



RECOMMEND | IFRS 17

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# BEFORE ACCEPTING YOUR SUSTAINABILITY ASSURANCE ENGAGEMENT ...

# ASSURANCE

Are you aware that the Independent Regulatory Board for Auditors (IRBA) has developed and issued South African Assurance Engagements Practice Statement (SAAEPS) 1, *Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria*? The IRBA seeks to elicit feedback on implementing SAAEPS 1 by 15 December 2019

Words Nicolette Bester

International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, is an 'umbrella standard' that covers assurance engagements other than audits or reviews of historical financial information. The International Auditing and Assurance Standards Board (IAASB) has issued several subject matter-specific ISAEs but has not developed a subject matter-specific ISAE on sustainability assurance engagements.

Are you aware that ISAE 3000 (Revised) requires a practitioner who is requested to accept a sustainability assurance engagement to establish

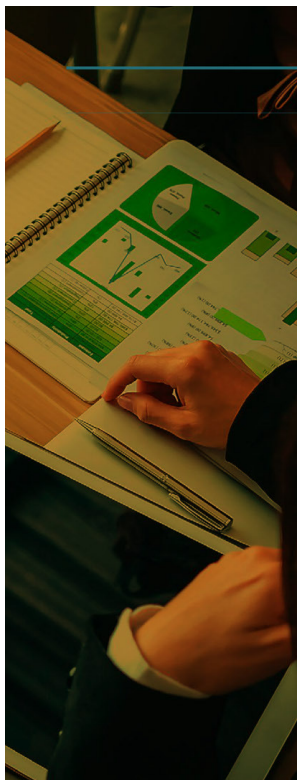
whether all the preconditions for an assurance engagement are present, before accepting the engagement? Based on feedback received from practitioners through members of the Sustainability Standing Committee,<sup>1</sup> the *Acceptance and Continuance – Preconditions for the Assurance Engagement* phase of the assurance engagement is challenging and applied inconsistently in practice for certain types of engagements.

## SAAEPS 1

SAAEPS 1 is aimed at providing practical assistance to practitioners on certain preconditions that need to be present when requested to

accept a sustainability assurance engagement in accordance with the requirements of ISAE 3000 (Revised). SAAEPS 1 deals with the practitioner determining, on the basis of a preliminary knowledge of the engagement circumstances and discussion with the appropriate parties, whether the engagement exhibits the following characteristics:

- A rational purpose
- The underlying subject matter is appropriate, and
- The criteria that the practitioner expects to be applied in the preparation of the subject matter information are suitable for the engagement circumstances



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- The underlying subject matter, subject matter information and criteria

The guidance is supplemented by a series of questions that the practitioner may ask. After receiving feedback from the reporting entity, the practitioner may consider the responses collectively to determine whether the sustainability assurance engagement exhibits the characteristics referred to above.

EFFECTIVE DATE

SAAEPS 1 is effective for the Acceptance and Continuance – Preconditions for the Assurance Engagement phase of the sustainability assurance engagement for reporting periods beginning on or after 15 December 2020. Early adoption is permitted.

The effective date of SAAEPS 1 has been deferred by two years since its issue in August 2018 to give practitioners time to prepare for and implement the guidance, receive training and provide feedback to the IRBA on any implementation lessons. The effective date also gives preparers of sustainability reports time to receive training on the content of SAAEPS 1, as it relates to them.

QUESTIONS TO ASSIST YOU IN PROVIDING FEEDBACK TO THE IRBA

- 1 Have you / has your firm raised awareness and developed/ presented training to assurance practitioners on the South African Assurance Engagements Practice Statement (SAAEPS) 1, *Sustainability Assurance Engagements: Rational Purpose, Appropriateness of Underlying Subject Matter and Suitability of Criteria* so that the guidance contained in SAAEPS 1 can be readily implemented by assurance practitioners? If not, what other initiative have you/your firm taken? And/or, how do you/your firm propose to raise awareness amongst assurance practitioners about SAAEPS 1?

- 2 In your/your firm's preparations to implement SAAEPS 1, what initiatives have you taken so as to be able to provide feedback to the IRBA on lessons learnt regarding any specific aspects of SAAEPS 1? If not, what initiatives do you/ your firm plan to take in order to be able to provide feedback to the IRBA on lessons learnt regarding any specific aspects of SAAEPS 1?

- 3 Are there specific aspects of SAAEPS 1 that you have found helpful? If so, please provide a description thereof and why.

- 4 Are there any specific aspects of SAAEPS 1 that create challenges to you/ your firm/ your client(s) for implementation in practice? If so, are there particular enhancements to SAAEPS 1 or support materials that would assist in addressing these challenges?

Should you have any feedback on implementing SAAEPS 1, contact the IRBA by email at [standards@irba.co.za](mailto:standards@irba.co.za). Please provide your feedback by 15 December 2019.

SAAEPS 1 may be downloaded from the IRBA website ([www.irba.co.za](http://www.irba.co.za)).

CONCLUSION

The IRBA encourages practitioners to early adopt SAAEPS 1 or to execute a 'dry run' using it on at least one client so as to be able to provide feedback to the IRBA on any lessons learnt. Preparers are also encouraged to familiarise themselves with those aspects of SAAEPS 1 that relate to them. Attendance of relevant training is also encouraged.

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NOTE

<sup>1</sup> The Sustainability Standing Committee is a standing committee of the IRBA's Committee for Auditing Standards.