>See minutes of the March 2011 CAG meeting (Item J): <a href="http://www.ifac.org/sites/default/files/meetings/files/20110912-">http://www.ifac.org/sites/default/files/meetings/files/20110912-</a></p>

	<a href="#">IAASBCAG-AgendaItemA-Final_March_2011_Public_Minutes_APPROVED-v1-03.pdf</a>
<b>Consideration of Respondents' Comments</b>	<p><u>March 2012</u></p> <p>See IAASB CAG March 2012 meeting material (Agenda Item C):</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_C-ISAIE_3410-Cover.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_C-ISAIE_3410-Cover.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_C1-ISAIE_3410_Issues%20and%20Task%20Force%20Proposals.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_C1-ISAIE_3410_Issues%20and%20Task%20Force%20Proposals.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_C2-ISAIE_3410_GHG_clean.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_C2-ISAIE_3410_GHG_clean.pdf</a></p> <p>See draft minutes of the March 2012 CAG meeting (Agenda Item C):</p> <p>See draft March 2012 CAG meeting minutes at Agenda Item A.</p> <p>See report back on March 2012 CAG meeting in paragraph 3 of this CAG paper.</p>
<b>Final Approval of Proposed Pronouncement</b>	March 2012