

CONSULTATION ON DRAFT CEAOB NON-BINDING GUIDELINES ON LIMITED ASSURANCE ON SUSTAINABILITY REPORTING

As per the European Commission request ([Commission letter](#)), the Committee of European Audit Oversight Bodies (CEAOB) has prepared draft non-binding guidelines on limited assurance on sustainability reporting. This draft is open for public consultation. The consultation period runs from 21 June 2024 to 22 July 2024 COB. Respondents are invited to provide their input by responding to the following questions with explanations and rationales.

Organisation: *EFAA for SMEs*

Country: *Belgium*

Stakeholder group:

Academia

Assurance services provider

Auditor

Non-Governmental Organisation

Preparer of sustainability reporting

Standard setter

User of sustainability reporting

Other

Email: *secretariat@efaa.com*

Do you accept that your response be published? *Yes / No*

Is there any content, in the draft CEAOB guidelines on limited assurance on sustainability reporting, that you would assess as not useful or relevant from a public interest perspective?

EFAA for SMEs (see www.efaa.com) appreciates the opportunity to provide our comments on the CEAOB guidelines. Our response has been prepared with input from our Assurance Expert Group.

Given our constituency is small- and medium-sized accountancy practices (SMPs) in Europe we have three main considerations. First, to ensure that the guidelines will be sufficiently scalable to be used by SMPs on SME sustainability assurance engagements. We strongly prefer a 'Think Small First' approach, developing straightforward regulation and standards for SMEs and SMPs and then scaling up to suit larger more complex companies and practices. Second, to ensure that there is sufficient guidance for auditors that have limited technical resources. SMPs face a significant challenge applying sustainability reporting and assurance standards. And third, to ensure that the guidelines serve the European public interest.

In general, EFAA believes that the draft guidelines largely address these three considerations. We believe that all the content is useful from a public interest perspective. However, as we explain below, we believe that some additional content would be useful.

Are there any areas or topics not covered in the draft CEAOB guidelines that would need to be addressed in the guidelines or developed in the future European standard on limited assurance?

We note that the draft guidelines make no reference to voluntary limited assurance engagements on sustainability reports prepared using ESRS or one of the SME sustainability reporting standards under development (ESRS LSME and VSME). We suggest that consideration be given towards referring to such engagements since it is important that there be consistency of approach to all limited assurance engagements on sustainability reporting in the EU.

We believe that readers of the guidelines would benefit from knowing about other relevant developments either by way of text within the body of the guidelines or else reference to them in the dissemination and communication of the guidelines. In this way the guidelines can help facilitate convergence on a common set of standards. We therefore suggest mentioning the current guidelines that we know our members are presently using (ISAE 3000) as well as standards under development, such as the ISSA 5000 and sustainability assurance section of the IESBA Code of Ethics. Furthermore, we are aware that some EU Member States are making provisions for the period of transition through to the publication of the Delegated Act. It is important that SMPs are made aware of these developments and that the Guidelines are in some way coordinated with them.

We believe alignment with the ISSA 5000 is important for the sake of global consistency. While the draft guidelines use the same terminology and concepts as the ED ISSA 5000, we note that in recent IAASB meetings the draft ISSA 5000 has been modified pending its final approval later this year. We suggest that the guidelines are updated to align with the latest draft ISSA 5000.

Finally, we wonder whether the guidelines ought to stress the importance of inquiries and analytical procedures in limited assurance engagements as the ED ISSA 500o and he latest draft ISSA 5000 do.

Are there any other suggestions that you would like to share with the CEAOB, before adoption of the final CEAOB guidelines on limited assurance on sustainability reporting?

We believe that the recent IFAC publication 'What to Expect from Sustainability Assurance' (see <https://www.ifac.org/knowledge-gateway/discussion/what-expect-sustainability-assurance>) to be very useful. We suggest the CEAOB guidelines incorporate some of the key aspects of this document and in any case cite the publication by way of a footnote. For example, we suggest the examples of limited assurance reports, adapted as necessary, be included in an Appendix to the guidelines.

Thank you for your contribution.

Background Documents

[Draft Guidelines on Limited Assurance June 2024.pdf](#)

Contact

ec-ceaob-secretariat@ec.europa.eu