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BUREAU OF INDIAN STANDARDS

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Assurance Engagement Standard –

Part 1 - Conducting Assurance Engagements for all Matters other than Statutory Financial Information – Terminology and Requirements

(First Revision)

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FOREWORD

This Indian Standard (Part 1) was adopted by the Bureau of Indian Standards, after the draft finalized by the Social Responsibility Sectional Committee had been approved by the Management and Systems Division Council.

This standard (Part 1) is a part of IS 26002 series of standards under the general title ‘Assurance Engagement’. Other parts in this series are:

- Part 2 Conducting assurance engagements for all matters other than statutory financial information – Guidelines
- Part 3 Competence of Individual Applicant and Firm for Conducting Assurance Engagements - Requirements

The composition of the Committee responsible for the formulation of this standard is given in Annex L.

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0 INTRODUCTION

The task of providing an assurance service has to be done wholeheartedly, sincerely and earnestly with consideration of appropriate due diligence, by persons who have the actual competence on the subject matter. It is therefore imperative that professionals who are in possession of appropriate educational qualification, technical understanding, knowledge, expertise and skill-set conduct such engagements.

The emanating pressure from various peers and relevant stakeholders in conjunction with relevant business and regulatory requirements have been encouraging organizations in India to periodically disclose various non-financial based information such as, water acidification, ground water recharged, health & safety matters, green-house gas emitted, matters specific to sustainability/green bonds, environmental pollution burden, environmental or social externalities, social benefits to communities, environmental-social-governance , medical negligence cases, cyber security, non-financial compliances, etc. In Indian context, organizations are capturing information of such non-financial subject matters and reporting on the same in alignment with the requirements of various Global and National standards, such as Global Reporting Initiative, United Nation's Global Compact, UN's Sustainable Development Goals, Department of Public Enterprise's Sustainability and CSR Guidelines, SEBI's Business Reporting and Sustainability Reporting (BRSR) framework, National Guidelines on Responsible Business Conduct (NGRBCs), Integrated Reports as per IIRC (International Integrated Reporting Council) framework, CSR performance as per CSR Rules, etc.

A lot of such advanced level non-financial, with an emphasis on science based information facilitates in decision making, primarily for the customers, communities, investors and regulators, apart from other relevant stakeholders. In order to instil confidence in the mind of such specific stakeholders, organizations these days are seeking a third-party opinion for such reported performance. These have in turn resulted in the surge of assurance/audit services of non-financial performance, which are currently being conducted by various firms in the country on the basis of various international assurance based standards, inclusive of the standards released by International Organization for Standardization (ISO), such as ISO 14064 (Green house gas series) , ISO 14046 (Environmental Management - water footprint series), ISO 14016 (Environmental Management — Guidelines on the Assurance of Environmental Reports), etc.

These days, in order to be able to take informed decisions, progressive customers, investors, regulators and other interested stakeholders lay a lot of emphasis on non-financial performance that are reported by organizations to understand and get a grasp of the organization's ability to sustain as a business entity. Such interested stakeholders therefore put a high level of reliance and emphasis on internal and or external audit opinions, on the basis of an appropriate assurance standard for subject matters and information that are of specific relevance to them.

These assurance standards will provide consistency and uniformity for conducting non-financial based assurance engagements by appropriate professionals/firms.

This Part of the Assurance Engagement Standard encompasses following principles and core requirements for carrying out assurance engagements.

The Three Principles

The Principles	Significance of the Principle
Compliance and Adherence with Essential Virtues	The assurance engagement team and the Quality Control Reviewer (QCR) shall understand, apply, comply and adhere with the requirements mentioned in the Essential Virtues during the three stages of – (a) prior to; (b) while conducting; and (c) post the completion of an assurance engagement.
Identification and Management of Engagement Risks	An assurance engagement team and QCR shall identify risks of an assurance engagement which may challenge to comply with the Essential Virtues. The significance of such risks shall be assessed and appropriate measures taken for mitigating and or managing the risks.
Development of a Quality Control System (QCS)	<p>A firm or reporting entity interested in conducting internal and or external assurance engagement shall develop a Quality Control System (QCS). The QCS lays down Quality Control Elements (QCEs), which further defines the processes and procedures for ensuring effective quality control measures.</p> <p>The QCS lays an emphasis on the performance of a subject matter that is reported by the reporting entity. The performance of subject matter to be reported shall be on the basis of either a universally accepted or indigenously developed Technical Reference. Further, the subject matter and its performance shall be able to satisfy the Essential Qualities (EQs) of a particular technical reference.</p>

**NAFIAE indicates 'Not Applicable for Internal Assurance Engagement'*

The Nine Core Requirements

The Core Requirements	Significance of the Principle
Acceptance and/ or continuation or discontinuation or withdrawal or rejection of an assurance engagement	<ul style="list-style-type: none"> • Acceptance and /or continuation of an assurance engagement, with a focus on requirements that are specific to – (a) assurance engagement, (b) subject matter and its information, (c) reporting entity. • Discontinuation or withdrawal or rejection of an assurance engagement not in adherence with the requirements specified in the assurance standard.
Planning an assurance	For an assurance engagement:

The Core Requirements	Significance of the Principle
engagement post its acceptance and / or continuation	<ul style="list-style-type: none"> • Audit plan, sampling and audit procedures, defining of roles and responsibilities, appropriate training while planning; and • Reasons for discontinuation.
Conducting an assurance engagement	<ul style="list-style-type: none"> • Key matters that are specific to the role, responsibilities and behavior of an assurance engagement team, while conducting an assurance engagement. • Five Assessment Elements (AEs), which are delineated by respective characteristics based on which an assurance engagement is conducted for the process and procedures, prepared by a reporting entity.
Drafting a provisional assurance conclusion	Details that shall be included in the provisional assurance report, which shall be as per approved format of the reporting entity or of the assurance engagement team . Further such a provisional assurance report shall be unsigned and undated.
Conducting quality review of the assurance engagement	An independent quality review of the assurance engagement by a Quality Control Reviewer (QCR), post completion of an assurance engagement.
Issuance of an assurance report	The issuance of an assurance report, on receipt of a formal approval from the QCR, post completion of the task of quality control review.
Documentation of an assurance engagement	Details of documentation of the entire assurance engagement post completion of quality control review.
Managing complaints, conflicts, discrepancies and variations prior to and post release of an assurance report	Identifying concerns, managing and taking of corrective actions, inclusive of legal assistance for managing discrepancies and variations that have been identified prior to and post issuance of an assurance opinion.
Periodic assessment of the QCS	Periodic assessment of the QCS to identify gaps in its process, procedures and QCS policy; take necessary corrective actions; make necessary revisions; and communication of the changes to the assurance engagement team, QCR and other individuals, for appropriate action.

Indian Standard

**ASSURANCE ENGAGEMENT STANDARD –
PART 1 - CONDUCTING ASSURANCE ENGAGEMENTS FOR ALL MATTERS
OTHER THAN STATUTORY FINANCIAL INFORMATION – TERMINOLOGY
AND REQUIREMENTS**

1 SCOPE

1.1 This standard contains terms & definitions used in conducting assurance engagement and requirements for conducting assurance engagement for conducting the following types of assurance engagements for subject matter and information other than statutory financial information:

- a) Internal assurance engagements (first and second party assurance engagements):
 - 1) by a reporting entity and its own auditors and or a sole practitioner, as applicable;
 - 2) . by an assurance engagement firm and its auditors;
- b) External assurance engagements (third-party assurance engagements):
 - 1) by an assurance engagement firm and its auditors and/ or a sole practitioner, as applicable.

Note: Select types of information or performance reported for internal and or external purpose by a reporting entity is mentioned in **Annex A**.

1.2 Wherever a clause of this standard is denoted by ‘NAFIAE’ (Not Applicable for Internal Assurance Engagements), such clause is not applicable from the perspective of conducting an internal assurance engagement as per this standard.

2 NORMATIVE REFERENCES

For the purpose of this standard, there is no normative reference to this standard.

3 TERMS AND DEFINITIONS

For the purpose of this standard, the following terms and definitions shall apply.

3.3 Auditor — Any individual who has the authority and training to conduct an assurance engagement as per this standard.

Following are the various types of individuals who shall qualify as auditors, as per this assurance standard:

3.3.1 Practitioners

A Practitioner is:

- a) **Lead Internal Assurance Practitioner (LIAP)** – An individual who is:
 - 1) Working with a reporting entity; and

- 2) Authorized to act in the capacity of a lead internal auditor, opine and issue a signed and dated internal assurance report.

b) **Lead External Assurance Practitioner (LEAP)** – An individual who is:

- 1) A sole practitioner and/ or has been engaged by a firm; and
- 2) Authorized to act in the capacity as Lead External Auditor who is authorized to issue an internal or external assurance report for disclosures by a reporting entity.

~~3.3.2~~ ; **Senior Auditor**

~~An individual who is:~~

- ~~a) Engaged by a firm or a reporting entity; and~~
- ~~b) Authorized to conduct and lead the assurance engagement on behalf of a lead practitioner;~~

~~3.3.3~~ **Associate Auditor**

~~An individual who is:~~

- ~~a) Engaged by a firm or a reporting entity; and~~
- ~~b) Authorized to conduct assurance engagement, under the direct supervision of the Senior Auditor and /or the lead practitioner.~~

3.4 Absolute Assurance — An assurance engagement, whereby the assurance engagement team reduces the risks to zero level to provide the practitioner sufficient confidence that it is free from any material misstatement to form a positive conclusion that is highly reliable.

3.5 Assurance engagement —It is a process of verification or validation of the claim or declared information made by an entity and gathering sufficient information by an assurance engagement team, corroborated through appropriate collection of evidences, to provide the practitioner relevant confidence to issue an appropriate assurance report/ statement on the claim/ declared information/ subject matter.

An assurance engagement, as per this standard could be of the following types:

- a) ‘Reasonable’ or ‘Limited’ type of assurance engagements - The various characteristics that may lead to qualification of a ‘Reasonable’ or ‘Limited’ type of assurance engagements are specified in **Annex B**;
- b) ‘Attestation’ or ‘Direct’ assurance engagement:
 - 1) Attestation assurance engagement – It is a type of assurance engagement, in which a reporting entity, other than the assurance engagement team, measures and evaluates the performance of a subject matter on the basis of an appropriate technical reference; and
 - 2) Direct engagement – It is a type of assurance engagement, in which the assurance engagement team takes the direct responsibility of measurement and evaluation of the performance of a subject matter on the basis of an appropriate technical reference.
- c) Hybrid assurance engagement – It is a mix of the following characteristics in an assurance engagement:

- 1) 'Reasonable' and/ or 'Limited' type of assurance engagement; and
- 2) 'Direct' and /or 'Attested' assurance engagement.

3.6 Assurance report/ statement - It is a declaration based on a outcome of assurance engagement, containing all relevant contents that are to be disclosed as prescribed in **Annex C**:

- a) By a Lead External Assurance Practitioner (LEAP), post completion of an external and or internal assurance engagement conducted by a firm for a reporting entity; or
- b) by a Lead Internal Assurance Practitioner (LIAP), post completion of an internal assurance engagement.

Assurance report can be of the following types:

- a) Internal Assurance Report – An assurance report as per this standard by LEAP or LIAP
- b) External Assurance Report – An assurance report as per this standard by a LEAP.

3.7 Assurance engagement team —A team for conducting an internal and or an external assurance engagement comprising:

- a) Lead Practitioner, LAEP or LAIP; and/ or
- b) Other ~~Senior~~ Auditors; and/ or
- ~~e) Associate Auditor; and/ or~~
- c) Subject Matter Expert.

3.8 Competent authority – It is an appropriate recognized entity, may also be a legal entity, authorized to register the following for conducting assurance engagements:

- a) Firm qualified to conduct and report for assurance engagements as per this standard; and
- b) Auditors authorized as professional practitioners to conduct and/ or report as per this standard.

