



10 June 2011

Mr James Gunn
Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

Dear James,

AUASB Submission on
Proposed ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

The Australian Auditing and Assurance Standards Board (AUASB) is pleased to have the opportunity to comment on the IAASB exposure draft on Proposed ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*.

Overall, the AUASB is supportive of the approach taken in the proposed ISAE 3410 and welcomes the development of an international assurance standard on this important subject. The proposed ISAE provides a sound basis for conducting assurance engagements on greenhouse gas (GHG) statements.

There are a number of substantive matters which the AUASB encourages the IAASB to further address prior to finalising its standard, and these are:

- (a) Limited assurance engagements should be required to reach a consistent defined level of assurance on all engagements rather than providing a variable level of assurance depending on the work effort. In addition, reliance should not be placed on reporting the work effort as a means of communicating the assurance which users can take from a limited assurance report. The level of assurance provided by any given amount of work will depend on the risks being addressed not the amount or nature of the work performed.
- (b) The AUASB is supportive of the requirements to conduct a risk assessment when undertaking a limited assurance engagement and for the limited assurance procedures to be responsive to the assessed risks rather than being limited to enquiry and analytical review. However, the AUASB considers that the work effort required in understanding the entity and its environment and in identifying and assessing risks of material misstatement will be the same for both a reasonable and limited assurance engagement. It may be regarded that the divergence in work effort between reasonable and limited assurance occurs in the overall responses to assessed risks and further procedures.
- (c) Communications with those charged with governance needs to be addressed more fully, including the correction of misstatements identified during the engagement and

the method of communicating recommendations for improvements to systems and controls for measuring emissions.

The AUASB's responses to the specific questions raised in the Explanatory Memorandum are attached as **Attachment 1** to this letter. Additional comments are provided in **Attachment 2** which are included for the IAASB's consideration.

In formulating its response, the AUASB sought input from its constituents in two ways. The first was an open invitation to comment posted on the AUASB website with an accompanying notification sent to subscribers. The second method was by way of hosting a "roundtable" discussion with attendees from a broad range of backgrounds including government bodies, assurance providers, emissions experts and professional accounting bodies.

The AUASB believes that there is a growing need for standards and guidance to assist practitioners in performing assurance engagements on greenhouse gas (GHG) statements, as well as other GHG data. This need has become more pressing in Australia, since the introduction of the National Greenhouse and Energy Reporting Scheme, which has mandated reporting of greenhouse gas emissions (scope 1 & 2), energy production and energy consumption by high emitters for years ended 30 June 2009 onwards.

Should you have any queries regarding this submission, please do not hesitate to contact either myself rmifsud@auasb.gov.au or Claire Grayston, Senior Project Manager cgrayston@auasb.gov.au.

Yours sincerely,

Richard Mifsud
Executive Director

Attachments

Responses to Specific Questions listed in the Explanatory Memorandum

1. *Do respondents believe proposed ISAE 3410 achieves an appropriate balance between improving the consistency and quality of GHG assurance engagements and the potential cost of such engagements as a result of work effort required by the standard?*

AUASB Response: Yes, except for some ambiguity regarding work effort in conducting limited assurance engagements.

The proposed standard is a significant step forward in seeking consistency in GHG assurance engagements and in clarifying the manner in which these engagements would be conducted and reported upon. The AUASB considers that proposed ISAE 3410 achieves an appropriate balance between improving the consistency and quality of GHG assurance engagements and the potential cost of such engagements as a result of work effort required by the standard for reasonable assurance engagements and overall for limited assurance engagements except as discussed below.

The AUASB is supportive of the work required for a limited assurance engagement in understanding the entity and its environment, assessing risks and performing procedures which are not limited to certain types of procedures (such as analytical review and enquiry).

The Explanatory Memorandum states that “In a limited assurance engagement, however, the level of assurance that the practitioner obtains can vary significantly depending on the procedures performed in the individual circumstances of the engagement”. Whilst the requirements of the proposed standard do not refer to this variable assurance, the application material does claim that “the assurance that the practitioner obtains varies depending on the procedures”.¹ If the intention is for each limited assurance engagement to express a different level of assurance depending on the procedures performed, this is not going to improve the consistency and quality of GHG assurance engagements. The AUASB considers that the level of assurance expressed in a limited assurance engagement needs to be consistent and comparable in order to avoid any misunderstanding by users.

