AA1000 FAQs

Introduction

This document contains Frequently Asked Questions (FAQs) relating to:

- AA1000 AccountAbility Principles Standard (AA1000APS, 2008)
- AA1000 AccountAbility Principles (AA1000AP, 2018)
- AA1000 Assurance Standard (AA1000AS, 2008)
- AA1000AS (2008) with 2018 Addendum

All documents above are available for download free via - [http://www.accountability.org/standards/](http://www.accountability.org/standards/)

These FAQs have been identified and based on topics raised directly with AccountAbility and the AccountAbility AA1000 Standards Board. Intended to be used by assurance providers, they may also be informative for reporting organisations and report users.

Transition Period and the Forthcoming AA1000 Assurance Standard v3


While the AA1000AP (2018) is effective immediately, organisations who have not transitioned to using the AA1000AP (2018) can continue to use the AA1000APS (2008) until 1st January 2021, allowing time for a transition period. It is mandatory for all organisations to start reporting on the AA1000AP (2018) after completion of the full transition period, which is after 1st January 2021.

Until the release of the next version of the AA1000AS (v3), planned for release in 2020, a stop-gap 2018 Addendum to the AA1000AS (2008) has been developed to facilitate continued usage. Organisations who have not yet transitioned to the AA1000AP (2018) and still use the AA1000APS (2008) can continue use of the AA1000AS (2008) for assurance purposes until 2021. All reports assured on the AA1000AP (2018) after 1st January 2021 will need to use the AA1000AS v3. The transition period and usage of the corresponding AA1000 documents are represented in the following Figure:

(Please refer the next page)
Technical Questions

AccountAbility Principles

1. To what extent should stakeholders be involved in organisational decision-making?

AA1000AP (2018) requires that the stakeholder participation process should establish ways for stakeholders to be involved in decisions that will improve sustainability performance. This involvement can range from articulating views through stakeholder engagement processes that inform decision-making to more formal involvement in decision-making (e.g. existence of non-executive directors etc). The involvement of stakeholders in decision-making does not mean that stakeholders should make organisational decisions.

2. What criteria can be used to assess the material topics for a complex and multi-sector organisation (e.g. identify the most important products or services)?

AccountAbility recognises that identifying material topics for complex and multi-sector organisations will need to take account of varied operating environments and diverse businesses (each with different topics relating to operations, products and services). AccountAbility recommends that reporting organisations develop criteria to determine materiality in a systematic way that is defensible to stakeholders. As such, the criteria for determining material topics can be applied in a consistent way across the organisation; however, the material topics identified may vary from one part of the organisation to the next. AA1000AP (2018) outlines criteria for the determination of material topics and additional guidance can be found in Redefining Materiality and the Materiality Report. [http://www.accountability.org/our-services/research/](http://www.accountability.org/our-services/research/)

3. Materiality is defined in both AA1000AS (2008) and ISAE 3000, is it possible to use either of these definitions in conducting our assurance work and developing our conclusions?

Yes. In considering materiality, ISAE 3000 ‘requires the practitioner to understand and assess what factors might influence the decisions of the intended users’. Similarly, AA1000AS (2008) considers ‘a topic, concern or impact material if it could influence the decisions and behaviour of stakeholders or the organisation itself. The definition used by ISAE 3000 is more limited as it refers only to the intended users of a report, while the AA1000 definition applies to stakeholders more broadly. In whichever definition is applied, the determination of materiality needs to be systematic and defensible. The guidance for assurance providers discusses the definitions of materiality included in AA1000 AS (2008) and ISAE 3000. AccountAbility has also published two studies that look at the materiality determination process: Redefining Materiality, and The Materiality Report. These studies provide a benchmark against which processes for determining materiality may be evaluated.