3.9 Evidence —Available facts and information gathered through discussions, review of documents and visual inspection which is valid, adequate, appropriate, sufficient and optimum to provide confidence to the practitioner and the assurance engagement team to arrive at an appropriate conclusion.

3.10 Firm - It is a legal entity that is authorized by a competent authority to conduct an assurance engagement and issue a report as per this standard.

3.11 First party assurance engagement — An assurance engagement conducted on behalf of the management of the reporting entity to assess the declared subject matter / claim. In this type of assurance engagement, assurance engagement team conducts an assurance engagement for the – (a) declared subject matter/ claim and information related to declared subject matter/

claim; (b) process and procedures relevant to the declared subject matter/ claim and information that is specific to the reporting entity, if any; and (c) assessment of conformance to this standard.

Annex D provides an illustration of the roles and responsibilities of various stakeholders in a first party assurance engagement.

3.12 Statutory financial information — It is the financial information that is reported on a periodic basis by a reporting entity and is supported by a statutory auditor’s financial statement.

3.13 Second party assurance engagement - An assurance engagement conducted on behalf of the management of the reporting entity to assess declared subject matter/ claim that is not a part of the reporting entity, primarily from the perspective of conducting business (such as suppliers, sub-contractors, etc.) and/ or for any other relevant activity, with such organization. In this type of assurance engagement, assurance engagement team conducts an assurance engagement for the – (a) declared subject matter / claim and information related to declared subject matter/ claim; (b) process and procedures relevant to the declared subject matter/ claim and information that is specific to the reporting entity, if any; and (c) assessment of conformance to this standard.

Annex D provides an illustration of the roles and responsibilities of various stakeholders in a second party based internal assurance engagement.

3.14 Third party assurance engagement - An assurance engagement conducted by an external assurance engagement team independent of the reporting entity to assess declared subject matter/ claim. In this type of assurance engagement, assurance engagement team conducts an assurance engagement for the – (a) declared subject matter /claim and information related to declared subject matter/ claim; (b) process and procedures relevant to the declared subject matter /claim and information that is specific to the reporting entity, if any; and (c) assessment of conformance to this standard. Such an assurance engagement is conducted to assess overall effectiveness primarily from the perspective of transparency, adding more credibility and/ or for other purpose(s), to instil a higher level of confidence in stakeholders for the reported subject matter.

Annex E provides an illustration of the roles and responsibilities of various stakeholders in a third party based external assurance engagement.

3.15 Legal entity — Any organization established as per the relevant law of the country and may also be registered with an authority, and has appropriate and valid approval for functioning as an entity from the concerned authority (ies).

3.16 Mis-statement – Mis-statement is:

- a) Differences observed by the assurance engagement team during the course of an assurance engagement between the information presented prior to conducting the assurance engagement and the evidence; and
- b) Information(s) which has been intentionally not declared by the reporting entity or otherwise, out of ignorance.

3.17 Materiality – Concept that misstatements, individually or aggravated, that could influence the reliability of the declared subject matter/ claim and hence decision made by the intended user.

3.18 Provisional assurance report/ statement - A draft assurance report/ statement that is likely to undergo some revisions before the final assurance report/ statement is issued to a reporting entity. Such a provisional assurance report shall mention all contents, as per **Annex C** of this standard.

3.19 Quality review — An independent assessment performed by an appropriate Quality Control Reviewer (QCR) of a reporting entity (*depending on whether the assurance engagement is internal or external*) for the assurance engagement work executed by an assurance engagement team.

3.20 Reporting Entity - Either or both the following forms of legal entities that have been incorporated by the law of the land:

- a) A ‘Primary Entity’, which owns and takes responsibility for the performance of the declared subject matter / claim that is informed and or reported; or
- b) An ‘Intermediate Entity’ that has a formal understanding with the ‘Primary Entity’ to report the performance of a declared subject matter / claim on behalf of the Primary Entity. The Primary Entity owns the declared subject matter /claim and its information.

3.21 Declared Subject matter / claim - It is the subject content and its reported information that is evaluated on the basis of a technical reference. Declared Subject matter/claim is related to sustainability and not just limited to , such as, corporate social responsibility, environment, health, safety, social, governance, supply chain performance, climate change, energy, ethics, product stewardship, labour, stakeholder inclusiveness and relationship, intellectual capital, human capital, stakeholder, cyber security, medical science, etc.

Note: The declared subject matter / claim is not just limited to the list provided above.

3.22 Stakeholders - A stakeholder is (a) internal individual(s); and /or (b) external individual(s); and/ or (c) external organization(s) of a reporting entity. Such stakeholders could be - (a) impacted by the reporting entity’s activities; and/ or (b) impact the activities of the reporting entity.

3.23 Sole practitioner - Any LEAP who is not related to reporting entity or the assurance engagement team. However, such a sole practitioner could be engaged for the purpose of conducting an internal and or external assurance engagement.

3.24 Subject Matter Expert (SME) — Any individual and or set of individuals of any legal entity that is not related to the reporting entity or assurance engagement team and has the requisite subject matter knowledge, competence, experience and skill to assess the performance of a subject matter. SME is not authorized to issue any report for assurance engagement that is conducted as per this standard.

3.25 Subject Matter Categories (SMC) - Different categories of non-financial subject matters. The SMCs are described in Part 3 of the Assurance Engagement Standard (IS 26002 (part 3):2021).

3.26 Subject matter information - Result or performance of a subject matter that has been evaluated on the basis of an appropriate technical reference, with a purpose of informing and or reporting to the concerned stakeholders.

3.27 Technical reference - The basis or reference for deriving the performance of a subject matter. Such references could be – (i) globally available and acceptable’; or (ii) ‘developed’ by the reporting entity, which should be based on sound reasoning and scientific basis to find a global acceptance.

3.28 Value creation — Reporting entity’s objective to create enhanced value for itself and stakeholders using effective strategies and considering science, ethics, laws, regulations and context-based metrics in the measures to be taken through the application of various resources, which when implemented may have both positive and/ or unintended and/ or non-envisaged negative effects on the reporting entity and/ or on the environment and/ or on the stakeholders and/ or on the society at the local, and/ or regional and /or global levels over the short or mid or long term.

4 PRINCIPLES AND THEIR REQUIREMENTS

4.1 Compliance and Adherence with Essential Virtues

An assurance engagement team and the Quality Control Reviewer (hereinafter as ‘QCR’) shall establish, understand, implement and maintain the qualities mentioned in each of the following Essential Virtues and their corresponding requirements during various stages such as, prior to; while conducting; and post completion of an assurance engagement.

4.1.1 Essential Virtue 1: Integrity and Impartiality

- a) Be sincere, truthful, competent, candid, remain fair, unbiased and impartial in all professional dealings and accordingly conduct an assurance engagement with full honesty, diligence and responsibility, without being influenced by any reason that is construed unethical.
- b) Remain in compliance with applicable legal requirements and shall not bring any dishonour or discredit to the firm and/ or profession.
- c) Knowingly, not be associated with an assurance engagement that – (a) may mention or has mentioned contents in the assurance report that are misleading; or (b) may omit or conceal or has omitted or concealed material contents.
- d) Sincerely consider and resolve the conflicting views and or opinions of other assurance engagement team members, in consultation with the practitioner and or the QCR and or other expert individuals, truthfully, completely, accurately, transparently and within a specified time-frame.

4.1.2 Essential Virtue 2: Competence

- a) Have the requisite educational and professional qualification, skillset and competence that is appropriate to the subject matter of the assurance engagement to be able to deliver competent professional service and provide reasoned judgment that is appropriate to the audit circumstance; and desist from making wrongful statements of qualification, competence and skillset for conducting an assurance engagement;
- b) Continually equip oneself with prevailing good practices and appropriate techniques; and receive appropriate training, supervision and guidance for conducting assurance engagements;

4.1.3 Essential Virtue 3: Professional care

- a) Do not conduct or review an assurance engagement (*as applicable in their respective role*) as per this standard, if not in possession of the requisite professional qualification;
- b) Not to be associated with an assurance engagement that cannot be completed within the agreed timeframe or cannot diligently adhere to the requirements of this standard;
- c) Conduct a verifiable and rational form of assurance engagement, supported by appropriate sample size and relevant evidence, followed by maintenance of the appropriate documented information for an agreed and reasonable period;
- d) Evaluate results which had been assessed by previous practitioners, depending on the circumstances of the assurance engagement, if felt necessary.

4.1.4 Essential Virtue 4: Confidentiality

- a) At every moment remain self-aware, highly alert and careful of accidental disclosure of any unintended information; understand and acknowledge that relevant information gathered in any form, during an assurance engagement, is critical and sensitive to the reporting entity and /or any other relevant stakeholder/organization and hence, shall maintain confidentiality of the information during and post the closure of any assurance engagement.
- b) Do not use the information gathered for any personal advantage and do not disclose to any other party who is not intended for the receipt of such confidential information.
- c) Consider the significance of the effect of disclosure of such confidential information, in consultation with the QCR and the appropriate representatives of the reporting entity, as and when required; and accordingly obtain the necessary consents from the concerned authorities of the firm and or reporting entity, prior to such a disclosure.
- d) Disclose such confidential information to serve the purpose of any compliance or professional related requirement and legal proceedings, as felt appropriate and necessary.

4.1.5 Essential Virtue 5: Independence during the period of conducting an assurance engagement.

- a) Maintain independence (*during the period of conducting an assurance engagement*), remain unbiased, and ensure no conflict of interest in any form to be able to keep the mind free from any external persuasion, prior to conducting an assurance engagement.

For the purpose of conducting internal assurance engagement, a team member shall be independent of the function being audited.

- b) Not allow any form of unfair preference and or undue influence of others that is deemed inappropriate and unethical, which may result in the delivery of an inappropriate judgment.

4.1.6 Essential Virtue 6: Evidence based approach and sampling in conducting an assurance engagement

- a) The assurance statement is based on the evidence collected through an objective assurance engagement of declared subject matter/ claim. Evidence is based on sampling of information.
- b) An appropriate use of sampling is applied to ensure confidence in assurance statement and the level of assurance.

4.2 Identification and Management of Engagement Risks

An assurance engagement team and /or the QCR and /or the firm may be subjected to working environments, business opportunities and relationships that may emanate risks, which may lead to conflicts and pose challenge in compliance and adherence with the requirements mentioned against the aforesaid Essential Virtues. Such risks shall, therefore, be identified, their significance assessed and appropriate measures taken for mitigating and /or for neutralizing the risks to an extent that put an assurance engagement in jeopardy.

~~4.2.1 Identification of Engagement Risks~~

~~An identified risk could be of any of the following types:~~

- ~~a) **Self-assessment risk**— It is a type of risk, whereby, an assurance engagement team member and/ or the QCR performs an assurance engagement for the same subject matter, for which the advisory services were performed by self or by any other member of the assurance engagement team.~~
- ~~b) **Over confidence risk**— It is a type of risk, whereby, an assurance engagement team member and/ or the QCR shall rely on the work performed by the previous assurance engagement team member(s), without conducting an appropriate evaluation of the findings.~~
- ~~c) **Personal interest risk**— It is a type of risk whereby, an assurance engagement team member and/ or the QCR has some form of personal interest, which may have an altered influence on the behaviour of the team member, leading to an inapt judgment.~~
- ~~d) **Advocacy risk**— It is a type of risk, whereby an assurance engagement team member and /or the QCR shall promote and or advocate a reporting entity or its employer to such an extent that the independence of the assurance engagement team member gets compromised (NAFIAE).~~
- ~~e) **Long-association risk**— It is a type of risk whereby, an assurance engagement team member's and /or the QCR's long standing and or closeness with representative of a~~

~~reporting entity shall lead to being emphatic and compassionate to the interests of the reporting entity and shall therefore, accept their tasks without conducting requisite due diligence or evaluation to the extent that is required.~~

- ~~f) **Unsettling risk**—It is a type of risk whereby, an assurance engagement team member and /or the QCR is threatened to such an extent by a stakeholder that it unsettles the mind and behavior of the assurance engagement team member and/or the QCR and scares and or discourages them from maintaining objectivity and act fairly.~~

4.2.2 Management of the Engagement Risks

The assurance engagement team shall assess and evaluate the effect of the aforementioned risks, delineate the measures to eliminate and/ or reduce and /or control the risks; and manage the identified risks to the extent that is deemed necessary and acceptable; or otherwise consider the option of either not conducting or resigning from the assurance engagement. However, despite putting appropriate safeguards, if an assurance team member and/ or the QCR and/ or the firm deviate from the requirements of this standard intentionally or unintentionally, appropriate actions shall be initiated promptly, including taking measures to control the damage. If necessary, the assurance engagement team and /or the QCR and/ or the firm shall seek legal assistance and /or report the matter to the reporting entity and /or to appropriate professional body and/ or to any other regulatory authority, as felt appropriate and necessary.