Users should reasonably expect that if the wording of an assurance conclusion is the same for each limited assurance report that the level of assurance which the report expresses is consistent. Whether or not the procedures conducted are detailed in the report should not impact the assurance provided as it is not the responsibility of the users to interpret the level of assurance which the procedures represent. Indeed, users may rarely have sufficient information regarding the risks assessed by the practitioner, in order to understand the extent to which the procedures conducted were able to reduce those risks to an acceptable level.

¹ Proposed ISAE 3410, paragraph A136.

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

2. *Do respondents agree with the general approach taken in proposed ISAE 3410 to limited assurance engagements on GHG statements, as outlined above?*

In particular:

- (a) *Do respondents agree that for such engagements a risk assessment is necessary in order to obtain a meaningful level of assurance; and*
- (b) *In responding to the assessed risks, do respondents agree that the standard should direct the practitioner to design and perform further procedures whose nature, timing and extent are responsive to the assessed risks having regard to the level of assurance?*

An alternative may be to specify only certain types of procedures (such as inquiry and analytical procedures) as the primary means of obtaining evidence.

AUASB Response: (a) Yes

The AUASB supports the risk based approach for limited assurance engagements. In the absence of an assessment of risks, the practitioner is unable to assess the level of assurance obtained by the procedures conducted. This is particularly relevant to GHG assurance as systems for emissions reporting may not be well developed and so are vulnerable to weaknesses in controls and poor measurement methodologies. However, the extent of the risk assessment needs to be equivalent to that of a reasonable assurance engagement. This point is discussed further below in our response to question 3.

AUASB Response: (b) Yes

The AUASB agrees that a limited assurance engagement should not be restricted to certain types of procedures, as those procedures may be very effective in one circumstance and not in another. The practitioner should conduct sufficient procedures to reach a limited level of assurance. However, if the practitioner has greater flexibility in the types of procedures which they are to conduct, then it is important that the level of assurance which the practitioner is seeking is clearly defined and understood. The level of assurance cannot be variable, as suggested in the explanatory memorandum and the application material,² as in that case the practitioner has no means of determining when sufficient appropriate evidence has been obtained to reach a limited assurance conclusion.

3. *If the general approach to limited assurance engagements on GHG statements is adopted in the final ISAE, do respondents agree with the specific differences between limited assurance and reasonable assurance engagements on GHG statements noted in the proposed ISAE?*

AUASB Response: No

Although the AUASB agrees with the general approach to limited assurance engagements, the AUASB disagrees with some of the specific differences between limited and reasonable assurance engagements. In particular, the AUASB considers that

² Proposed ISAE 3410, paragraph A136.

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

limited and reasonable assurance engagements should require the same work in understanding the entity and its environment and identifying and assessing the risks of material misstatement. If the practitioner does not obtain an understanding of all of the components of the internal control structure, including control activities and monitoring activities, then it is not clear how the practitioner will have an adequate basis for identifying and assessing risks.³ Likewise, it will be necessary for the practitioner to identify and assess risks at the assertion level in a limited assurance engagement, as well as in a reasonable assurance engagement, otherwise it is unclear how the practitioner identifies and assesses risks for material types of emissions and disclosures.⁴ It is the nature and extent of the response to assessed risks which differs in a limited assurance engagement as compared to a reasonable assurance engagement. It is suggested that paragraphs 22 and 31 need to provide the same requirement for both limited and reasonable assurance engagements. The AUASB is supportive of the specific differences in approach between limited and reasonable assurance engagements for the overall responses to assessed risks and further procedures.

In addition, the approach taken to limited assurance engagements, in particular, seems to be inconsistent with the approach taken to limited assurance in other pronouncements of the IAASB. Specifically, there are inconsistencies in the articulation of the approach to reviews (limited assurance) between proposed ISRE 2400⁵, ISRE 2410⁶, proposed ISAE 3000⁷ and this proposed ISAE 3410 which are likely to confuse users of these reports. As the IAASB is currently revising ISAE 2400 *Engagements to Review Historical Financial Statements*, it would be preferable if that pronouncement were consistent with the approach to limited assurance engagements in this proposed standard.

