CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

3 February 2017

Professor Arnold Schilder
The Chairman
International Auditing and Assurance Standards Board
529 5th Avenue
6th Floor
New York 10017
United States of America

Submission via IAASB website

Dear Professor Schilder

Submission on Discussion Paper: Supporting Credibility and Trust in Emerging Forms of External Reporting

We welcome the opportunity to provide feedback on the Discussion Paper: *Supporting Credibility and Trust in Emerging Forms of External Reporting* ("the DP"). We support the International Auditing and Assurance Standards Board (IAASB) for releasing this DP and for recognising its key role in developing the framework for practitioners to follow in providing assurance over emerging forms of external reporting (EER). The DP is a positive step towards ensuring the profession is well placed to respond to the challenges presented by the increasing demands for assurance over EER. Our responses to the specific questions raised in the DP are set out in Appendix A. Appendix B includes more information about Chartered Accountants Australia and New Zealand (CA ANZ).

Overall comments

Too early for a standard – guidance most appropriate given need for flexibility

We consider it is too early for an additional assurance standard given the early stage of development of EER and the wide range of EER information prepared. In our view it is important to allow sufficient flexibility for entities and practitioners to determine the most appropriate way to report and assure this information.

The scope of the assurance engagement and the level of assurance provided will necessarily vary from entity to entity depending on a range of factors including the maturity of the entity's own reporting systems and processes. Flexibility will allow preparers and assurance practitioners to innovate and develop services that best meet the demands of all stakeholders.

We strongly support the IAASB's intention to develop guidance and illustrative examples to assist practitioners rather than to issue additional standards. We consider that the current suite of standards, in particular ISAE 3000, provides a useful starting point to guide practitioners in undertaking EER assurance engagements.

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Action required by the IAASB to address the challenges identified

In our view it is essential that the IAASB takes action now to enable the assurance profession to address the challenges identified in the DP. The majority of these challenges are well understood and we consider it is time to move beyond identifying challenges and start to take firm action to understand how these can be addressed through application of the current suite of assurance standards. Although demand for EER is relatively low in Australia and New Zealand we consider that assurance over EER will become an important service offering in the future and the profession will need to be prepared to deliver the services required. Illustrative examples and guidance will help prepare the profession.

Already assurance practitioners are involved in a broad range of professional services to assist entities to progress along the EER 'journey' and become 'assurance ready'. As acknowledged in the DP, these services include a range of non-assurance services such as compilation engagements, participation on advisory panels and Agreed-Upon-Procedures engagements (AUPs) to review entities materiality and stakeholder identification processes. It is important that the IAASB is aware of the wider application of their standards and guidance (ie beyond the traditional financial statement audit) and takes this into account when developing these.

Opportunity for collaboration

We consider EER presents an opportunity for the IAASB to collaborate with a wide range of stakeholders, such as preparers of EER frameworks, and to positively influence the development of these frameworks and the broader corporate reporting landscape. As part of its collaboration and out-reach activities we consider it would be useful for the IAASB to seek to educate stakeholders on the following areas:

- ***Management bias in relation to assurance over EER***
  We consider that stakeholder awareness of the inherent risk of management bias when entities self-select which EER information to report and to assure would drive an increase in demand for assurance over EER. Increased stakeholder awareness of this risk would lead to growing awareness of the impact this has on the credibility of the EER information and consequently on the impact of assurance over the materiality and reporting processes.

- ***Expectation gap around levels of currently assurance provided***
  There is currently a lack of clarity around the different levels of assurance provided over EER information, which may increase the existing expectation gap. We consider it would be useful for the IAASB to explain the different assurance options to stakeholders, including the differences between the assurance provided by the auditor when reading and considering the other information in the annual report in accordance with ISA 720 (Revised), a limited assurance engagement undertaken in accordance with ISAE 3000, or some other type of engagement, such as an AUP engagement. A diagram may be useful to help explain these differences.

It would be valuable for the IAASB to raise awareness of these areas as part of its collaboration with other organisations.

Prioritisation of challenges to address

We have indicated priority rankings for the ten key challenges identified in the DP based on those areas we consider the IAASB could provide most assistance at this stage. In our view, the following challenges warrant the most immediate attention from the IAASB:

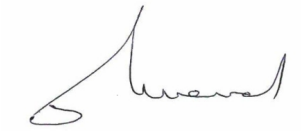
- Challenge 1: Scoping EER assurance engagements
- Challenge 2: Evaluating the suitability of criteria in a consistent manner
- Challenge 5: Maturity of governance and internal control processes
- Challenge 10: Form of the assurance report

These challenges are discussed in further detail in our response to question 7. We consider that an appropriate scope, suitable criteria and mature governance and internal control processes are essential pre-conditions to an effective assurance engagement. We also consider that clear communication of the procedures undertaken, the findings and level of assurance provided is critical for effectively managing

stakeholder expectations. The assurance report is the primary vehicle for this communication and, as such, it is important that this report is well understood.