4.3 Development of a Quality Control System

The reporting entity interested in conducting external and /or internal assurance engagement as per this standard, shall establish, implement and maintain an effective Quality Control System (QCS) that sets down the processes and relevant procedures, as per the requirements defined in each of the following Quality Control Elements.

4.3.1 Development and commitment to QCS Policy by the management

- a) The management of the following shall develop an appropriate QCS policy:
- 1) A firm that intends to conduct external and or internal assurance engagements; and
 - 2) A reporting entity that intends to conduct internal assurance engagements.

The QCS policy shall be pertinent to assurance engagements that shall be conducted as per this standard.

- b) The management shall ensure creation of a professional environment, whereby, the assurance engagement team members, the QCR and the firm or reporting entity understands in principle the essence of an effective QCS and its policy at every stage of an assurance engagement and accordingly practice and implement the same.
- c) For effectively conducting an assurance engagement, the QCS policy shall be committed to the following:
- 1) Ensuring independence (*during the period of conducting an assurance engagement*),
 - 2) Availing appropriate qualified human capital,

- ~~3) having the necessary approvals (NAFIAE);~~
- ~~4) Acceptance and/ or continuation and/ or rejection and /or withdrawal and/ or resignation from an assurance engagement;~~
- ~~5) Maintaining appropriate quality control of an assurance engagement;~~
- ~~6) Appropriate documentation of an assurance engagement;~~
- ~~7) Registration and management of complaints, conflicts, discrepancies and variations prior to and post release of assurance report; and~~
- ~~8) Appropriate monitoring, evaluation, continual improvement, taking corrective actions and communication of corrective measures taken.~~

Further, appropriate processes and procedures shall be developed for the above.

- d) The QCS policy shall be appropriately documented; effectively communicated to all employees for its implementation; made available to all stakeholders; monitored and evaluated for further corrections or revisions, if any and updated accordingly.

4.3.2 Ensuring independence and managing conflict during an assurance engagement

4.3.2.1 Development of appropriate processes and procedures:

- a) Requirements specific to a firm for conducting internal and/or external assurance for a reporting entity:
 - 1) The firm shall establish and maintain appropriate processes and procedures to ensure that none of the members of its assurance engagement team and QCR is engaged in any of the following activities that creates a conflict with its independence, for which an assurance engagement service is sought, during the assurance engagement:
 - i) Development and/ or implementation of processes and procedures, for which the assurance engagement is to be performed;
 - ii) Performing any form of management function or out-sourced service or advisory service
 - 2) The firm shall establish and maintain appropriate processes and procedures to ensure that each of the assurance engagement team members and QCR:
 - i) shall not seek any form of employment on full time or part time or contractual basis with the reporting entity (*or any other legal entity, whereby it could lead to a conflict of interest*) until the completion of any of the following (*whichever is farther*):
 - One year from the official date of closure of the assurance engagement; or
 - One year from the official date of receipt of acceptance of resignation from the firm.

- ii) If had already been in any form of employment with the reporting entity for which an assurance engagement is being conducted, such a practitioner / expert shall not play any role in the assurance engagement,
 - iii) Submits an appropriately signed written undertaking prior to conducting an assurance engagement. Such undertakings shall be communicated officially to the reporting entity, prior to the start of an assurance engagement to facilitate in identification of discrepancies and conflicts, if any, and accordingly take appropriate corrective actions for the same.
- 3) The firm shall establish and maintain appropriate processes and procedures related to the following for the effective communication to the reporting entity:
- i) Reporting entity shall implement appropriate measures for maintaining independence, by not hiring any of the assurance engagement team members and/ or QCR, either on full-time or part time or contractual basis during any of the following period (whichever is higher):
 - The period of conducting assurance engagement; or
 - The period agreed by any of the assurance engagement team and the QCR with the firm.
 - ii) That in the event of any breach of independence by the reporting entity, the firm has the right to take up the following actions, as deemed necessary:
 - Not to issue the assurance report or declare the signed and issued assurance report null and void, citing adequate reasons to the reporting entity and or to any concerned stakeholder;
 - Take appropriate legal action and or report the matter to concerned regulatory, implementing and any other applicable authorities.
- b) Requirements specific for a reporting entity:
- i) For the purpose of conducting internal assurance engagement, a reporting entity shall establish appropriate process and procedures to ensure that the members of its assurance engagement team and QCR to the extent practicable are independent of the function being audited.

4.3.2.2 Development and maintenance of appropriate independence declaration forms for conducting external assurance engagements

- a) The firm ~~in alignment with its QCS policy~~ shall develop appropriate processes and procedures ~~in conjunction with the following formats~~, for seeking written undertaking from the assurance engagement team and the QCR with respect to their maintenance of independence in assurance engagements (*during the period of conducting an assurance engagement*). ~~Such a confirmation shall be retained by the firm in an electronic form for a specific period, as deemed appropriate;~~

- 1) Annex F for Assurance Engagement team members & QCR; and

2) Annex G for a Subject Matter Expert (hereinafter as SME)/Sole Practitioner.

- ~~b) The filled in signed Annex G shall be sent to the reporting entity by the QCR for their information, followed by seeking an official confirmation from the reporting entity, of the SME's/Sole Practitioner's independence/no conflict in the assurance engagement to be conducted. In case of conflict, if any, if informed by the reporting entity, then the SME and or the Sole Practitioner as the case may be, shall not be engaged for conducting the assurance engagement by the firm.~~
- ~~c) Such a written confirmation for a SME/Sole Practitioner shall however be obtained by the firm, during the course of engaging the SME/Sole Practitioner formally during the formal contractual stage of agreement with the firm, prior to the conduct of the assurance engagement.~~
- ~~d) Such a written confirmation of a SME/Sole Practitioner in Annex G as well as the official confirmation received from the reporting entity shall be an integral part of the formal contractual agreement to be signed with the reporting entity by the firm. Post receipt of filled in independence declaration forms from the assurance engagement team and QCR, the firm shall submit the filled in format to the competent authority as in Annex H, duly signed and stamped by the authorized QCR on an annual basis by the end of the month of April of every calendar year, indicating the firm's, the assurance engagement team's, the QCR(s)'s and or SME(s)'s and or Sole Practitioner's independence in the assurance engagements conducted by the firm in the previous financial year (FY).~~

4.3.3 Development of Ensuring availability of appropriate qualified human capital

- a) For the purpose of conducting an assurance engagement effectively, the QCS firm shall establish and maintain appropriate processes and procedures for ensuring availability of appropriate competent resources, ~~who shall be appropriately competent (educational and professional qualification from the competent authority and has the requisite competence and skill that are more appropriate to the situations of the assurance engagement).~~
- b) The assurance engagement team members and QCR shall:
 - be engaged by a legally bound agreement;
 - understand and comply with every requirement of this standard;
 - have a good understanding of the objective and scope of the assurance engagement and other relevant details, to enable them to assess the conflicts, reasons for maintaining independence and consequences for breaching independence;
 - have identified and assessed the risks; and mitigate the risks to an acceptable level;
 - update through appropriate training, as and when required, for conducting the assurance engagement;
 - be able to decline or withdraw or resign from an assurance engagement, on justifiable grounds, at any point of time, while conducting an assurance engagement.
- c) For an assurance engagement of multiple subject matters, the QCS firm shall establish and maintain appropriate processes and procedures for forming an appropriate assurance engagement team, comprising multiple practitioners of varying expertise, who shall be

supported by other relevant qualified auditors and SMEs, and QCR(s). The team collectively shall have the competence to conduct the assurance engagement.

- d) The firm shall also ensure that a legally enforceable agreement is signed with the subject matter expert, with appropriate terms and conditions, as felt necessary.
- e) For conducting an independent quality review of an assurance engagement, prior to issuance of an assurance report, availability of an appropriate, competent, experienced and qualified QCR shall be ensured, who shall maintain objectivity and independence (during the period of conducting an assurance engagement). In the absence of an appropriate QCR within the firm, for conducting the review of the relevant subject matter, a suitable QCR from an external source may be engaged.

4.3.4 Ensuring valid approvals

For the purpose of conducting an assurance engagement effectively, the firm shall establish and maintain appropriate processes and procedures for ensuring it is in receipt of valid approvals from the competent authority, to be able to conduct an assurance engagement and verify/ validate the claim.

4.3.5 Acceptance and/ or continuation and/ or rejection and/ or withdrawal and/ or resignation from an assurance engagement

4.3.5.1 Broad conditions of acceptance and or continuation of an assurance engagement:

The firm shall establish and maintain appropriate processes and procedures to ensure the following:

- a) the assurance engagement team members shall have appropriate competence, understanding, expertise and qualifications to complete the assurance engagement within the agreed time frame ; and provide sufficient confidence to the practitioner that they shall individually and collectively be able to enable the practitioner to draw an appropriate assurance conclusion;
- b) the reporting entity is not involved in misconduct or shall not be unfair and not transparent in its dealings with the assurance engagement team;
- c) the assurance engagement satisfies all requirements of this standard;
- d) the performance of subject matter to be reported shall be on the basis of either a globally accepted or indigenously developed Technical Reference. Further, the subject matter and its performance that is derived from a particular Technical Reference shall be in possession of the following criteria that is prescribed against the respective Essential Quality (EQ):

Table 1 Key Criteria of the Essential Quality

Essential Quality (EQ)	Description of the Key Criteria of the Essential Quality
Auditability	The subject matter and its information can be traced back to the sources; and subjected to an independent assurance, with no hesitation, as it has the provision of all such information that shall

be required by the auditor for the audit of the reported contents.

Balanced	The subject matter and its information provide a balanced representation of the organization's performance and issues within the defined reporting scope and is free from any bias or preference in the given situation; and depicts both the positive and negative performances, where applicable, to present alternative perspectives of controversial issues.
Clarity	The subject matter and its information is expressed in simple language; and has clarity, brevity and can be easily understood; and consistently interpreted by any concerned stakeholder; clearly represented in a manner that ensures significant trends; and any unexpected results are properly explained.
Comparability	The subject matter and its information shall be able to evaluate the degree of change of its performance, over a period of time within its own operations within the organization; and/or compared with other organizations of similar attributes.
Completeness	The subject matter and its performance shall be complete with the declared scope of reporting and the reporting period, complete in every form and include all relevant matters to prevent any misleading information and not omit matters that are material and relevant. It should ensure inclusion of all factors that have been considered in the evaluation and reporting of the performance.
Consistency	The subject matter and its performance shall be consistent with previously reported information, if any; and technical reference.
Relevance	The subject matter and its information shall be relevant to the issues and needs of the concerned stakeholders of the reporting entity.
Reliability	The subject matter and its information shall over time, hold the same level of reliability, if measured or evaluated by other

practitioners in similar circumstances; be reasonably accurate enough to allow decision makers and concerned stakeholders to develop informed judgments; and for qualitative statements be accurate/valid on the basis of other reported information and or available evidence.

Timeline The subject matter and its information shall be appropriate for the reporting time period, so that the concerned stakeholders find a value from such timely disclosure of such information.