As the backgrounds of practitioners who may be providing assurance under this proposed standard are likely to be quite varied, the AUASB consider that it would be beneficial for the difference between limited and reasonable assurance to be more clearly articulated to reduce the risk of misunderstanding the difference between these levels of assurance.

4. *Do respondents agree with the use of the columnar format with the letter — “L” (limited assurance) or — “R” (reasonable assurance) after the paragraph number to differentiate requirements that apply to only one or the other type of engagement? Do respondents believe more guidance needs to be included in the ISAE to assist readers in understanding the differences between limited assurance and reasonable assurance engagements on GHG statements and, if so, what should be included in that guidance?*

AUASB Response: Yes

The AUASB supports the use of the columnar format with the letter “L” for limited assurance requirements and “R” for reasonable assurance requirements. This makes the

³ Proposed ISAE 3410, paragraph 22L.

⁴ Proposed ISAE 3410, paragraph 31L.

⁵ See proposed ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*.

⁶ See ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

⁷ See proposed ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

differences in the work effort required for the different levels of assurance more readily comparable. However, there appear to be some inconsistencies between the expression and alignment of the requirements where those requirements are the same. For example, paragraphs 22L (a) and (b) appear to be equivalent to 22R (a), (b) and (c) and if so, should be presented in the same way for easy comparison.

More guidance may need to be included in the ISAE to assist readers in understanding the differences between limited assurance and reasonable assurance engagements on GHG statements as many practitioners are from different disciplines and are accustomed to working with other sets of standards which use different terminology and methodologies. As the proposed standard is likely to be used by a wider group of practitioners as permitted by proposed ISAE 3000, all terminology used which is specific to assurance engagements (such as the terms *materiality*, *assertions*, *professional judgement and scepticism*, and *sufficiency and appropriateness of evidence*), needs to be adequately explained through detailed guidance.

5. *Do respondents agree with the requirements and guidance in the proposed ISAE for a limited assurance engagement regarding the summary of procedures in the practitioner's report? In particular, will the proposed ISAE lead to reporting procedures with an appropriate amount of detail to effectively convey to users the level of assurance obtained by the practitioner?*

AUASB Response: No

The AUASB is of the view that limited assurance should always need to provide a consistent level of assurance on every engagement and the level of assurance should not be communicated through the procedures conducted. Higher risk engagements should require more extensive procedures to be conducted in order to reach the same level of assurance as a lower risk engagement, therefore the work effort is not indicative of the assurance provided. The detail of procedures conducted should be limited as users may easily misinterpret more extensive procedures as providing a higher level of assurance. Articulation of the risks identified and addressed in the engagement, would be more relevant to the conclusion reached than the procedures conducted.

The AUASB does not consider that detail on the procedures conducted should be included as a substitute for reaching a consistent level of assurance or adequately communicating the level of assurance to users of the report. As the role of the assurance practitioner is to form a conclusion it should not be necessary or appropriate for the user to make their own assessment of the procedures conducted and effectively draw their own conclusion on the subject matter. Limited assurance conclusions need to be consistent so that users can better understand and compare limited assurance reports.

We note that long-form reporting may be appropriate in certain circumstances. For example, engagements under the Australian National Greenhouse and Energy Reporting Scheme (NGERS), Part B of the assurance report includes details of the procedures conducted to address identified risks, which is helpful for the Regulator to look at improving consistency across engagements.

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

6. *Do respondents agree with the requirements and guidance in the proposed ISAE for a limited assurance engagement describing the trigger point at which additional procedures are required? Do respondents agree with the related requirements concerning the practitioner’s response when there are matters that cause the practitioner to believe the financial⁸ statements may be materially misstated?*

AUASB Response: Yes, with some additional guidance.

Further clarification may be required to ensure that the intention expressed in the explanatory memorandum, that this requirement does not apply as a result of the practitioner “merely being aware of a risk of material misstatement when planning the engagement”, is articulated in the requirements and application material. However, arguably, in both a limited and reasonable assurance engagement if a risk of material misstatement were identified during the planning, the practitioner would need to conduct procedures in response to the assessed risk to satisfy themselves as to whether a material misstatement does exist, to the applicable level of assurance.

