



This document summarizes a discussion held on Febraban (Brazilian Banks Federation), about IIRC papers regarding assurance on <IR>. This meeting happened on 26th November – 2014, in São Paulo - Brazil, with participation of EY, DTT, PwC, KPMG and BDO, as speakers. Vania Borgerth, from BNDES was the facilitator of this roundtable. Audience consisted of consulting professionals, companies interested in <IR> and some university members.

To provoke dialogue around the theme, it was asked questions about assurance on <IR>. Around answer all participants made comments. The summary of discussions around each question is summarized below:

1. What is the synergy between audited financial information in a conventional manner, sustainability, in what sense the work of internal auditors could contribute and other assurance processes could be used in building a reasonable assurance of the integrated account information?

There are several processes in place that go through some kind of external verification already, like management report, information form for stock exchange purposes, reposts on risks, among others. In this context, there is already a participation of other departments, but still no information connectivity. Even accounting standards have been discussed, since the assurance process needs to follow the dynamic environment of organizations and the integrated report is part of this dynamism related to this corporate environment.

2. Build a rule for assurance on <IR> is not something that will be ready quickly. We do not expect to have the standard in the coming years. While this does not happen, what kind of other concepts, standards or principles we could use for start to apply concepts to ensure the reliability of information on Integrated Reporting, ethics standards, education and internal controls.

The ISAE 3000 is, perhaps, the standard which comes closest to something we can use in the future and a good starting point, however, the <IR> brings challenges like future vision, business model and materiality that, by the standards currently used, do not provide an objective criteria for an audit.

Issues related to <IR> will most probably arise during the current assurance engagements on the integrated reports being disclosed, so there is an important "lessons learned" phase. Multidisciplinary teams are also fundamental part of an integrated audit.

Another point is that organizations should be concerned with the construction of the reporting process in a way that allows an assurance on this process and indicators. A hybrid model using reasonable assurance or limited assurance depending on the information is something that could be considered for assurance being performed.



3. Is it possible get assurance on process designed to comply with integrated reporting without a robust internal control system?

Assurance providers and organizations should not discuss about possibility, but viability. A control system allows reliable data generation, whereas without these controls they are subject to a greater possibility of errors.

An appropriate internal control system is crucial to the <IR> Framework in order to support the assurance process. The lack of internal controls would not only require a great deal of substantive testing, but also contradict the principles <IR> themselves. It is important to understand that the control environment should lead to connectivity information.

4. To establish an assurance methodology which points we should pay attention?

<IR> is a market-driven initiative, so assurance approach will also have to be determined by the market.

An assurance on <IR> demands higher professional judgment so will be necessary more seniority on assurance teams.

If an <IR>, as stated by IIRC, is intended to be an “investment grade report”, audit firms are admittedly the ones that attend its requirements.

Considering that an <IR> assurance engagement can assume more complex terms and conditions, the assurance providers responsibility will have to be extremely clear in order to avoid false accusations, by the market in general and by the judge, in case of a legal dispute.

That is the first version of <IR> framework, so it is possible that it will be reviewed and adapted according to organization experiences on apply it.

While there is no official standard from IAASB to <IR>, it is possible that practitioners that are not accountants provide some sort of verification, but once the standard is released, the regulated profession will have the responsibilities around the <IR> assurance process.