Transparency The processes, procedures and assumptions used in the collection, analysis and reporting of the subject matter and its information shall be appropriately explained.

4.3.5.2 Conditions of rejection or withdrawing or resigning from an assurance engagement:

If in the opinion of an assurance engagement team, the identified risks cannot be mitigated and or neutralized and or shall pose challenges to being in compliance with the requirements specified in this assurance standard, the assurance engagement team shall communicate to the reporting entity the reasons for non-acceptance or withdrawal from or rejection of the assurance engagement.

4.3.6 Maintaining appropriate quality control during assurance engagement

The firm shall document the organizational structure; roles and responsibilities of persons in governance, management and quality control of assurance engagements conducted as per this standard or for any individual who is responsible for effective implementation of QCS developed as per this standard. Further the firm shall also ensure:

4.3.6.1 quality in assurance engagement is not compromised and is maintained by:

- a) Objective, consistency and quality of service is maintained; and the quality of service is improved continually where practicable;
- b) No practitioner is overworked, which otherwise may result in a compromise in the quality and objective of the assurance engagement.

4.3.6.2 appropriate supervision and assessment of engagement's performance

- a) Adequate and appropriate competent, experienced and qualified auditors are available for conducting and supervising an assurance engagement; and QCRs are available for reviewing an assurance engagement; and
- b) Appropriate consultations are conducted on disputable and conflicting matters in presence of competent resources for resolving difference of views or opinions; further,

appropriate recommendations and decisions that are arrived at, on the basis of such mutual consultations shall be documented and implemented appropriately.

4.3.7 Assurance engagement documentation

The firm shall lay down appropriate processes and procedures for :

- a) compilation, maintenance and retention of the information gathered or generated in the course of an assurance engagement;
- b) professional records for assurance engagement team members, SMEs, QCR etc inclusive of their relevant qualifications, training, experience, affiliations, professional status, technical expertise, competence, their contact co-ordinates, permanent address and correspondence address and their specific roles and responsibilities in the assurance engagement;
- c) documentations of consultations that took place on disputable or conflicting matters amongst the assurance engagement team and other qualified individuals and the decisions emerging from such discussions;
- d) documentation of the old and new revisions made on the basis of the review of the QCS;
- e) full confidentiality and integrity of documents and easy accessibility and retrievability.

4.3.8 Registration and management of complaints, conflicts, discrepancies and variations prior to and post release of assurance report

- a) The firm shall establish and maintain appropriate processes and procedures for the receipt and documentation of conflicting views, complaints and or allegations from any concerned stakeholder, inclusive of any member of the assurance engagement team;
 - 1) on the deviation from the requirements of this standard by any member of the assurance engagement team and or QCR and or the SME and or firm, for the assurance engagement conducted;
 - 2) on conflicting or difference of views amongst assurance engagement team members, on certain matters of the assurance engagement;
 - 3) on discrepancies, variations or misstatements in the assurance report already issued.
- b) The firm shall establish and maintain appropriate processes and procedures for appropriate consultation amongst the assurance engagement team, the QCR and concerned authorities:
 - 1) for assessment of the risks emanating from such conflicting or difference of views, deviations or misstatements;
 - 2) intimating the same to the reporting entity and concerned authorities and stakeholders, as felt appropriate;
 - 3) seeking appropriate necessary legal assistance, wherever felt appropriate.
- c) The firm shall take measures to mitigate and /or neutralize the risks, conflicting views, deviations and /or misstatements that have been identified and for communication to the appropriate stakeholders where necessary.

4.3.9 Periodic review of the QCS

A practitioner and or a QCR of a firm or a reporting entity (depending on whether it conducts external and or internal assurance engagement) shall conduct an assessment of the QCS on a periodic basis, and at least once in every two years to;

- a) Assess the deviations and significance of the deviations identified and accordingly take appropriate corrective actions that is required, followed by making necessary revisions, as required; and
- b) Communicate and conduct training on the findings and revisions, if any, to the concerned stakeholders for making the QCS further more effective.

5 REQUIREMENTS FOR DOCUMENTING, ACCEPTING, PLANNING, CONDUCTING AND REVIEWING ASSURANCE ENGAGEMENT

5.1 Acceptance and/ or continuation or discontinuation or withdrawal or rejection of an assurance engagement

The following provides the basis of acceptance and /or continuation or discontinuation of an assurance engagement by a practitioner.

5.1.1 Basis of acceptance and/ or continuation of an assurance engagement

Prior to the acceptance and or continuation of an ongoing assurance engagement, a practitioner shall ensure that an assurance engagement satisfies each of the following requirements:

a) Requirements for Reporting entity:

- 1) There is no conflicting relationship with the reporting entity or with any of the stakeholders of the reporting entity, depending on the circumstances of the assurance engagement;
- 2) The behaviour of the reporting entity shall be transparent and fair in its dealings with the assurance engagement team and shall provide all information to the assurance engagement team within the agreed time-frame; and
- 3) The reporting entity is not involved in any misconduct or non-compliance with regulations based on primary due-diligence and inquiries conducted.

b) Requirements for Assurance Engagement Team:

- 1) Each member of the assurance engagement team shall be free in their own state of mind and maintain complete objectivity in the assurance engagement; and have an appropriate understanding of the requirements of the assurance standard.
- 2) The members of an assurance engagement team shall have the appropriate competence, professional and educational qualification, skill, experience and expertise to assess the subject matter and its information based on the suitable technical reference that is available universally or developed by the reporting entity; and
- 3) Every member of the assurance engagement team individually and collectively shall have the appropriate expertise to provide sufficient confidence to the

practitioner to be able to form an appropriate assurance opinion for the assurance engagement.

- 4) No practitioner shall conduct and or issue signed and dated assurance reports for assurance engagements, beyond the specified limit of what has been prescribed in the QCS of the firm and or beyond the applicable legal requirements.

c) Requirements for Assurance Engagement:

- 1) The assurance engagement shall be conducted in accordance with this standard IS 26002 (part 1) (Assurance Engagement Standard- Part 1- Conducting Assurance Engagement for all matters other than statutory Financial Information-Terminology and Requirements);
- 2) The assurance engagement shall clearly define and demarcate the roles and responsibilities of the reporting entity and assurance engagement team, as applicable;
- 3) All key terms and conditions, inclusive of the scope of work shall be specified in sufficient details and shall be agreed upon with the reporting entity in any suitable form in a dated contractual agreement that shall be signed off by the practitioner and authorized representative of the reporting entity. The minimum key content that shall be present in an assurance contractual agreement is prescribed in Annex J.

d) Requirements for Subject Matter and related Information:

- 1) It is agreed in advance with the reporting entity on the subject matter and the information for which a 'Reasonable' and or 'Limited' type of assurance engagements shall be conducted;
- 2) The subject matter and performance that shall be reported shall be appropriate to the reporting entity, its concerned stakeholders and to the situation in which it is being reported.
- 3) The performance of a subject matter to be informed shall satisfy the requirements of the essential qualities of the Technical Reference, to facilitate the concerned stakeholders in their decision-making process.
- 4) The Technical References that shall be applied for assessment of the subject matter and its information is relevant and:
 - i) Is globally available and acceptable;
 - ii) If not globally available but has been indigenously developed by the reporting entity, then such a technical reference shall bear sound reasoning and scientific basis. Such technical references shall be made available to concerned stakeholders to facilitate them to understand the relevance of such a technical reference and how the subject matter and its related performance have been assessed.

The practitioner shall accept or continue an assurance engagement only when the all the basis on which the engagement is to be performed has been agreed upon with the reporting entity.

5.1.2 Discontinuation /withdrawal /rejection of an assurance engagement

If a practitioner is not satisfied with the presence of the requirements specified in the aforesaid clause, prior to conducting an assurance engagement, the practitioner shall communicate to the firm and to reporting entity the reasons for non-acceptance of the assurance engagement or withdrawal or resignation from the assurance engagement.

In the event, the practitioner conducts such an assurance engagement owing to a legal requirement or for any other reason; the reason for the same shall be documented in agreement with the QCR. Further, it shall be deemed that if such an assurance engagement does not meet the requirements of this assurance standard, then, such an assurance report issued in this context shall not make any mention of this standard nor shall state 'in accordance with Part 1 of the Assurance Engagement Standard'.

5.2 Planning for assurance engagement

5.2.1 Audit plan

During the planning for an assurance engagement, the practitioner based on the technical understanding and knowledge that the practitioner has on the subject matter and its information, in conjunction with the sense of reasoning, assurance skills and techniques shall:

- a) Provide necessary pre-assurance training and guidance to the assurance engagement team members, as considered necessary, on the overall methodology, processes and procedures to be applied for conducting an assurance engagement.
- b) Develop the audit programme and audit plans accordingly, ensuring completion of the assurance engagement within the time-schedule allotted for the assurance engagement.
- c) Develop appropriate procedures for audit of the subject matter and information that shall be reviewed, based on relevant technical reference.
- d) Define to every assurance engagement team member, their appropriate role and responsibility while conducting the specific procedures across respective functions, sites, or activities based on the educational qualification, technical knowledge, skills, expertise, competence and effectiveness that the practitioner has on the technical reference.
- e) Develop and document the rationale behind an appropriate sampling procedure that shall ensure that the sample scientifically represents the entire population and provides the desired level of confidence to the extent necessary to draw an appropriate conclusive opinion.

5.2.2 Justification for withdrawal and/ or resignation from the assurance engagement

- a) During the planning of an assurance engagement, the assurance engagement team members may gather additional information that:
 - 1) The subject matter and its information of the reporting entity shall not be able to meet the essential qualities of a technical reference; and or
 - 2) The reporting entity is involved in misconduct and or is in serious non-compliance with applicable laws and regulations, other than already informed to

the practitioner prior to the acceptance of the assurance engagement contractual agreement; and or

- 3) Any other relevant information, which would have otherwise led to non-acceptance or continuation of the assurance engagement, had the information been available prior to acceptance of the assurance engagement contractual agreement.

Under such circumstances as mentioned above, the assurance engagement team member shall bring the matter before the attention of the practitioner. The practitioner in consultation with the QCR shall assess the risks that could emanate from such deviations and take appropriate corrective measures to mitigate the risks. Further, the practitioner shall consult on the same with the reporting entity, if the risk has to be mitigated at their end or has to be mitigated in mutual co-ordination with the reporting entity. If the risk cannot be mitigated to an acceptable level, the assurance practitioner shall decline or withdraw or resign from the assurance engagement, as felt appropriate.

5.3 Conducting an assurance engagement

5.3.1 Assessment of performance as per the Assessment Elements (AE)

- a) While conducting an assurance engagement for a reporting entity, an assurance engagement team shall conduct a review of the following characteristics of the processes and procedures developed by a reporting organization for the subject matter and its information that emulate each of the following five assessment elements, as presented in Table 2.
- b) An assurance engagement team shall assess the status of the compliance with the characteristics of each of the Assessment Elements for the process and procedures that have been developed for the subject matter and its information.