4. To what extent should organisations include their responses to material topics in their public reports?

AA1000AP (2018) requires that reporting organisations ‘should act transparently on material sustainability topics and their related impacts’ and ‘Report to stakeholders in a comprehensive, accurate, timely, accessible and balanced way, using suitable reporting principles, frameworks and guidelines that support comparability of information’. As such, reporting organisations are required to outline their responses to material topics in their public reports and / or provide a link / reference to their responses. The level of detail for each response should be sufficient to allow stakeholders to make informed decisions; often this will involve outlining the organisation’s response, rather than the detailed plans for implementing the response.
Accepting an AA1000AS engagement: Level of Assurance

5. Are the terms high level assurance and reasonable assurance compatible?

Yes. The terms high level and reasonable assurance are compatible. AA1000AS (2008) defines high level assurance as: ‘The assurance provider achieves high assurance where sufficient evidence has been obtained to support their statement such that the risk of their conclusion being in error is very low but not zero. High assurance will provide users with a high level of confidence in an organisation’s disclosures on the subject’. ISAE 3000 defines reasonable assurance as: ‘The objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the practitioner’s conclusion’. The guidance for assurance providers section 2.2 discusses levels of assurance included in AA1000AS (2008) and ISAE 3000.

6. What is the distinction between high and moderate levels of assurance?

High assurance is intended to provide report users with a high level of confidence in an organisation’s disclosures. For high level assurance, the assurance provider’s aim is for reliability, and they need to obtain sufficient evidence such that the risk of their conclusion being in error is very low but not zero. For moderate level assurance the assurance provider’s aim is for plausibility, and they need to provide sufficient evidence such that the risk of their conclusion being in error is reduced, but not reduced to very low.

High and moderate level of assurance differ in their objectives, evidence characteristics and on the extent of their conclusions, as explained in the AA1000AS (2008).

Conducting an engagement

7. For high-level assurance engagements, are assurance providers required to conduct external stakeholder interviews?

Although external stakeholder interviews are not a formal requirement for high-level assurance, they represent good practice and should be undertaken. Both the AA1000AS (2008) standard and guidance note encourage good practice of conducting interviews with external stakeholders; however, it is the assurance provider’s responsibility to determine the sufficiency and appropriateness of evidence.

8. How does an assurance provider determine whether sufficient appropriate evidence has been obtained on which to base their conclusions?

Appropriateness relates to the quality of evidence (i.e. relevance and reliability) and sufficiency relates to the quantity of evidence. The assurance provider uses professional judgment and exercises professional scepticism in evaluating the quantity and quality of evidence to support the conclusions outlined in the assurance report.

Assurance Statement

9. If there were no limitations relating to an assurance engagement, is it still necessary to include a disclosure within the assurance statement on limitations?

No it is not necessary. However assurance providers may wish to include this information in their assurance statements if they so wish.

10. Does the assurance statement need to include recommendations and / or observations, even if these are normally included in the report to management?
Yes. AA1000AS (2008) requires that recommendations and/or observations are included in the assurance statement. A more detailed set of recommendations and/or observations may be included in the report to management, but these should not be materially different from those included in the assurance statement.

11. Which recommendations should be included in the assurance statement?

The statement must include observations and/or recommendations in the most material areas. As noted in question 10, a more detailed set of observations and/or recommendations may be included in the report to management.

12. Does a statement indicating that the assurance work was conducted in accordance with the IFAC Code of Ethics comply with the AA1000AS (2008) requirements for independence?

Yes. The IFAC Code of Ethics stipulates that assurance providers must comply with requirements relating to independence. A statement indicating that an engagement has been conducted in accordance with the IFAC Code of Ethics implies that the assurance provider has assessed and met these requirements. However, AccountAbility encourages assurance providers to provide an explanation of their independence within the body of the assurance statement.

Licensing Questions

Assurance providers who use AA1000AS (2008) are required to pay a licensing fee to AccountAbility for each commercial use of the standard.

13. How do I become licensed?

All Assurance providers wishing to use AA1000 AS (2008) commercially are required to become licensed. A licensing agreement (which is available on the Standards section of the AccountAbility website) must be completed and returned to AccountAbility. Once the agreement is fully signed, each licensed Assurance Provider will be assigned a license number, with a specific logo, which can then be used by the Assurance Provider.

14. What are the costs?

There is a nominal fee of £5 for completion of the licensing agreement. The license fee is then £500 per commercial assurance engagement when the annual turnover of the assurance client is £2 million or more. If the annual turnover of the assurance client is less than £2 million, the fee is £200. AccountAbility will invoice the assurance provider unless it is otherwise mutually agreed that the reporting organisation will pay directly. Non-licensed statements are not noted as compliant to the AA1000AS (2008) and will not be listed on the official AccountAbility Standards webpage.

