



**Feedback on IIRC Paper on Assurance for Integrated Reports  
Due on 1st December 2014**

<b>4.4</b>	<b>Nature of Assurance</b>	<b>Commentary</b>
1	What priority should be placed on assurance in the context of driving credibility and trust in Integrated Reporting?	Developing a guideline for Sustainability Assurance. Existing assurance standards like ISAE 3000, ISAE 3410 (Assurance for Green House Gas statement and others currently used for financial reporting are relevant in sustainability reporting.
2	What are the key features of assurance that will best suit the needs of users of integrated reports in years to come?	Historical financial information, short termism in assessing going concern (usually next 12 months), comparability (period to period, peer to peer, industry comparison), financial forecasts/projections, risk management, internal systems and controls
<b>4.5</b>	<b>Competence of Assurance Practitioners</b>	
3	Is the availability of suitably skilled and experienced assurance staff a problem in your jurisdiction, and if so what needs to be done and by whom to remedy the situation?	No, availability of assurance staff is not a problem, but there is need for training on sustainability assurance and sustainability reporting in preparation for integrated reporting and assurance. The level of awareness of sustainability reporting is low inspite or organizations producing reports on non-financial performance in various aspects of their organizations, thus such reports are not given much weight in decision making.
4	What needs to be done and by whom to ensure the quality of assurance on IR is maintained at a high level, including practitioners' adherence to suitable educational, ethical (including independence), quality control and performance standards?	Training by the professional bodies, quality assurance programs - regulatory reviews, self reviews like ISQC 1, practitioners aligning their assurance methodologies with the assurance standards



<b>4.6</b>	<b>Robust Internal Systems</b>	
5	Is the robustness of internal systems a problem, and if so what needs to be done and by whom to remedy the situation?	This would need to be ascertained through regulatory reviews, as sustainability assurance is done by people from different professional backgrounds, not necessarily accountants and the same is likely to happen with assurance for integrated reports. Thus their approach and professional standards are not the same. Assurance certification by AccountAbility and other professional bodies which may be involved in this process would need to develop a framework of reporting and guideline to ensure consistency and robustness of internal systems
<b>4.7</b>	<b>The Cost of Assurance</b>	
6	Is assurance likely to be a cost effective mechanism to ensure credibility and trust over a) the short term/medium term and b) long term?	Yes it is, but there is need for standardization and harmonization of existing reporting frameworks to ensure consistency and comparability, thus enhancing decision making and measurement of an organization's value overtime. This is particularly important for investors among other stakeholders
7	If so what needs to be done and by whom, to maximize net benefits of assurance	IIRC in conjunction with other standard setters like IFAC and AccountAbility to develop an assurance framework
<b>4.8</b>	<b>Technology challenges – Methodology issues</b>	
8	Should assurance standard setters develop either or both a) new assurance standard b) guidance to ensure consistency of approach to such issues?	Review existing standards in light of the objectives of integrated reporting.  Develop guidance to ensure consistency of approach, probably should be done on a sector basis with a guidance on identification of material issues which would need to be reported



		on.
9	Should any such standard be specific to IR or should it cover topics that are also relevant to other reporting and assurance e.g should a standard/guidance assuring narrative information either in an integrated report or elsewhere be developed?	The standard should not be specific to IR but should include topics that are relevant to other reporting and assurance frameworks. IIRC in conjunction with other standard setters like IFAC and AccountAbility to develop an assurance framework
10	<p>What are the key</p> <ol style="list-style-type: none"> <li>a) challenges and</li> <li>b) proposed approaches that assurance standard setters should consider with respect to: <ul style="list-style-type: none"> <li>• Materiality?</li> <li>• The Reporting boundary?</li> <li>• Connectivity?</li> </ul> </li> </ol>	<p>Identification of Material sustainability issues - process and methodology and determination of Materiality on financial reporting could be a challenge. A standardized approach to Materiality determination, based on the developed framework referred above is recommended. Also ensuring Materiality on financial reporting as well as Material sustainability issues are understood</p> <p>Determination of report boundaries. A standardized approach to determination of report boundary, based on the developed framework referred above is recommended. Stakeholder identification would guide in determination of report boundaries.</p> <p>How to connect the various report content to incorporate the financial and non financial, past, present and future projections, in a manner that is integrated to enable a holistic evaluation of performance and achieve consistent message of value creation all through the report. A well balanced and connected integrated report will</p>



	<ul style="list-style-type: none"> <li>• Completeness?</li> <li>• Narrative reporting and future oriented information?</li> </ul>	<p>make the numbers more meaningful to the reader/user as they are read in conjunction with the non-financial information in the report and also addresses the medium and long term as opposed to just the short term.</p> <p>Challenge is identification of all material matters and the potential impacts, both positive and negative and how they influence value creation in the short term, medium and long term.</p> <p>The assurance approach adopted should ensure all relevant information is available and complete and that the organization complies with the relevant laws and regulations. The framework referred above and a Materiality Methodology would be required to ensure the report is balanced and without material errors or omissions. Harmonizing information from different sources (management, board and external sources) could also pose some challenges, as well the qualitative and quantitative information.</p> <p>Challenges include assumptions, risks and opportunities especially on the future outcomes, adequacy and relevance of disclosures and the narratives on events that have occurred and which would support the numbers or other non-financial disclosures in the report. Other challenges would be the subjectivity of future outcomes and uncertainty of future risks and opportunities due to unpredictable market conditions. Degree of reliance on information from sources external to the organization could also pose another challenge.</p>
11	What other technical issues, if any, specific to IR should be addressed by assurance standard setters?	Development of an Integrated Reporting Assurance Manual, alignment with International Standards in Auditing and INTOSAI standards



		for public sector, Competence of assurance practitioners,
<b>4.9</b>	<b>Levels of assurance</b>	
12	<p>What are the key</p> <p>c) challenges and</p> <p>d) proposed approaches that assurance standard setters should consider with respect to:</p> <ul style="list-style-type: none"> <li>• Reasonable assurance?</li> <li>• Limited assurance?</li> <li>• Hybrid engagements?</li> <li>• Agreed upon procedures?</li> <li>• Other approaches?</li> </ul>	<p>Due to the wider scope the assurance exercise would be more costly</p> <p>There is risk of not looking at areas that may turn out to have a great impact on the reporting, hence decision making due to scope limitation. The procedures to be carried out are dependent on the judgment of the practitioner, thus the low level of assurance which may not meet the users needs.</p> <p>The mix of different levels of assurance on different types of information could lead to confusion and inconsistency in the message of report with regard to value creation in the short, medium and long term.</p> <p>The scope limitation will not achieve the holistic view of the organization’s performance and could hamper decision making</p> <p>Risk of inconsistency in reporting and comparison over time or with other entities, also inability to detect material inconsistencies with the financial reports</p>
<b>4.10</b>	<b>Using Existing Assurance</b>	
13	<p>What are the key</p> <p>a) challenges and</p> <p>b) proposed approaches that should be considered, and by whom to ensure assurance on</p>	<p>Ensuring IR reports address challenges with current assurance standards, for instance to ensure there are adequate disclosures in reporting.</p>



	IR pays due regard to other assurance processes?	Various standard setters should come up with an appropriate approach to ensure IR enhances the value of reports and decision making by the users of the reports. For instance IR should make it easier for an investor to value a company they intend to invest in based on the available information in the IR with regard to past and current performance, and future projections.
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