Table 2 The Five Assessment Elements and the Characteristics to be evaluated for the Process and Procedures Developed

Assessment Element	Characteristics to be evaluated for processes developed for	Characteristics to be evaluated for procedures developed for
Accessibility of Stakeholders - Engagement, Consultation, Management and Valuing the Stakeholder Relationship	<p>Effectiveness, appropriateness and adequacy of the process developed for the following:</p> <ul style="list-style-type: none"> • Engagement with concerned stakeholders to identify and capture the stakeholder's reasonable expectations; and • Appreciation and acknowledgement of the value created over time by various 	<p>Measures and strategies taken for:</p> <ul style="list-style-type: none"> • Equal accessibility of various categories of stakeholders, with a focus on such stakeholders who are impacted by or may impact the reporting entity, for the purpose of identification of matters that are of concern; • Effective engagement and consultation to identify issues that

Assessment Element	Characteristics to be evaluated for processes developed for	Characteristics to be evaluated for procedures developed for
	<p>stakeholders.</p>	<p>are material to the stakeholders and communication of the same to the ones who are in charge of management and governance in the reporting entity;</p> <ul style="list-style-type: none"> • Resolving matters that are concerning the stakeholders; • Meeting the reasonable expectations expressed by stakeholders that are within the reach of the reporting entity; • Facilitating decisions and outcomes that are balanced; and • Managing and strengthening relationship with stakeholders, by primarily focusing on matters that are material to the sustenance of the reporting entity, improvement of relationship and reduction of conflicts between the reporting entity and its stakeholders.
Materiality	<p>Effectiveness, appropriateness and adequacy of the process developed for:</p> <ul style="list-style-type: none"> • Materiality assessment; and • Integration of the material matters in key management decisions. 	<ul style="list-style-type: none"> • For the concerns identified in consultation and engagement with stakeholders, the relevance and assessment of the degree of significance of the risks and opportunities and their impact on the reporting entity's overall sustenance and or ability to create value for such stakeholders; • Reliability of the subject matter information evaluated on the basis of either publicly available suitable technical reference or otherwise, as per technical reference that has been developed by the reporting entity; • Decisions, measures and strategies taken by the

Assessment Element	Characteristics to be evaluated for processes developed for	Characteristics to be evaluated for procedures developed for
		<p>management and or the governing board of the reporting entity for mitigation of the concerns emerging from the material issues;</p> <ul style="list-style-type: none"> • Implications on the reputation or brand or investment or other key sustenance aspects for intentionally or inadvertently missing out or not addressing subject matters that are of material importance to the reporting entity and concerned stakeholders, while reporting.
Implementation and Monitoring	<p>Effectiveness, appropriateness and adequacy of the process developed for:</p> <ul style="list-style-type: none"> • The periodic monitoring of subject matter and its information by the reporting entity; • Enhancement of the capacities of resources and relevant technologies, if any, for further improvement. 	<ul style="list-style-type: none"> • Implementation of strategies taken for achieving the targeted performance of a subject matter; • Effective utilization of various forms of resources in the implementation of its strategies; • Challenges emanating on account of regulatory and or technological and or societal changes in the implementation of such strategies; • The competitive advantage such strategies shall have over its peers; • Logic and science applied in the achievement of performance for the subject matter; further the performance target is specific, measurable, achievable, realistic and time-bound; • Roles and responsibilities defined for concerned resources, to achieve the desired performance within the scheduled time-frame
The Effect/	Effectiveness, appropriateness	<ul style="list-style-type: none"> • The subject matter satisfies the

Assessment Element	Characteristics to be evaluated for processes developed for	Characteristics to be evaluated for procedures developed for
Value Created and Comparability of Performance	and adequacy of the process developed for the evaluation of the effects, externalities and value created by a subject matter.	<p>requirements of the essential qualities of a technical reference based on which the performance is evaluated and reported;</p> <ul style="list-style-type: none"> • The completeness, reliability and accuracy of the change in the performance of the subject matter over its baseline; • Evaluation of the effects, i.e. any change and or value created and or cost of externalities in the form of - (a) qualitative and or quantitative; (b) monetized or non-monetized, wherever practicable; (c) direct and or indirect; (d) intended and or unintended; and (e) positive and or negative; • Comparison of the performance of the subject matter with – (a) the previous performance; and or (b) the peers; and or (c) the market trend/practice, with a special emphasis on matters that are more material, appropriate and relevant to the nature of activity or services of the reporting entity; • SWOT analysis of the adverse and positive effects respectively; • The means of mitigating the negative adverse impacts; • The potential threats in negative and or positive scenarios, if any; • Corroborating the results to assess material misstatements, if any.
Responding to Stakeholders on their Concerns	Effectiveness, appropriateness and adequacy of the process developed for:	<ul style="list-style-type: none"> • Presence of the ‘Essential Qualities’ in the subject matter reported;

Assessment Element	Characteristics to be evaluated for processes developed for	Characteristics to be evaluated for procedures developed for
and Reasonable Expectations	<ul style="list-style-type: none"> • Documenting the subject matter and its information; and • Communication to the concerned stakeholders of the actions and initiatives taken by a reporting entity and providing them the holistic scenario. 	<ul style="list-style-type: none"> • Effective communication of the – (a) concerns and issues, with a focus on reasonable concerns and expectations of stakeholders; (b) matters that are material to the stakeholders; (c) action plans implemented and or to be implemented; (d) challenges faced in the non-implementation of various activities; and in its ability to create value for its stakeholders, in the short, medium and long term; and (e) reasons for significant changes or disproportionate outcomes, if any; (f) future strategic directions based on past learning and cautions that have been exercised, as felt necessary for reporting futuristic subject matter; (g) performance and or compliance in view of changing business environment and uncertainty regarding achievability, if any, inclusive of communicating factors that may alter the intended futuristic targets; and • Whether the information reported is complete; fair; balanced; logical; substantive; comprehensive; timely; precise; has full clarity; logically structured and well presented; written in clear and layman’s language; is able to navigate a reader effectively to other related or relevant sections and cross-referencing, as may be felt necessary by intended users; unbiased and non-manipulative to be received or perceived either favorably or unfavorably; the

Assessment Element	Characteristics to be evaluated for processes developed for	Characteristics to be evaluated for procedures developed for
		mode of the communication of the subject matter is readily available and or easily accessible to the concerned stakeholders; and the information is officially released by the authorized representative of the reporting entity.

5.3.2 Key matters specific to the roles and responsibilities of assurance engagement team while conducting an assurance engagement

While conducting an assurance engagement, the assurance engagement team:

- a) Shall conduct the assurance engagement as per the role and responsibilities defined to them at the planning stage.
- b) Shall conduct the review of the assurance engagement, as per the characteristics presented in Annex B, pertaining to ‘Reasonable’ and or ‘Limited’ type of assurance engagements as applicable.
- c) Shall assess the appropriateness of the competence, skill-set and expertise of the concerned individuals of the reporting entity, who have been assigned with the responsibility to develop the process and procedures and execution of tasks pertaining to the characteristics of each of the Assessment Elements.
- d) Shall identify risks and material misstatements in the procedures developed for the subject matter and its information.
- e) Shall request for appropriate and relevant undertakings from the reporting entity, followed by application of their professional skepticism to assess the risks and the significance that such undertakings carry, prior to their acceptance or rejection of the undertakings.
- f) Shall discuss on conflicting matters with other assurance engagement members, the practitioner, QCR and other appropriate experts, if required, to jointly agree and arrive at the most appropriate and justifiable decision.
- g) Shall conduct the assessment of the subject matter and its information based on the publicly available technical references; and in the absence of a publicly available technical reference, if a new technical reference has been indigenously developed for the evaluation of the subject matter by the reporting entity, which is not publicly available, then the assurance engagement team shall ensure that they have the appropriate expertise that is required for conducting the requisite assessment.

- h) May refer to reports that have been prepared for the reporting entity by external parties while conducting an assurance engagement. The assurance engagement team shall acknowledge that mere acceptance of the reports does not nullify the accountability of the assurance engagement team, hence, the assurance engagement team shall conduct appropriate due diligence and assessment of such reports to get the requisite confidence to take responsibility for the subject matter assessed.
- j) Shall withdraw from conducting the assurance engagement, in consultation with the practitioner and the QCR if any conflict is identified, which may lead to impairment of objectivity and or for any justified reason identified.

5.3.3 Key matters specific to the role and responsibilities of a practitioner while conducting an assurance engagement

While conducting an assurance engagement, the practitioner:

- a) Shall assess and evaluate whether the subject matter and its information is free of material misstatements and is appropriate to the conditions to form an appropriate assurance conclusion.
- b) May be informed by the assurance engagement team of a significantly undesirable and or an unpleasant outcome, which shall or may carry a high risk. The same shall be escalated to the concerned QCR and accordingly, based on reasons felt justified, both the QCR and the practitioner may bring the matter before the attention of the reporting entity and or regulatory and or professional bodies, as felt necessary.
- c) Shall withdraw, decline or resign from the assurance engagement, in consultation with the reporting entity, the practitioner and the QCR for any conflict or circumstance or justified reason identified.

5.3.4 Key behavioural matters to be considered while conducting an assurance engagement by all members of the assurance engagement team

While conducting an assurance engagement, the assurance engagement team shall:

- a) Ensure that they shall not be in violation with any of the requirements, specified in this assurance standard.
- b) Conduct the assurance engagement within the time-frame agreed with the reporting entity; and based on the procedures that were drafted during the planning stage; or otherwise, revise the procedures, to suit the adequacy and or appropriateness of the conditions, based on the judgment of the assurance engagement team member(s) and the situations in which the assurance engagement shall be conducted.
- c) Remain alert and seek necessary guidance and support from the other members of the assurance engagement team, their supervisors, and or the practitioner, wherever felt necessary.
- d) Apply their professional skill while conducting consultation with concerned stakeholders; collect appropriate proof of evidences and information by conducting review of the documents and or physical inspection at relevant sites or consultation with

relevant stakeholders; evaluate the quantity, quality, sufficiency, adequacy and appropriateness of all evidences and information gathered.

5.4 Drafting a provisional assurance conclusion

5.4.1 Drafting of provisional assurance opinion by practitioner(s)

- a) After the audit for assurance engagement is over, the assurance engagement team shall draft an appropriate provisional assurance report. The provisional assurance report shall include in it all information that is mentioned in Annex C, except the signature of the practitioner and the date.
- b) For an assurance engagement conducted as per this standard, it is mandatory to mention in the assurance report that the assurance engagement has been conducted 'in accordance with IS 26002 (Part 1)'. In the absence of such a statement, the conclusive opinion formed and issued by the practitioner in the assurance report shall be considered that it is as not in accordance with the requirements of this standard.
- c) In the event, for a subject matter and its information that had already been agreed upon with the reporting entity that a reasonable assurance engagement shall be conducted; should such a subject matter and or information fail to qualify the requirements specified against the reasonable assurance engagement in Annex B but fulfills the criteria defined for limited assurance engagement, as prescribed in Annex B, then the practitioner shall issue a limited assurance opinion for such a subject matter and its information.
- d) In the opinion of the practitioner, if a standard form of assurance conclusion cannot be provided by the practitioner, as per characteristics provided in Annex B, on account of non-adherence with the requirements specified in this standard, then a revised form of assurance conclusion can be prepared by the practitioner that is appropriate to the conditions.
- e) If multiple practitioners of varying subject matters have conducted an assurance engagement, a firm on the basis of its agreement with the reporting entity has the following options of issuance of an assurance report.
 - 1) Separate assurance report: Each of the practitioners shall either submit their own separate provisional assurance report for the part of assurance engagement conducted by them; or
 - 2) Integrated assurance report: As defined in the QCS or as agreed with the reporting entity, an integrated appropriate provisional assurance report shall be submitted by any of the practitioner, on behalf of the other practitioners. Such an integrated assurance report shall be prepared on the basis of the separate assurance reports drafted by each of the other practitioners (of their individual areas of assurance). Such an integrated assurance report shall accurately represent the contents of the assurance reports that have been prepared by all other practitioners. The consensus of all the practitioners shall be taken in written and duly recorded in internal procedures, for the integrated assurance report drafted.

5.5 Issuance of assurance report

- a) Post completion of an assurance engagement, if requested by the practitioner, a brief of assurance report may be shared by the practitioner by the reporting entity for its recommendation, if any. The QCR shall be kept in the loop of all such communications.
- b) Based on actions on the brief report, if any, from the practitioner, a final report shall be prepared by the reporting entity. The copy of the same may be shared with the practitioner, if demanded by the practitioner.