Should you have any queries concerning the matters in this submission, or wish to discuss them in further detail, please contact Geraldine Magarey (Leader – Policy and Thought Leadership) via email at geraldine.magarey@charteredaccountantsanz.com or phone +61 2 9290 5597.

Yours sincerely



Rob Ward FCA AM
Head of Leadership and Advocacy

Copy: New Zealand Auditing and Assurance Standards Board
Australian Auditing and Assurance Standards Board

Appendix A: Responses to specific questions

Credibility and Trust

Q1: Are there any other factors that need to be considered by the IAASB?

We consider that the IAASB has captured the key factors that should be considered to enhance the credibility of EER and engender user trust. These factors are:

- A sound reporting framework;
- Strong governance;
- Consistency with wider information;
- External professional services.

The first two factors, a sound reporting framework and strong governance, are critical to enable entities to prepare EER over which assurance could be provided. Of these factors, we consider the credibility of the reporting framework to be the most essential to consider at this stage in the development of EER. Without a credible framework, such as <IR> or Global Reporting Initiative (GRI) standards, it is unlikely that users will trust the subject matter information they are provided with. Suitable criteria and a sound reporting framework are required to ensure that the underlying subject matter can be measured consistently across different entities and jurisdictions enhancing the comparability, transparency and consistency of reporting.

Q2: Are there other types of professional services the IAASB needs to consider, that are, or may in future be, relevant in enhancing credibility and trust?

In our view the IAASB has identified all the professional services that are currently being provided in this area. We consider that, given the wide range of subject matters and the significant differences between financial information and EER, additional types of professional services are likely to be required in the future. As stated above, it is important that the IAASB remains flexible in its approach to assurance over EER to allow for innovation in developing assurance services that meet stakeholder's needs.

We note that, to date, practitioners have primarily provided limited assurance over EER[1]. The IIRC's assurance working group has specifically explored the underlying reasons for practitioners providing primarily limited assurance over EER. These reasons are likely to include whether there is suitable criteria to measure the disclosures against and the level of rigour applied in measuring and determining the subject matter itself (ie the governance and internal control process applied over the subject matter). These factors are likely to impact on the ability to provide a higher level of assurance. Understanding the reasons for limiting the level of assurance provided over EER will be critical in developing the types of professional services to meet user demand in this area.

In our view it is essential that the IAASB actively monitors and, where relevant, helps influence the development of EER frameworks to ensure that these are 'fit for purpose' and will enable entities to prepare EER information that is suitable to be subject to external, independent assurance.

Q3: Are auditor's responsibilities under ISA 720 (Revised) sufficient when EER information is included in the annual report? Is there a need for assurance or other professional services, or for further enhancement of the responsibilities of the financial statement auditor, to enhance credibility and trust when EER information is in the annual report?

We do not consider the 'assurance' provided under ISA 720 (Revised) constitutes adequate assurance over EER although we are aware there is an expectation from users that an annual report which has been subject to audit should not contain misleading information, such as information regarding climate risks. There is a risk that users may be unable to differentiate between the assurance provided in accordance with ISA 720 (Revised) and a separate assurance engagement undertaken on the EER information contained within an annual report. Such misunderstanding is likely to increase the audit expectation gap. We believe there is a role for the IAASB in communicating to potential users the

[1] In fact no 'reasonable assurance' reports have been issued over <IR> to date.

different assurance services available, including the scope, procedures and level of assurance provided (ie through guidance and outreach activities). We discuss this point further under Challenge 10: Form of the assurance report.

Scope of the IAASB's Standards and Related Guidance

Q4a: Do you agree that the most effective way to begin to address the assurance challenges identified would be to explore guidance to support practitioners in applying the existing assurance standards?