Whilst we note that the trigger point at which additional procedures are required, being that the GHG Statement “may” be materially misstated, is potentially wide-reaching, it is mitigated by relating only to potential material misstatements. The AUASB believes that this should result in an appropriate level of work effort and so a satisfactory outcome. Further guidance is needed in the proposed standard as to whether or not the “additional procedures” in response to a “matter(s) that causes the practitioner to believe the GHG statement may be materially misstated” are any different in a limited assurance engagement to those in a reasonable assurance engagement. If responses are intended to be at a different level, then the proposed standard needs to articulate how this is achieved.

7. *Do respondents agree with proposed requirements and application material dealing with the performance of procedures on location at an entity’s facilities?*

AUASB Response: Yes

The AUASB agrees that a risk-based approach should be followed in determining which locations should be visited and the nature, timing and extent of testing at each location. The AUASB agrees with proposed requirements and application material which allow the practitioner to determine whether procedures would be performed on location at an entity’s facilities, as this should be determined by the risk assessment and the availability of evidence at different locations. The location of the evidence will depend on the nature of the GHGs and measurement methodologies used to quantify those GHGs.

⁸ Note this question should read “GHG statements” rather than “financial statements”.

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

8. *With respect to uncertainties associated with emissions:*

- (a) *Do respondents believe the proposed ISAE explains clearly the differences between scientific uncertainty and estimation uncertainty?*
- (b) *Do respondents agree that the assurance report should include a statement identifying the uncertainties relevant to emissions? If so, do respondents agree with the example wording of that statement, and its placement in the illustrative reports included in Appendix 2 to the proposed ISAE?*

AUASB Response: (a) No – further clarification is needed.

The explanation of the differences between scientific uncertainty and estimation uncertainty is complex and there remains some lack of clarity regarding the delineation between scientific and estimation uncertainty. It is unclear whether the distinction between the uncertainties as drafted is helpful in assisting the practitioner in determining the procedures to be conducted in relation to those uncertainties. Scientific uncertainty is not necessarily always beyond the emitter’s control to the extent that there may be more accurate methodologies available which the entity has chosen not to apply. This scientific uncertainty effectively becomes an estimation uncertainty as it is controllable by the entity to the extent that the entity has chosen the method and therefore the level of uncertainty.

Unless it is cost prohibitive, the choice of method may be a result of lack of understanding of the available methods or due to the chosen method resulting in lower GHGs reported than a more accurate method. Guidance on the extent to which the practitioner is expected to identify or consider available alternative measurement methodologies which may be more accurate, would be beneficial to practitioners. In addition, guidance on the extent to which the practitioner can be satisfied with the entity applying methodologies permitted under applicable requirements or legislation even if more accurate methods are available to the entity would be useful.

It may be helpful to specify more clearly in subparagraph A22(a) how entities may negate scientific uncertainty by describing the “criteria that stipulate particular scientific assumptions” as “measurement and calculation methodologies that are based on either:

- (a) scientifically robust direct sampling regimes, or
- (b) application of industry standard or legislated default factors derived from credited scientific assumptions”.

Likewise, subparagraph A22(b) may be able to incorporate examples of the sources of estimation uncertainty including weaknesses in direct sampling regimes, the application of inaccurate source data or the application of inappropriate default factors.

Clarification is needed with respect to how the estimates discussed in paragraph 42 relate to the scientific and estimation uncertainty described in paragraph A22. If the estimates to be tested result only from estimation uncertainty then this should be explained further. Is any assessment or testing of scientific uncertainty required?

AUASB Response: (b) Yes

The AUASB agrees with the inclusion of a reference to uncertainties in the practitioner’s

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

report, however it is suggested that consideration be given to differentiating between scientific uncertainty and estimation uncertainty in the report. This differentiation could include reference to the fact that, despite the existence of scientific uncertainty which is largely beyond the entity's control, the practitioner's conclusion or opinion will reflect any material estimation uncertainty, which is controllable by the entity, with respect to the reported GHGs which has been identified in the course of the engagement.

9. Do respondents agree with the form and content of the illustrative assurance reports included in Appendix 2 to the proposed ISAE?

