# 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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## Sources of UK auditor's obligations in respect of NFR

Companies Act 2006 ISA (UK) 720

Regulator's expectations

is (materially) consistent with the financial statements ("FS"); "Other Information"

Strategic Report Directors Report

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?

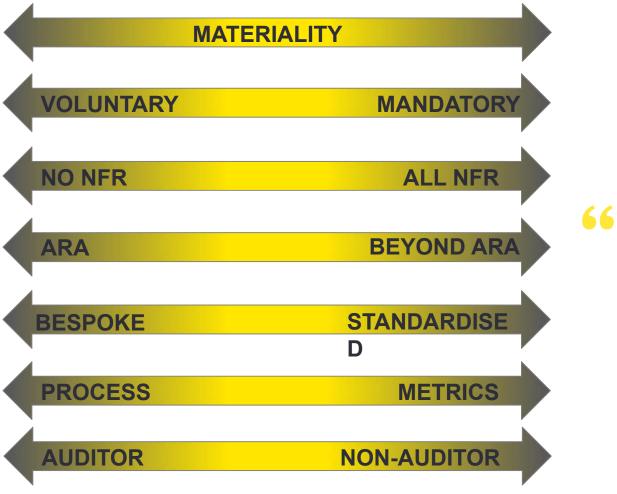
consistent with FS	<ul> <li>Agree all information back to FS, where applicable</li> <li>Recompute any financial metrics based on FS</li> </ul>
inconsistent with knowledge obtained	Compare business model, strategy, risk and other to understanding of business
otherwise appears misstated	Obtain supporting documentation for all Key Performance Indicators "KPIs" (including non-financial)
legal requirements	<ul> <li>Detailed disclosure checklists of all legally required disclosures</li> <li>Assessment of Additional Performance Measures against ESMA guidance</li> <li>Assessment of the board's statement on whether the accounts are Fair, Balanced and Understandable (FBU)</li> </ul>

# NOT within the remit of the auditor

- Testing controls underpinning nonfinancial KPI processes
- Testing documentation supporting nonfinancial 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.





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

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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