Yes, we consider that the most effective way to address the assurance challenges would be to develop guidance to support the application of existing assurance standards, in particular ISAE 3000. This standard provides a useful framework in undertaking assurance engagements over EER and is currently being used by assurance practitioners in Australia and New Zealand for this purpose. In developing this guidance we would encourage the IAASB to:

- Develop guidance on how to provide assurance over future-oriented and narrative information, particularly in relation to EER information;
- Develop guidance on how to assure the entity's stakeholder identification processes and assessment of materiality (to ensure that the material information has been included in the EER and that this information is materially correct);
- Develop guidance on the acceptance of EER assurance engagements and ensuring that the criteria and subject matter is well understood;
- Emphasise the importance of integrating the assurance activities undertaken over EER and over the financial statements. In the longer term we consider there will be demand for truly integrated, holistic assurance engagements, where the assurance practitioner provides an opinion on both the financial and EER information. However in the interim it would be useful if guidance was made available to practitioners on how to co-ordinate their respective areas of work; and
- Provide guidance on the increased need to utilise the work of other experts and how this might impact on the assurance engagement.

We encourage the IAASB to consider the assurance standard issued by the New Zealand Office of the Auditor-General; AG-4 which governs assurance over non-financial information in public sector annual reports, and the explanatory guidance; EG Au9 *Guidance on the Audit or Review of the Performance Report of Tier 3 Not-For-Profit Public Benefit Entities* issued by the NZAuASB that covers the audits and reviews of smaller not-for-profit entities performance information, when developing this guidance.
We provide more specific comments on the areas where guidance on assurance over EER would be valuable in our response to question 7.

Q4b: Should the IAASB extend the guidance to the application of other standards (agreed-upon procedures or compilation engagements) and, if so, in what areas? If not, why and what other actions should the IAASB take?

Yes, we believe that the extension of guidance in relation to EER would be well received, particularly as assurance practitioners move into providing non-assurance services, to help entities develop their own EER capabilities. In particular it would be useful to broaden the ISRSs to include application guidance on reviewing non-financial information rather than developing additional subject matter specific standards. A useful starting point would be ISRS 4400 (AUP engagements). Currently this standard focusses on AUPs over financial information. It would be useful if examples were included in the application guidance to assist practitioners with undertaking AUPs over EER information.

Q5: To what extent are assurance reports under ISAE 3410 obtained, issued or used in practice? If not, why not, and what other form of pronouncement might be useful?

While the New Zealand equivalent of ISAE 3410 is rarely used, the Australian *National Greenhouse and Energy Reporting Regulations 2008* and corresponding *National Greenhouse and Energy Reporting (Auditor Registration) Instrument 2012* introduced a formal requirement to prepare greenhouse gas statements and have these audited. As such, the Australian equivalent of ISAE 3410 is used on a more regular basis.

The low uptake of ISAE 3410 in New Zealand appears to be driven by the low demand for greenhouse gas statements due to the lack of a formal requirement to prepare these statements rather than because of issues with applying ISAE 3410. Greenhouse gas reporting in New Zealand is currently voluntary[2].

Q6: Do you agree/disagree that it is too early to develop a subject matter specific assurance standard on EER or particular EER frameworks and why?

We agree that it is too early to develop a standard on assurance over EER and support the need to retain flexibility for innovation in developing appropriate assurance services to meet the needs of stakeholders. We agree that EER frameworks are still maturing and that entities often do not have fully developed reporting systems, controls and oversight mechanisms in place. This puts significant pressure on the assurance practitioner to undertake further work to gain assurance on the EER and can 'blur' the lines between the preparer and the assurance practitioner, resulting in independence issues.

We consider there would be significant value in the IAASB developing guidance targeted to addressing the challenges raised in the DP. It would be useful to develop guidance based on the lessons learnt from those jurisdictions that have already adopted EER, such as South Africa. The research publication commissioned by the ACCA, *'The Challenges of Assuring Integrated Reports: Views from the South African Auditing Community*', may be useful to draw upon in developing this guidance.

Guidance could include illustrative engagement letters and assurance reports and focus on the differences between assurance over EER and the financial statements, particularly around identifying suitable criteria and controls, defining the 'reporting boundary', expanding on concepts such as materiality and misstatements, and determining the appropriate level of assurance that can be provided. A diagram which links to the relevant standards and guidance and the circumstances in which these should be applied may be useful to users as well as preparers and TCWG.

<u>Ten Key Challenges in Relation to EER Assurance Engagements</u>

Q7: Do you agree with the analysis of the key challenges? Do you agree that guidance may be helpful? If so, what priority should be given to addressing each challenge? If not, why and describe any other actions you consider the IAASB should take? Are there any other key challenges?

Yes, we agree with the key challenges identified by the IAASB in relation to EER assurance engagements. As stated above, we strongly support the IAASB developing guidance to help address these challenges.