AUASB Response: Yes

In Australia the form of the assurance report is largely determined by legislation under NGERs. Nevertheless, we consider that practitioners should be able to meet their legislative responsibilities as well as complying with the requirements for reporting under the proposed ISAE. The negative form of assurance conclusion expressed in limited assurance engagements may cause some concern for practitioners who are not accustomed to conducting review engagements.

Whilst the form of reporting is based closely on financial statement assurance, the AUASB considers that the proposed ISAE is effective in describing the style of reporting. The AUASB notes that there is a need for consistency between the reporting in proposed ISAE 3000, proposed ISRE 2400, ISAE 2410 and this proposed standard, ISAE 3410, but acknowledge that the IAASB intends to make consequential amendments to ISAE 3410, when the projects to revise ISAE 3000 and ISRE 2400 are completed.

Whilst the proposed ISAE includes requirements and application material on emphasis of matter paragraphs there seems to be an absence of requirements and guidance on modified conclusions and opinions and the basis on which the practitioner would issue a qualified, adverse or disclaimer conclusion or opinion in their report. Paragraph 73 (j) does refer to the expression of a modified conclusion and the need for a clear description of the reasons therefor, but provides no further explanation of what this entails. Given that practitioners assuring GHG statements may come from backgrounds other than financial statement assurance, this area will require a much more detailed explanation to ensure consistency between different practitioners' reports. Material adapted from ISA 705 *Modifications to the Opinion in the Independent Auditor's Report* and/or reference to the relevant requirements or application material in the proposed ISAE 3000 would be helpful.

The proposed standard also needs to more fully address when misstatements can be corrected without affecting the conclusion or when misstatements identified would lead to a modified assurance report. This is also discussed below in relation to paragraphs 51 & 52, under "Additional comments for the IAASB's consideration".

Further requirements and guidance on the approach to communication of recommendations by the assurance practitioner to the entity needs to be added. Whilst recommendations are discussed in the application material, paragraph A143, where it is suggested that they are better placed in a management letter rather than the report itself,

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

we consider that a requirement with respect to recommendations is justified. Many practitioners who will be providing GHG assurance derive from backgrounds where recommendations are an integral part of their reports. To ensure that the conclusion reached is clearly communicated in the practitioner’s report, it is important that any recommendations are clearly separated from the conclusion.

Although the illustrative reports in Appendix 2 provide a section titled “report on other legal and regulatory requirements”, there is no corresponding requirement or application material regarding how the practitioner should address legislative requirements in conjunction with complying with the ISAE. The assurance report should have scope for reference to the applicable legislation or other requirements and should explain how the assurance practitioner should address inconsistencies between the form of the assurance report under ISAE 3410 and the form of reporting specified by law.

Additional Matters:

SMEs—the scalability of requirements and the form and content of the illustrative assurance reports.

AUASB Response:

The AUASB considers that the requirements in the proposed ISAE 3410 are scalable for SMEs.

Developing Nations—foreseeable difficulties in applying it in a developing nation environment.

AUASB Response: Not applicable

Translations—potential translation issues respondents may note in reviewing the proposed ISAE.

AUASB Response: Not applicable.

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

Effective Date—12–15 months after approval of the final standard but with earlier application permitted. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the ISAE.

AUASB Response: Yes

As there is currently no standard specifically addressing assurance on a greenhouse gas statement, the AUASB considers that the minimum timeframe practical for implementation should be adopted. As the effective date is for periods ending, if the standard is approved 12-15 months before it is effective, this would make practitioners aware of the requirements at or shortly before the commencement of a 12 month reporting period, depending on the timing of the period end.

Additional Comments for the IAASB’s Consideration

1. Implementation issues for Australia

In Australia, the reporting of GHG emissions is required by law for emitters over certain thresholds under the National Greenhouse and Energy Reporting Scheme (NGERS). Scope 1 and scope 2 emissions, energy production and energy consumption are required to be reported by corporations for all facilities under their operational control or the operational control of the corporation’s group, including joint ventures and partnerships. NGERS reporting is regulated by the Department of Climate Change and Energy Efficiency.

As Australia has a scheme for reporting GHGs, the AUASB has considered how ISAE 3410 could be implemented in Australia.