15. Who can use the AA1000AS (2008) licensed assurance provider Logo?

All assurance providers who have signed a licensing agreement. Licensed Assurance providers are listed on the AccountAbility website under the link: http://www.accountability.org/standards/licensing/aa1000as-licensed-providers/
16. Where can I use the AA1000AS (2008) licensed assurance provider Logo?

The logo can then be used on any AA1000AS (2008) assurance statement that meets all the requirements of AA1000AS (2008). It can also be used on promotional materials and letterhead of licensed providers in good standing.

17. Who pays the license fee?

The fee is paid by the office conducting and signing off on the assurance engagement. If this is a local office holding the license within a multinational organisation, the local office will pay the license fee, not the head office.

18. When do we pay the license fee?

The license fee becomes payable when the assurance report is published.

19. What happens if the assurance provider fails to pay the licensing fee?

All usage of the AA1000AS will be invoiced to the Assurance Provider as appropriate. Every effort will be made to work with the Assurance Provider if there are difficulties in payment of this use, although if the payment remains outstanding, it will be necessary for AccountAbility to contact the reporting organisation directly to advise of the situation. A statement will not be considered as compliant if the fee remains unpaid.

If an unlicensed assurance provider publishes an AA1000AS (2008) Assurance Statement (either in print or in electronic/PDF format), they will be contacted and asked to sign the licensing agreement. If the assurance provider does not become licensed or does not pay its license fees, their clients may be contacted and informed that they are using an unlicensed provider.

20. Why is there a license fee to use AA1000 AS (2008)?

There are two reasons for a fee:

a. to provide finance to continue developing and maintaining AA1000 standards and supporting materials; and
b. through monitoring of reporting to provide the first step on the road towards increasing the quality and consistency of AA1000 assurance delivery.

21. What are the implications for non-licensed assurance providers referencing the AA1000 AS (2008) standard in their assurance statements?

An assurance provider must be licensed to use AA1000AS (2008). AccountAbility actively monitors non-licensed assurance providers using AA1000AS (2008). Same as question 19, if an unlicensed assurance provider publishes an AA1000AS (2008) assurance statement they will be contacted and asked to sign the licensing agreement retroactively. If the assurance provider does not become licensed or does not pay its license fees, AccountAbility may contact the reporting organisation to inform them that they are using an unlicensed provider.

22. How regularly is the listing of licensed assurance providers updated?

The listing of currently licensed assurance providers appears at:

http://www.accountability.org/standards/licensing/aa1000as-licensed-providers/

More assurance providers are joining regularly and this list is updated on a continuous basis, as and when new license agreements are signed.

23. What is the difference between a licensed assurance provider and CSAP?
AccountAbility AA1000 CIC as creator and proprietor of AA1000AS (2008), can grant licenses to an assurance provider wishing to use the AA1000AS (2008) standard for its sustainability assurance services. The license agreement stipulates that assurance providers must comply with the requirements of AA1000AS (2008), including those relating to competency. Within the License Agreement, there are mechanisms for quality control and the licensee is expected to ‘cooperate with AccountAbility AA1000 CIC, in good faith, by providing information that AccountAbility AA1000 CIC may reasonably require in order to ascertain compliance with the AA1000AS (2008) requirements’.

The CSAP qualification is available to assurance practitioners to develop, validate and communicate their competence in delivering AA1000AS (2008) assurance engagements. CSAP certification is not currently a pre-requisite for licensing.

Monitoring assurance statement compliance

24. What criteria are used to assess assurance statements?

Each assurance statement is assessed against the 15 criteria outlined in the AA1000AS (2008).

The criteria are:

- intended users of the assurance statement;
- the responsibility of the reporting organisation and of the assurance provider; assurance standard/s used, including reference to the AA1000AS (2008);
- description of the scope, including the Type of assurance provided;
- description of disclosures covered;
- description of methodology;
- any limitations;
- reference to criteria used;
- statement of level of assurance;
- findings and conclusions concerning adherence to the AccountAbility Principles of Inclusivity, Materiality and Responsiveness (in all instances);
- findings and conclusions concerning the reliability of specified performance information (for Type 2 assurance only);
- observations and/or recommendations;
- notes on competencies and independence of the assurance provider;
- name of the assurance provider, and
- date and place.

Regarding any further questions, please write to standards@accountability.org.