5.6 Documentation of an assurance engagement

Post issuance of the audit report by the reporting entity, the practitioner, shall in co-ordination with the assurance engagement team:

- a) Complete the documentation of the assurance engagement, by ensuring that the documentation includes a minimum of the information mentioned in Annex K
- b) Take the responsibility of compiling, maintaining and storing appropriate engagement documentations. Each of such documents to be stored shall be dated and shall bear the following:
 - 1) Signature of both the QCR and the practitioner; and
 - 2) Signature of the respective assurance engagement team member, where felt necessary;
 - 3) Signature of the authorized representative of the reporting entity, wherever felt appropriate.
- c) Retain the assurance engagement specific documentations, for an appropriate time that is deemed appropriate as per the requirements of the law or as per agreement signed with the reporting entity or as per the QCS policy, whichever is higher to serve the following purpose:
 - 1) Any specific legal requirement; and or
 - 2) To facilitate any experienced practitioner, and or QCR and or any other personnel having no connection with the assurance engagement to easily understand how the assurance engagement was conducted and delivered; and or
 - 3) For any other future reference.

5.7 Managing material discrepancies and variations post release of an assurance report

Post issuance of a dated and signed assurance report, the assurance engagement team may:

- a) Receive some accusations or complaints from internal and or external stakeholders, pertaining to non-adherence with the requirements of this standard by the assurance engagement team, SME, QCR, firm while conducting the assurance engagement;
- b) Identify or become aware of a material discrepancy or variation and or misstatements pertaining to subject matter and the information on which an assurance report has already been issued.

Under such circumstances, the practitioner in consultation with the QCR shall:

- a) Inform the same to the reporting entity, if felt appropriate and accordingly assess the significance of the risk emanating from such variations and or misstatements for the reporting entity, the assurance engagement team, the QCR, the firm and any other stakeholder, as felt appropriate; and accordingly, take appropriate corrective and remedial measures to mitigate and manage the risk;

- b) Assess whether the variations and or misstatements were intentional or have occurred by mistake or conducted with ~~misleading~~ deceptive intention; and accordingly, take appropriate corrective measures and or disciplinary and or regulatory actions;
- c) Suggest for taking appropriate actions on relevant individuals of the assurance engagement team, if felt appropriate;
- d) Promptly intimate the variation and its significance on the subject matter to the regulators and or professional body and or to the stakeholders, inclusive of the ones, who could potentially be impacted, in consultation with the reporting entity; and accordingly, prepare and communicate an appropriate response on the variation or misstatement for information to concerned stakeholders based on available facts and discussions, in consultation with relevant members of the assurance engagement team and or the reporting entity and or other individuals, as felt appropriate;
- e) Seek appropriate legal opinion and necessary support, as felt appropriate in such circumstances.

5.8 Periodic assessment of the QCS

- a) A firm or a reporting entity (depending on whether it conducts external and or internal assurance engagement) shall conduct an assessment of the QCS on a periodic basis, and at least, once in every two years. Such an assessment shall be carried out by a practitioner and or a QCR (who shall have a minimum of two years of experience in assurance engagement as per this assurance standard). Such an individual shall:
 - 1) Identify and evaluate the inadequacies and gaps in the existing QCS and QCS policy;
 - 2) Make necessary changes and revisions in the existing QCS, for further strengthening its process and its procedures;
 - 3) Revise the existing QCS policy, if felt necessary;
 - 4) Effectively communicate the changes to the concerned individuals, inclusive of assurance engagement team, for further strengthening and improving the understandability of the revised QCS and QCS policy.
- b) Post completion of the review of the QCS, the practitioner and or the QCR in co-ordination with the assurance engagement team shall ensure appropriate archiving of the old documentations pertaining to the QCS and or the QCS policy, which can be easily retrieved, as and when required.

ANNEX A

(Clause 1.1)

Select type of reports and or information (matters other than statutory financial information) that are usually reported by a reporting entity

The following provides an indicative list of reports and or information that are reported by a reporting entity, for internal and or external purpose, on which an assurance opinion can be issued to the reporting entity, on the basis of this assurance standard:

- a) Information and or performance relevant to environmental, social, core sustainability, developmental and or corporate social responsibility, economic and or other matters, primarily the ones which are non-financial, based on the following:
 - 1) Country specific national standards, relevant to reporting of information, other than statutory financial information, such as, National Guidelines on Responsible Business Conduct (NGRBC), Business Responsibility and Sustainability Reporting (BRSR) mandated by SEBI for some categories of companies etc.
 - 2) Various forms of international standards, such as, Global Reporting Initiative's Standards, United Nation's Global Compact's Universal Principles, ISO 26000, UN's Sustainable Development Goals, Integrated Reporting (<IR>) framework of International Integrated Reporting Council (IIRC), *etc.*,
 - 3) Any other national and or international non-financial based framework.
- b) Information and or performance relevant to environment friendly and or any form of cleaner technology;
- c) Information and or performance relevant to Green or Sustainability Financing, Environmental, Social and Governance (ESG), Green/Sustainability bonds, *etc.*;
- d) Information pertaining to Subject Matter Categories (SMC) referred in the Part 3 of this Standard;
- e) CSR - Requirements Standard;
- f) Environmental or any form of sustainability labeling;
- g) Impact assessment information of not for profit organizations;
- h) Any other performance or information, relevant to matters other than statutory financial information of a reporting entity or of any other organization across its supply chain or any such organization that is of relevance to the reporting entity.

ANNEX B

(Clause 3.3, 5.3.2, 5.4.1, Annex C and Annex J)

Characteristics of a ‘Limited’ or ‘Reasonable’ type of Assurance Engagements

Characteristics	‘Limited’ Type of Assurance Engagement (LAE)	‘Reasonable’ Type of Assurance Engagement (RAE)
Assurance type	Low	High
Type of subject matter information that is primarily assured	Typically applied for other than what is mentioned for ‘Reasonable’ Assurance Engagements.	Any information that has a legal connotation or financial implication or is material, with a purpose to provide a higher level of confidence to intended users.
Timing of review	Requires a short time span	Fairly extensive time period
Significance of subject matter informed	The subject matter informed is plausible; hence, a negative assurance opinion can be issued on the same.	The subject matter informed is reliable, consistent and accurate; hence, a positive assurance opinion can be issued on the same.
Focus of Assurance	Process of the assessment elements.	<ul style="list-style-type: none"> • Process and procedures of the assessment elements; and • Subject matter information satisfies the requirements of all the essential qualities of a technical reference.
Extent of procedures conducted and level of confidence bestowed	<ul style="list-style-type: none"> • Procedures are significantly less; and • The practitioner gathers sufficient confidence that the subject matter and its information is plausible to provide a level of confidence to intended users. 	<ul style="list-style-type: none"> • Slightly lesser, in comparison to an absolute assurance; • Involves extensive procedures; and • An auditor provides reasonable confidence to the intended users that the subject matter and its information is reasonably free of any material misstatement. However, there still remains a possibility that in some instance(s) the misstatements

Characteristics	'Limited' Type of Assurance Engagement (LAE)	'Reasonable' Type of Assurance Engagement (RAE)
		may go undetected.
Extent of evidence gathering for the information of the subject matter	<ul style="list-style-type: none"> • Less extensive; the evidence gathering is limited to the extent that an auditor finds the information 'worthy of belief' to have the minimum confidence to issue an assurance opinion; • Conducting a limited sampling and analytical evidence gathering and inquiry exercise, • Extent of evidence gathering is generally limited to obtaining inputs from internal stakeholders. 	<ul style="list-style-type: none"> • Unrestricted and a deep-dive extensive sampling and evidence gathering exercise, across all levels, supported by collection of sufficient corroborative evidence, to an extent that the practitioner considers it reasonable; • Conducting a detailed review to obtain sufficient and appropriate evidence and identify the possibility of any material misstatement of the subject matter and its information, by carrying out a: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Review, on the basis of an appropriate technical reference; <input checked="" type="checkbox"/> Review of the effectiveness of processes, procedures and internal controls; <input checked="" type="checkbox"/> Consultation with appropriate internal and external stakeholders, inclusive of board level functionaries.
Form of Assurance	Negative form of assurance opinion/ conclusion	Positive form of assurance opinion/ conclusion
Standard form of assurance conclusion	<p>Examples of assurance opinion/ conclusion are stated below:</p> <ul style="list-style-type: none"> • Based on the procedures performed, in our opinion, nothing has come to our attention that causes us to believe that the reporting entity is not in compliance, in all material respects with the 	<p>Examples of assurance opinion/ conclusion are stated below:</p> <ul style="list-style-type: none"> • Based on the procedures performed, in our opinion the reporting entity, in all material respects is in compliance with its applicable laws. • Based on the procedures

Characteristics	'Limited' Type of Assurance Engagement (LAE)	'Reasonable' Type of Assurance Engagement (RAE)
	<p>applicable laws.</p> <ul style="list-style-type: none"> • Based on the procedures performed, in our opinion, nothing has come to our attention that causes us believe that the information reported by the reporting entity is in all material respects is misstated. • Based on the procedures performed, in our opinion, nothing has come to our attention that causes us to believe that the following, by the reporting entity in all material respects is inappropriate or misstated. <ul style="list-style-type: none"> a) Process and procedures developed by the reporting entity; and b) Information reported by the reporting entity. 	<p>performed, in our opinion, for the performance reported by the reporting entity in all material respects is fairly stated.</p> <ul style="list-style-type: none"> • Based on the procedures performed, in our opinion, the following are in all material respects are appropriate and fairly stated: <ul style="list-style-type: none"> a) Process and procedures developed by the reporting entity; and b) Information reported by the reporting entity.

Note: The CSR Requirement Standard' shall be issued on the basis of 'Reasonable' type of assurance engagement of this standard.

ANNEX C

(Clause 3.4, 3.18 and 5.4.1)

Explicit contents of an assurance report

An assurance report shall include the following items on the letter-head of the firm or reporting entity (*as the case may be, depending on whether the assurance engagement is internal or external*):

1. The title “Independent Internal/External assurance report for an assurance engagement conducted as per Part 1 of IS 26002”;
2. An addressee (say the Board, Top/Executive Management, etc. to whom the Assurance Report is being addressed);
3. Description of the context behind reporting the subject matter; and accordingly the overall scope, inclusive of disclosures covered, exclusions and limitations, if any, in the assurance engagement;
4. Description of the methodology applied and an informative summary of the work performed, inclusive of the process and procedures, while conducting the assurance engagement, to form the basis for the practitioner’s conclusion;
5. An identification or description of the nature of assurance engagement, i.e. whether – (a) Reasonable and or Limited type of assurance engagement; (b) Attested or Direct assurance type of assurance engagement;
6. Description of the subject matter and its related information;
7. Description of the responsibilities of the reporting entity and the:
 - a) The assurance engagement team, in case of internal assurance engagement; and
 - b) Firm and the assurance engagement team, in case of external/internal assurance engagement;
8. Mention of the references of the following in the assurance report, if have been applied in drawing a conclusion for the subject matter information and in the preparation of the assurance report:
 - a) Other audit reports of the reporting entity; and or
 - b) Work done by other persons.
9. Mention of the source of the publicly available technical reference that had been applied in the measurement or evaluation of the subject matter, In the event that a new technical reference has been indigenously developed by the reporting entity, which is not publicly available, then the practitioner shall give a clear description of the new technical reference that has been developed and or assumptions considered by the reporting entity, to provide a clear understanding to the concerned stakeholders;
10. Mention of all such matters that have been relied upon by the lead practitioner on Subject Mater Experts;
11. Description of any limitation that is felt significant, wherever, felt necessary to caution the concerned stakeholders;
12. A separate statement on each of the following:
 - a) That the assurance engagement was performed ‘in accordance with Part 1 of the IS 26002’;

- b) Complete independence has been maintained by the assurance engagement team, the SME, the QCR and the firm, while conducting the assurance engagement;
- c) Specific to limited type of assurance engagement the following statement has to be clearly mentioned in the assurance statement:

The procedures performed in a Limited type of assurance engagement are less in comparison to a Reasonable type of assurance engagement. Hence, the level of assurance obtained in a Limited type of assurance engagement is substantially lower in comparison to Reasonable type of assurance engagement.