- i. The Australian NGERS is based around facilities over which an entity or group has “operational control”, whereas the proposed ISAE uses the term “organizational boundary”. The application material in paragraph A32, however, appears to be sufficiently adaptable that it could be applied to the NGERS requirement for operational control. Paragraph A33, however, does describe “operational boundary” as relating to the type of emissions reported, whether scope 1, 2 or 3 GHGs, rather than the boundary of the facilities to be included. These terms may cause confusion in Australia.
- ii. As the NGERS legislation requires a specific form of reporting, the ISAE needs to allow for adaption for legislative requirements in different jurisdictions.
- iii. The ISAE is directed primarily at assurance on a complete GHG statement, however under NGERS, any part of an emissions report submitted under NGERS may be subject to assurance at the request of the Regulator. The AUASB notes that the definition of GHG statement under the proposed ISAE does include a portion of a GHG statement. The AUASB believes that this definition should be sufficient to cover assurance under NGERS.

2. Meaning of Controls

The meaning of “controls” in the context of assurance, that is controls over the accurate measurement, recording and aggregation of emissions data reported, as intended in the proposed ISAE, needs to be differentiated from the controls over the release of emissions, such as abatement or carbon capture processes which the emitter may employ. The assurance engagement is concerned only with controls to measure the emissions and not with controls to reduce emissions. This requires clarification within the proposed standard so that the intention of the practitioner’s work or reporting is not confused with an assessment of the measures in place at the entity to reduce or abate emissions.

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

3. Issues relating to specific paragraphs:

Paragraph Reference	Matter to be addressed
15	<p>In addition to “sufficient assurance skills, knowledge and experience” this paragraph requires “competence in quantification and reporting of emission”. The AUASB agrees that these two skill sets are critical for the practitioner in conducting GHG assurance, however the related application material on competency, paragraphs A17 & A18, do not reflect these two competencies adequately. Paragraph A17 does not mention emissions quantification at all and yet this is a core skill. The first bullet point of A17 instead states the need for understanding of climate science, which we do not consider is necessarily needed for emissions assurance. The AUASB recommends that the application material is focussed on explaining in more detail the assurance and emissions quantification/reporting competencies rather than raising new areas of expertise required.</p> <p>At a minimum, “knowledge of applicable criteria” should be expanded to include “GHG quantification or measurement methodologies, including technical understanding of the potential scientific and estimation uncertainties associated with the methodology selected as well as alternative methodologies available” and “GHG reporting boundary delineations including organizational, operational and facility boundaries which may be applied”.</p>
22	<p>Subparagraphs 22L(a) & 22L(b) contain much of the same wording as 22R (a), (b) & (c) but in a different sequence, albeit that the introductory paragraphs 22L and 22R are slightly different. The content of these subparagraphs should be presented in the same sequence so that (a), (b) and (c) read in the same manner to facilitate comparison.</p>
44	<p>Paragraphs 44L and 44R have the same wording so could be taken out of the table format and included as a single requirement applicable to both reasonable and limited assurance engagements.</p>
45	<p>Paragraphs 45L and 45R also have the same wording so could be taken out of the table format and included as a single requirement applicable to both reasonable and limited assurance engagements.</p>
51 & 52	<p>These requirements address the correction of misstatements which is an area which may be easily misunderstood by practitioners from backgrounds other than financial statement assurance. It would be helpful if these paragraphs were explained in further detail in the application material. For example, guidance would be beneficial to clarify that corrections may be made up to the date that the GHG statement and accompanying assurance report are issued.</p>
53 & 54	<p>These requirements with respect to uncorrected misstatements need to link in to requirements and application material on when uncorrected</p>

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:
ISAE 3410, ASSURANCE ENGAGEMENTS ON GREENHOUSE GAS STATEMENTS**

	misstatements will lead to modifications in the assurance report.
A40	This application material suggests that agreed-upon procedures engagements may be conducted when an entity is not yet experienced at preparing GHG statements. Many engagements in Australia currently involve some form of gap analysis or readiness consulting as emitters prepare themselves for GHG reporting and assurance over those reports, however, an agreed-upon procedures engagement is not a suitable means to provide this type of advice. It may be more helpful to suggest in the application material that consulting or advisory work may be required to assist entities in preparing their systems for reporting GHGs.