We have indicated priority ratings (high, medium and low) for each of these challenges below. We consider that the key challenges relate to ensuring the pre-conditions for an assurance engagement are met (ie scoping, criteria and maturity of governance and internal control processes) before assurance can be provided.

We consider that addressing these challenges should be the IAASB's focus as it is difficult to provide effective assurance over disclosures that are not 'assurance ready'. As noted above, we consider that the first two of the four key factors identified by the IAASB (sound reporting framework and strong governance) are essential to ensuring that entities are 'assurance ready'. We are encouraged that the IAASB has recognised these as key factors in ensuring the trust and credibility of EER.

We consider that identifying stakeholders and ensuring the completeness/framing/neutrality of EER information are additional challenges that need to be addressed.

Stakeholder identification is an essential component of assessing whether the information presented (or excluded) would be material to stakeholders decision needs. Stakeholders are clearly defined in the context of the financial statement audit. However there are a broader range of stakeholders for EER and it

[2] Further information can be found here: https://www.mfe.govt.nz/climate-change/reporting-greenhouse-gas-emissions/voluntary-corporate-greenhouse-gas-reporting. The Ministry for the Environment recommends that verification of Greenhouse Gas Reporting should be undertaken by independent organisations who can demonstrate they have experience with emissions inventories, *ISO 14064* and *The GHG Protocol*.

is critical that these stakeholders are identified in order to assess their decision needs. ACCA recently released a paper in conjunction with IIRC and IAAER, '*Meeting users' information needs: The use and usefulness of Integrated Reporting*'[3] which explores the issue of stakeholder identification in relation to integrated reporting. We commend this report to the IAASB working group.

Stakeholder identification is an area where assurance practitioners are increasingly becoming asked to become involved to assist entities in developing their stakeholder identification and materiality processes and to provide assurance over these. We emphasise that stakeholders and their needs should be identified by the entity, with assurance over the processes in place to identify these stakeholders and their reporting needs provided by assurance practitioners.

Neutrality, completeness and the appropriate framing of reported information are all critical to ensuring that stakeholders are provided with EER information that is balanced and not subject to bias. The recent case against Peabody Energy[4] highlighted the risk that entities do not always appropriately frame information in their EER. We consider that, while this challenge exists for financial statement audits, it is amplified for EER assurance engagements because of the subjective and qualitative nature of this information and because of the relative immaturity of the reporting frameworks and criteria. The challenges identified are strongly interlinked and it will not be possible to address one challenge without also addressing related challenges (such as stakeholder identification, materiality, completeness/framing/neutrality and scoping).

Challenge 1: Scoping EER assurance engagements (Priority rating - High)

We consider that the acceptance decision is the greatest challenge in relation to assurance over EER, in particular the consideration of whether the appropriate pre-conditions for an assurance engagement have been met. As a result we consider guidance on the factors to consider when determining whether to accept an engagement, the scope of the engagement and what to report to minimise the expectation gap (ie Challenge 10) are the most important challenges to address at this stage.

In addition we note that, because of the relative cost of assurance over EER information, management and TCWG often select the information they would like assurance over, which increases the risk that reporting will not cover all material issues. As EER continues to develop we consider it is likely that different types of assurance engagements over EER with different scopes will start to emerge. These may include a controls assurance engagement over the reporting process and a separate disclosures assurance engagement.

Challenge 2: Evaluating the suitability of criteria in a consistent manner (Priority rating – High)

The suitability of the criteria to assess subject matter information against is an essential pre-condition for an assurance engagement. As such, we consider that the IAASB should prioritise work in addressing this challenge. We support the IAASB's intention to require disclosure of whether the criteria have been communicated to the intended users. We would also encourage the IAASB to consider how to address the risk of management bias where the reporting criteria have been selected by the entity itself.

Challenge 3: Addressing materiality for diverse information with little guidance in EER frameworks (Priority rating - Medium)

We agree that this is a challenge and consider it should be addressed in conjunction with assessing stakeholder demand for EER information. As discussed above, it is important to identify who the stakeholders are in order to assess the materiality of EER disclosures. A significant level of professional judgement is required to assess whether all the material information has been disclosed.

One of the issues currently being explored by the NZAuASB (and previously experienced by assurance practitioners in the New Zealand public sector) is the lack of a requirement for preparers to undertake a formal materiality process to identify which information should be reported and the appropriate level of

[3] http://www.accaglobal.com/content/dam/ACCA_Global/Technical/integrate/pi-use-usefulness-ir.pdf
[4] Further information on this case can be found here: http://www.ag.ny.gov/press-release/ag-schneiderman-secures-unprecedented-agreement-peabody-energy-end-misleading

detail and accuracy. We recommend the IAASB work closely with organisations setting EER frameworks to ensure that preparers are required to undertake a formal materiality process (and stakeholder identification) and, where appropriate, seek to influence these organisations.