- 13. Risks that are material to the reporting entity, within the scope of the assurance engagement, if have been omitted or explicitly not mentioned in the report, within the context of reporting for the objective;
- 14. Status of adherence with the characteristics of the process and or procedures, mentioned for each of the Assessment Elements, followed by mention of the key observation(s) and broad recommendation(s), if any;
- 15. The gaps in details and specific recommendations, if any ¹
- 16. For the characteristics audited against each of the assessment elements, express an overall conclusive opinion in the form of a standard conclusion, presented in Annex B; or otherwise, express the opinion in a revised form, if there are deviations observed.
- 17. Any specific information to improve the understanding of concerned stakeholders, for improved decision making;
- 18. Mention the name of the practitioner and the professional registration number that has been issued by the competent authority and or any other professional institute ² that is recognized by an appropriate regulatory/professional authority.
- 19. The trademark/logo of the competent authority and the registration number that has been issued by the competent authority to the firm for conducting and issuing assurance report as per this assurance standard. Firms that have statutory constraints are exempted from the application/publication of logo/trademark of the competent authority in their assurance report, as deemed appropriate and necessary (NAFIAE).
- 20. The place from where the practitioner officiates and practices; and
- 21. The signature of the practitioner, adjacent to the name and registration number mentioned;
- 22. The date on the assurance report.

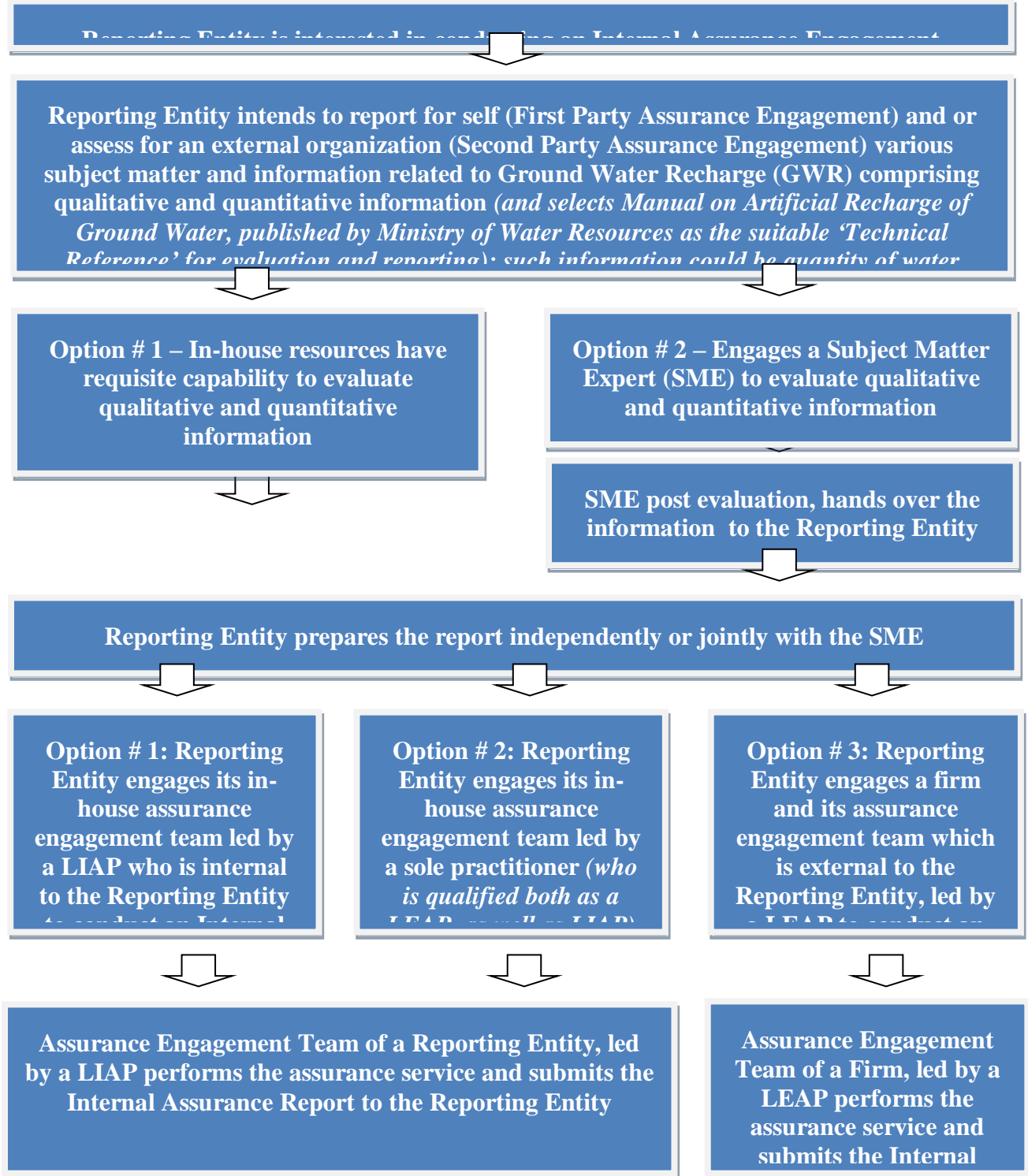
Notes:

- 1) Not applicable for External Assurance Engagement
- 2) Such as Institute of Chartered Accountants of India, Medical Council of India, Institute of Companies Secretaries of India, etc.

ANNEX D

(Clause 3.9 and 3.11)

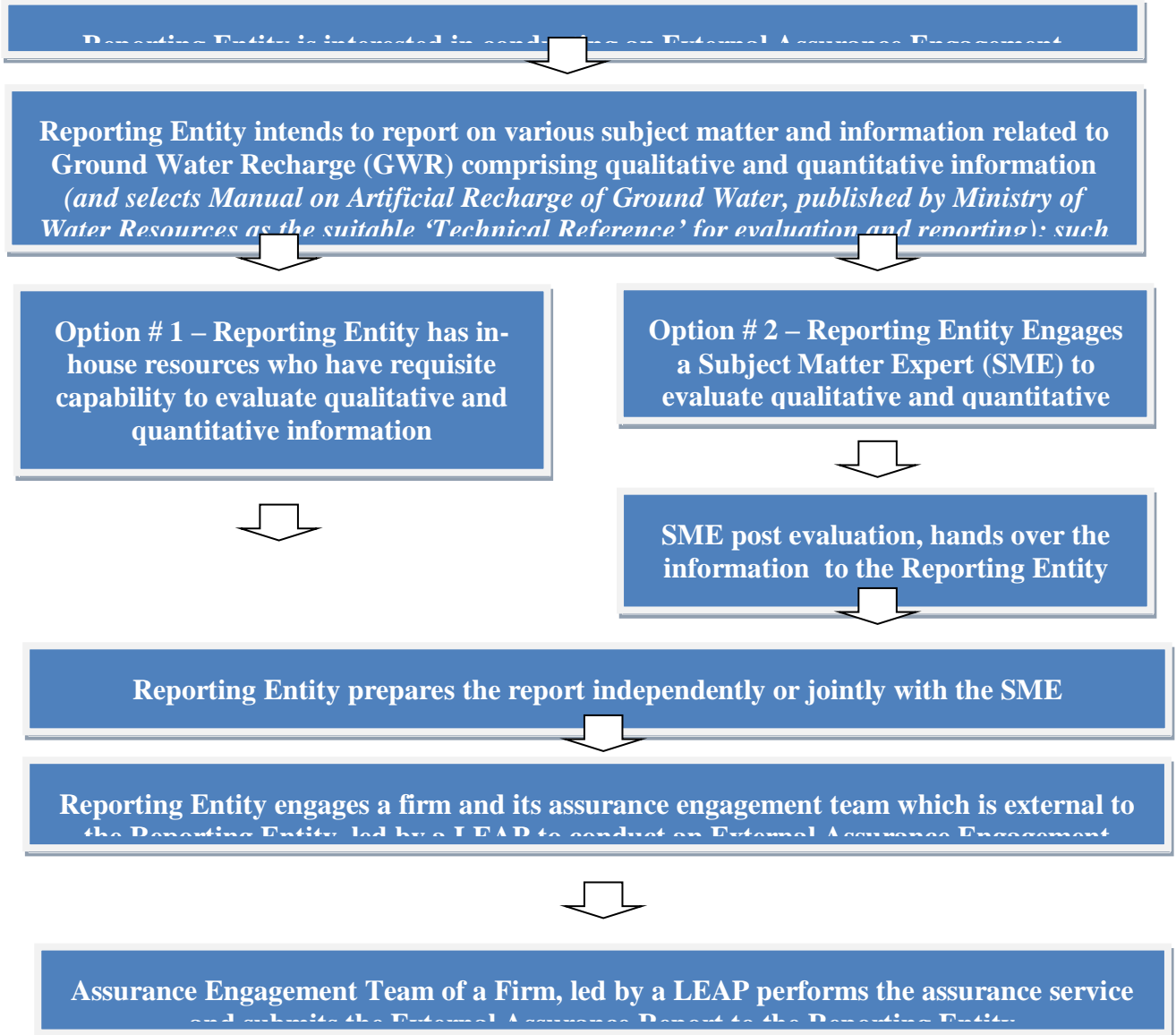
Role and Responsibility of Various Stakeholders in a First and or a Second Party Internal Assurance Engagement



ANNEX E

(Clause 3.12)

Role and Responsibility of Various Stakeholders in a Third Party based External Assurance Engagement



ANNEX F

(Clause 4.3.2.2)

List of Forms Independence Declaration by an assurance engagement team member/Quality Control Reviewer, who has conducted an assurance engagement as per Part 1 of the Assurance Engagement Standard

I, Dr./Mr./Ms. (name of the Assurance Engagement Team Member/ Quality Control Reviewer), working for (name of the firm) (hereafter as 'firm') bearing (employee code with the firm and 'or' BIS LEAP Registration Certificate) on this (date, in figure) day of the (name of the month) of the year (year in figure), hereby confirm the following:

- I had been informed of the implications of conflicts and breaches to the requirements of Part 1 of IS 26002:2021 Standards prior to conducting any assurance engagement as per this standard;
- During the financial year (YYYY/ZZZZ), for all assurance engagements that were conducted by me for the firm, as per Part 1 of the Assurance Engagement Standard, I have not been in conflict nor have breached the independence requirements.

I also hereby give my consent to cooperate and comply with any request made by the firm and or the competent authority, in furtherance of its authority and responsibilities under the Part 1 of the Assurance Engagement Standard, in connection to any assurance engagement, whereby, I had been involved as an assurance engagement team member/QCR, for what-so-ever purpose that either the *(name of the firm)* and or the competent authority and or any other regulatory authority of the Govt. of India feels is necessary.

I also understand that my accord of confirmation and consent on the above is a condition of my continued employment with the firm and for conducting any assurance engagement as per the requirements of Part 1 of the Assurance Engagement Standard.

Signature of the engagement team member/Quality Control Reviewer: _____

Role played by the engagement team member in the past financial year [Auditor (with Designation)/ Quality Control Reviewer]: _____

Office location of the assurance engagement team member: _____

Dated: _____

Official Stamp of the organization: _____

ANNEX G

(Clause 4.3.2.2 and Annex J)

Independence Declaration by a Subject Matter Expert (SME)/Sole Practitioner, who has been engaged to conduct an assurance engagement as per Part 1 of the Assurance Engagement Standard

I, Dr./Mr./Ms. (name of the SME/Sole Practitioner), employed with (name of the legal entity the SME works for)/as an independent service provider/as a sole practitioner bearing (employee code /LEAP registration number awarded by the competent authority) with my official address of (address), on this (date, in figure) day of the (name of the month) of the year (year in figure), hereby confirm the following:

- (a) That I am being engaged by the (name of the firm) for conducting an assurance engagement as per Part 1 of the Assurance Engagement Standard for the reporting entity, (name of the reporting entity) for the engagement titled (title of the assurance engagement) for the financial year (mention the Financial Year);
- (b) That I am currently not engaged in any activity with the aforementioned reporting entity that shall create a conflict or result in the breach of my independence, as per the requirements specified in Part 1 of the Assurance Engagement Standard for the assurance engagement, for which I have been engaged as a SME/Sole Practitioner;
- (c) That I shall maintain my independence and shall not be in conflict with the assurance engagement until the completion of the assurance engagement.

