



Sub 2- ASSA5010

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The Chair Auditing and Assurance Standards Board  
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**Exposure Draft of Proposed Australian Standard on Sustainability Assurance ASSA 5010  
Timeline for Audits and Reviews of Information in Sustainability Reports under the  
Corporations Act 2001**

Thank you for the opportunity to provide our views on the above Exposure Draft in which we seek to provide our perspective of the proposed Standard. Being familiar with the literature as academics and with some of us being former practising auditors prior to joining academia, we feel that we will be able to contribute to the development of the proposed Standard.

In this response, we focus on the type of assurance opinion being considered during the phased timeline in the proposed Standard. In this respect, we specifically respond to Exposure Draft questions 1(c), 3, 5 and 9.

For ease of reference, we direct your attention to the “Diagrammatic Representation of Assurance Phasing” in the Appendix on page 15 of the Exposure Draft. We refer specifically to both the “Governance” and “Strategy – Risks and Opportunities” topics (rows one and two below the headings) and the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> years of assurance phasing. We note that for both topics, the proposed Standard will require the level of assurance completed to be one of a limited review, instead of a reasonable review. We believe that a reasonable review should be required for both topics from the first year of assurance onwards.

As former practising auditors and assurance providers, we comment on some of the auditing practices of assurance providers. We believe that the assurance provider may complete the engagement and collect audit evidence (and also charge their fee) commensurate with the reasonable level of assurance. However, the assurance provider will actually issue a limited assurance opinion, although the audit evidence collected and the fee charged is in line with a reasonable opinion. The reason for this is to reduce their liability to third parties as a result of expressing a limited assurance opinion.

In this instance, it is therefore possible that, although the assurance work completed and fees charged equates to the expression of a reasonable opinion, assurance providers do not have to issue such an opinion given the requirements of the Proposed Standard and can therefore, in effect, reduce their legal liability resulting from the Proposed Standard's requirement that a limited assurance opinion be expressed by the assurance provider. The end result of this action may be that the assurance provider has reduced liability, and, in turn, the reporter and investors reduced recourse against the assurance provider given the limited assurance opinion.

On a related point, given that assurance providers already normally assess both topics ("Governance" and "Strategy – Risks and Opportunities") during their annual financial reporting practices and the fact that there is inherently less subjectivity in these two topics compared to other areas such as "Scope 1 and 2 Emissions", it may be likely that the assurance providers already have the skills and competencies to undertake a reasonable review without necessarily having to build significant capability in this area over the phasing-in period.

In summary, we believe that reasonable assurance should be provided from the first year onwards of the phasing of assurance for "Governance" and "Strategy—Risks and Opportunities."

Thank you and please let us know if you would like a more detailed submission or have any queries.

Kind regards.

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