

25 July 2007

Ms Caroline Estime

AccountAbility

250-252 Goswell Road, London, EC1V7EB, UK

Email: caroline@accountability21.net

Submission on *Guidance Note on Assurance Levels and Statements as they relate to the AA1000 Assurance Standard*

Introduction

The Centre for Public Agency Sustainability Reporting™ (the Centre) welcomes the opportunity to make a submission on AccountAbility's *Guidance Note on Assurance Levels and Statements as they relate to the AA1000 Assurance Standard* (the *Guidance Note*).

The Centre is a not-for-profit organisation based in Melbourne, Australia¹. The Centre is a collaboration of the Global Reporting Initiative (GRI)², ICELI – Local Governments for Sustainability Oceania³, the City of Melbourne and the State Government of Victoria (through the Victorian Sustainability Fund). The Centre's mission is to improve the performance of public agencies through the practice of sustainability reporting. The Centre builds capacity and facilitates the development of best practice reporting by local councils, agencies, government business enterprises and departments.

The Centre is working with a range of public agencies and local councils throughout Australia and New Zealand including Melbourne Water, EPA Victoria, EPA Queensland, Brisbane, Gosnells, Melbourne, Penrith and Waitakere City Councils, Hornsby Shire Council, and Auckland Regional Council, in order to build capacity in each agency and council and advance sustainability reporting. The Centre is also building global networks and promoting reporting by public agencies in the United Kingdom, the USA and Canada, among others.

Introductory Comments on the *Guidance Note*

The Centre would like to commend AccountAbility for their commitment to furthering the development and understanding of the AA1000 Assurance Standard (AA1000AS) series and the field of sustainability assurance. Where carefully integrated with strategic planning, sustainability reporting and assurance can assist organisations to:

- promote a strategic and integrated approach to performance and management reporting
- develop stronger stakeholder relationships through more strategic engagement, and
- drive change and innovation through influencing strategic planning, policy development and delivery.

¹ For further information, see: www.publicagencyreporting.org

² The GRI is an independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines.

³ ICELI – Local Governments for Sustainability Oceania (ICLEI) is an international association of local governments that have made a commitment to sustainable development. ICLEI works with many local governments around the world through a range of campaigns and programs.

AccountAbility is encouraged to continue the development of the AA1000AS series in conjunction with globally accepted standards in sustainability reporting and assurance. Other standards and frameworks include the GRI Sustainability Reporting Framework⁴ and the International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE3000).⁵ This will enable organisations to be more innovative, effective and accountable, and it will strengthen the fields of sustainability reporting and assurance.

Comments on the *Guidance Note*

Some high level comments on the *Guidance Note* in relation to the *Guidance Note's* intended audience, sustainability reporting frameworks, and a 'portfolio approach' to assurance, are outlined below to further assist the development of the *Guidance Note*. Detailed comments follow in the template feedback form provided by AccountAbility. These comments are divided into three categories, high, medium and low priority, with substantive comments preceding editorial.

Assumptions of the intended audience

The limited detail of information provided on sustainability assurance standards and sustainability reporting frameworks in the *Guidance Note* assumes that the intended audience has significant knowledge and/or experience in sustainability assurance. Given that the intended audience, as outlined in section 1, paragraph 5, is assurance providers **as well as** organisations preparing for assurance and their stakeholders, it cannot be assumed that all users of the *Guidance Note* have prior knowledge or experience in the field.

Definitions within the text, a glossary for assurance-related terms, and appendices with more detailed information on assurance standards are needed. This will assist two of the key intended audiences of the *Guidance Note* – organisations seeking assurance and their stakeholders – to find value in the *Guidance Note*.

Sustainability reporting frameworks

Sustainability reporting frameworks provide guidance on the processes for determining report content and ensuring the quality of the information presented in the report – i.e. 'scope of the subject matter' and 'reliability of information', two concepts that are discussed throughout the *Guidance Note*. However, throughout the *Guidance Note* there is limited cross-referencing to sustainability reporting frameworks to provide this context. Given the status of the GRI as the globally accepted sustainability reporting framework, the *Guidance Note* would benefit from cross-references to the GRI Sustainability Reporting Framework, especially the Principles for Defining Report Content and for Defining Report Quality (see GRI 2006 Sustainability Reporting Guidelines, Version 3.0, Amsterdam, The Netherlands, pp. 8-17).

A 'portfolio approach' to sustainability assurance

While it has been found that AA1000AS and ISAE3000 are technically complementary, the relationship between these two standards is complex, and the implications for using these standards in conjunction in an assurance process are continually being shaped as the AA1000AS continues to evolve and the field of sustainability assurance

⁴ See www.globalreporting.org

⁵ International Auditing and Assurance Board (IAASB) 2003, *International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information*, International Federation of Accountants, New York.

matures. Given these circumstances, it is recommended that the *Guidance Note*, does not attempt to incorporate the ISAE3000 characteristics or requirements, especially if the *Guidance Note* is to be of value for those other than assurance providers. Or if it does seek to include ISAE3000 requirements, provide the rationale and context for doing so. Given that ISAE3000 is applicable to accounting professionals in public practice, it should not be assumed that a reader is familiar with this standard, or intending to use it in an assurance approach.

The Centre recognises that an increasing number of organisation have been adopting a 'portfolio approach' to assurance – using more than one framework or standard of assurance to meet stakeholder demands and/or to serve different issues and types of data.⁶ As such, the Centre recommends that AccountAbility continue the discussion of assurance meeting both AA1000AS and ISAE3000 requirements in the future.

Thank you for the opportunity to provide these comments. If you wish to discuss these comments, please contact me at: phil.hughes@publicagencyreporting.org or phone +613 9660 2249.

Yours sincerely

Phil Hughes

Phil Hughes

Director, Centre for Public Agency Sustainability Reporting™

⁶ UNEP, Standards & Poor's and SustainAbility 2006, *Tomorrow's Value: The Global Reporters 2006 Survey of Corporate Sustainability Reporting*, [online] www.sustainability.com