I also hereby give my consent to cooperate and comply with any request made by the firm or the competent authority in furtherance of its authority and responsibilities under the Part 1 of the Assurance Engagement Standard, in connection to any assurance engagement, whereby, I am being engaged as an engagement team member, for what-so-ever purpose that either the (name of the firm) or the competent authority or any other regulatory authority of the Govt. of India, feels is necessary.

I also understand that my accord of confirmation and consent on the above is a condition for conducting any assurance engagement as per the requirements of Part 1 of the Assurance Engagement Standard.

Signature of the SME/Sole Practitioner: _____

Office location of the SME/Sole Practitioner: _____

Dated: _____

Official Stamp of the organization: _____

ANNEX H

(Clause 4.3.2.2)

Independence Declaration by a firm on behalf of all assurance engagement team members and Subject Matter Expert (SME)/Sole Practitioner, who have conducted assurance engagement(s) as per Part 1 of the Assurance Engagement Standard

I, Dr./Mr./Ms. (name of the principal Quality Control Reviewer, appointed by the firm), working for (name of the firm) (hereafter as 'firm') bearing (employee code 'or' BIS LEAP Registration Certificate) on this (date, in figure) day of the (name of the month) of the year (year in figure), hereby confirm the following:

- (a) That the assurance engagement team members, the QCR(s), the SME(s)/Sole Practitioner and the firm (*mention the name of the firm*) clearly understand the circumstances that could lead to breach of independence (*during the course of conducting an assurance engagement for the firm*) and thereby, the risks that could emerge from such impairments, while conducting an assurance engagement as per Part 1 of the Assurance Engagement Standard;
- (b) That the assurance engagement team members, the QCR(s), the SME(s) and the aforesaid firm in the financial year (YYYY/ZZZZ) have not breached their independence nor been in any conflict, during the course of conducting an assurance engagement.

I also give my consent to cooperate and comply with any request made by the competent authority, in furtherance of its authority and responsibilities under the Part 1 of the Assurance Engagement Standard, in connection to any assurance engagement for what-so-ever purpose that either the firm (name of the firm) and or the competent authority and or any other regulatory authority of the Govt. of India, feels is necessary.

I also understand that my accord of confirmation and consent on the above, on behalf of the assurance engagement team members, the QCR(s), the SME(s) and the firm is a requirement to be in compliance with Part 1 of the Assurance Engagement Standard.

Signature of the authorized Quality Control Reviewer: _____

Office location of the Quality Control Reviewer: _____

Dated: _____

Official Stamp of the organization: _____

ANNEX J

(Clause 5.1.1)

Key contents to be present in the contractual agreement

The minimum contents that shall be present in an assurance contractual agreement are presented below:

- a) The objective and scope of the assurance engagement;
- b) The report and or the subject matter and the information to be assured;
- c) The technical reference to be applied for the review of the subject matter and its related information;
- d) The responsibilities of the reporting entity and the auditors/firm (*as the case may be, depending on whether the engagement is an internal or external assurance engagement*);
- e) The key educational and professional qualifications, competence and skill-set of the assurance engagement team members, to be engaged in the assurance engagement;
- f) The timeline for completion;
- g) The professional fixed fee, if any (with no provision of any success fee);
- h) The Annex G that has been signed by the SME/Sole Practitioner; and the official confirmation received from the reporting entity that there is no conflict in engaging the SME/Sole Practitioner in the assurance engagement;
- j) The nature of assurance engagement to be offered, i.e. whether 'Reasonable' and or 'Limited' type of assurance engagements, specific details of which are presented in Annex B;
- k) The scope limitations, if any;
- l) The key deliverables;
- m) The signature of the practitioner and the authorized representative of the reporting entity who have both agreed to the terms of the contractual agreement, with a mention of the date and place of signing the contractual agreement.

ANNEX K

(Clause 5.7)

Minimum information of an assurance engagement to be documented post a quality control review

The documented information of an assurance engagement shall include a minimum of the following:

- A copy of the assurance engagement agreement contract signed with the reporting entity;
- Names of the assurance engagement team members, their contact co-ordinates, their permanent and corresponding addresses; their specific roles in the assurance engagement and the responsibilities assigned to them;
- Legally enforceable agreement signed with the subject matter expert/sole practitioner;
- Consultations that took place on conflicting matters amongst the assurance engagement team and or other experts and the decisions that emerged from such discussions;
- The significant challenges, concerns and matters that surfaced during the assurance engagement, and the safeguards that have been applied for addressing the identified variations, if any;
- Filled in independence declarations of the assurance engagement team members, subject matter expert and the QCR, as per the requisite forms (NAFIAE);
- The process and procedures developed and applied for conducting the assurance engagement; the evidences, information and documentations collected, prepared and collated in the course of the assurance engagement;
- Accusations, feedback and complaints received in connection to assurance engagement; and
- The dated and signed assurance report.

ANNEX L

(Foreword)

COMPOSITION OF SOCIAL RESPONSIBILITY SECTIONAL COMMITTEE, MSD 10

Sl. No.	ORGANIZATION REPRESENTED	NAME OF THE REPRESENTATIVE
1.	In personal capacity (CHAIRMAN, MSD 10)	Dr. Bhaskar Chatterjee
2.	AROH Foundation, NOIDA	Dr. Neelam Gupta
3.	Bharat Electronics Ltd., Sahibabad	Shri Rajeev Kumar Ms. Ekta Bhardwaj (<i>Alt.</i>)
4.	Cargill, New Delhi	Ms. Dipanwita Chakraborty,
5.	Cement Manufacturers' Association, New Delhi	Shri Ashwani Pahuja Dr. S.K. Saxena (<i>Alt.</i>) Dr. Rachana Sharma (<i>Alt.</i>)
6.	Centre for Responsible Business, New Delhi	Dr. Bimal Arora Shri Rijit Sengupta
7.	Charities Aid Foundation India, New Delhi	Ms. Meenakshi Batra Shri Avijeet Kumar
8.	Coca Cola India, Gurgaon	Shri Ishteyaque Ahmed Ms Shubha Sekhar
9.	Deloitte Touche Tohmatsu India LLP	Shri Sumit Makhija Shri Saurabh Khosla (<i>Alt.</i>)
10.	Department of Commerce, Ministry of Commerce & Industry, New Delhi	Ms. Jyoti Yadav Ms. Tanu Singh (<i>Alt.</i>)

Sl. No.	ORGANIZATION REPRESENTED	NAME OF THE REPRESENTATIVE
11.	Department of Consumer Affairs, Ministry of CA, F & PD, New Delhi	Shri Dharmesh Makwana Shri A K Pandey (<i>Alt.</i>)
12.	Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, New Delhi	Shri Zakaria Khan Yusufzai Shri Binod Kumar (<i>Alt.</i>)
13.	Directorate General of Factory Advice Service & Labour Institute (FASLI), New Delhi	Shri Sumit Roy Shri Kunal Sharma (<i>Alt.</i>)
14.	Directorate General of Quality Assurance, New Delhi	Col. Sandeep Acharyya Shri P. Lokanath, SAO (<i>Alt.</i>)
15.	FICCI, New Delhi	Ms. Rita Roy Choudhury Ms. Shruti (<i>Alt.</i>)
16.	Hyderabad Business School GITAM, Hyderabad	Ms. Divya Kirti Gupta
17.	Indian Institute of Corporate Affairs, (Ministry of Corporate Affairs), Manesar, Haryana	Shri Mukesh Kumar
18.	Indian Oil Corporation Ltd., New Delhi	Shri Bibhuti Pradhan
19.	Infosys BPO Ltd., Bangalore	Shri Rajeev Thykatt
20.	Institute of Chartered Accountants of India	CA. Pramod Jain
21.	Institute of Company Secretaries of India	CS Mamta Binani,
22.	L& T, Mumbai	Shri N.Sathyan Shri P. Sathish (<i>Alt.</i>)
23.	Management Development Institute, Gurgaon	Shri Ankur Roy

Sl. No.	ORGANIZATION REPRESENTED	NAME OF THE REPRESENTATIVE
24.	Ministry of Corporate Affairs, New Delhi	Shri K.M.S. Narayanan
25.	Ministry of Labour, New Delhi	Shri A.K. Samantaray
26.	Ministry of Micro, Small & Medium Enterprises, New Delhi	Shri Sanjeev Chawla Shri Piyush Agarwal (<i>Alt.</i>)
27.	QCI, New Delhi	Dr. Hari Prakash Dr. S.K. Mishra (<i>Alt.</i>)
28.	SBI, Mumbai	Shri Karnam Sekar
29.	Steel Authority of India, Ranchi, Jharkhand	Shri Manoj Kumar
30.	Tata Institute of Social Sciences	Prof. Rahul Sapkal
31.	The Energy Research Institute (TERI), New Delhi	Dr. Annapurna Vancheswaran
32.	Yes Bank, Mumbai	Shri Shailesh Banta Ms. Kriti Kuksal (<i>Alt.</i>)
33.	Inspired4 Accounting & Advisory Services LLP	Shri Rajib Kumar Debnath
34.	In personal capacity, New Delhi	Ms Radhika Ralhan
35.	In personal capacity, New Delhi	Shri Sandeep Saxena
36.	In personal capacity, New Delhi	Shri Dinesh Agarwal,
37.	In personal capacity, New Delhi	Dr. Lalit Kumar
38.	BIS Directorate General	Ms. Sneh Lata, Scientist 'F' and Head (MSD) Representing Director General (Ex-officio Member)]

Member Secretary
Ms. Shalu Varshney,
Scientist 'D' (Management and Systems), BIS

Panel for Extra-financial Assurance Standard, MSD 10/P-7

S. No.	Name of the Representative	Organization Represented
1.	Shri Rajib Kumar Debnath (<i>Convener</i>)	Inspired4 Accounting & Advisory Services LLP
2.	Dr. Bhaskar Chatterjee (Chairman, MSD 10)	In personal capacity, New Delhi
3.	Ms Dipanwita Chakraborty	Cargill, New Delhi
4.	Shri Rijit Sengupta	Centre for Responsible Business, New Delhi
5.	Shri Sumit Makhija Shri Saurabh Khosla (Alt.)	Deloitte Touche Tohmatsu India LLP
6.	Dr. Madhukar Gupta	Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, New Delhi
7.	Ms. Rita Roy Choudhury Ms Himani Kulshreshtha (Alt)	FICCI, New Delhi
8.	Dr Divya Kirti Gupta	GITAM University
9.	Ms. Seema Choudhary	GIZ
10.	Shri Mukesh Kumar	Indian Institute of Corporate Affairs, (Ministry of Corporate Affairs), Manesar
11.	Shri Bibhuti Pradhan	Indian Oil Corporation Ltd., New Delhi
12.	CA Sanjay Vasudeva, FCA	Institute of Chartered Accountant, New Delhi

S. No.	Name of the Representative	Organization Represented
13.	Shri Santhosh Jayaram Shri Prathmesh Raichura (Alt.)	KPMG (Sustainability and CSR Advisory)
14.	Dr Ankur Roy	Management Development Institute, Gurgaon
15.	Shri U.S.P. Yadav	MSCD, BIS, New Delhi
16.	Dr. Annapurna Vancheswaran	TERI
17.	Late Shri Kamal Singh	United Nations Global Compact Network India, New Delhi
18.	Mr. Hemant Sabharwal	In personal capacity, New Delhi
19.	Shri Dinesh Agarwal	In personal capacity, New Delhi

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- 4) IS/ISO 9000:2015 Quality management systems — Fundamentals and Vocabulary
- 5) Global Reporting Initiatives Standard
- 6) Integrated Reporting framework of International Integrated Reporting Council (IIRC)