CA ANZ has funded academic research on '*The relationship between a company's materiality process and risk process for effective integrated reporting'*. We would be happy to share the findings from this research with you once they are available.

Challenge 4: Building assertions in planning and performing the engagement (Priority rating - Medium)

We consider it would be useful for the IAASB to develop guidance to assist practitioners in building assertions and potentially control objectives in planning and performing the engagement. It would be useful if this guidance included:

- Description of what is meant by the term 'assertions' which will assist non-accountants to apply the standards. This may include framing assertions as risk or focus areas;
- Examples of assertions that are commonly the focus of EER engagements such as existence/occurrence, completeness and accuracy/valuation;
- Identification of the qualitative characteristics that apply to EER; and
- Discussion of the trade-offs that will need to be made between the qualitative characteristics.

Challenge 5: Maturity of governance and internal control processes (Priority rating - High)

Strong governance and internal control processes are required to enable an organisation to prepare balanced EER information and to undertake the thought processes required to identify which information should be reported. We consider that the IAASB is well positioned to influence (rather than directly control) efforts to enhance the development of governance and internal control processes.
We note that this challenge links strongly to the scope, criteria and audit report challenges (Challenge 1, 2 and 10).

Challenge 6: Narrative information (Priority rating - Medium*)*

The challenge of providing assurance over narrative information applies to both financial and EER engagements. We encourage the IAASB to develop guidance to assist assurance practitioners to address this challenge in the context of providing assurance over a broad range of subject matters. Such guidance should include illustrative examples and encourage practitioners to identify suitable alternative evidence to support narrative disclosures.

Challenge 7: Future-oriented information (Priority rating - Low)

We agree that the level of future-oriented information included in EER is often higher than in financial reports. We consider that this challenge could be partially addressed by providing guidance that addresses the issues relating to providing assurance over future-oriented information in the context of both financial and EER engagements, to supplement the requirements of ISAE 3400 *The Examination of Prospective Financial Information*.

The majority of assurance reports over EER in Australasia have de-scoped 'forward looking statements'. We are already seeing the demand for assurance over future-oriented information increasing. It would be useful for the IAASB to develop additional guidance and illustrative examples on how practitioners can provide assurance over the assumptions made by the entity in developing their forecasts, and the reasonableness of disclosures.

Challenge 8: Professional scepticism and professional judgement (Priority rating - Low)

While we agree that assurance over EER will require higher levels of professional judgement and professional scepticism to be exercised we do not consider that addressing this should be an area of focus for the IAASB at this stage. We consider that actions arising from the IAASB's professional scepticism project will be equally applicable to assurance over EER as it will for assurance over financial information. Once assurance over EER is more developed it will become more appropriate for the IAASB

to focus on addressing how professional scepticism and professional judgement should be applied in relation to EER information.

Challenge 9: Competence of practitioners performing the engagement (Priority rating - Low)

Again, while we agree that this is a challenge, we consider that it should not be an area of focus for the IAASB at this stage. Our experience to date has shown that some assurance practitioners are electing to specialise in providing assurance over EER. We consider that such specialisation, combined with the ability to utilise the work of others in undertaking the assurance engagement and additional guidance issued by the IAASB and national standard setters, will effectively address this challenge in the short term.

Accounting firms have built up strong credibility in providing assurance over financial reports. A number of firms are already leveraging this credibility and have begun to provide assurance over EER using their existing skill-set, methodology and brand.

As a result of the breadth of subject matter involved we have also seen EER assurance engagements being undertaken by other professionals. Assurance teams are increasingly comprising specialists from a wide range of disciplines, such as lawyers, biologists, social psychologists, climate change experts and engineers. There is an increasing focus on engaging individuals who understand how a business operates and then providing training on assurance skills and methodology.

The ability to enhance the skill-set of assurance practitioners to extend to providing assurance over a broader range of subject matters and the increased requirement for specialists who can manage multi-disciplinary teams should be viewed as an opportunity to make the assurance profession a more attractive career prospect.

Challenge 10: Form of the assurance report (Priority rating - High)

We consider that the form of the assurance report is a key challenge given the need to communicate the level of work undertaken and the level of assurance provided over the information to a broader range of stakeholders. Assurance over EER is not yet as well understood as the financial statement audit. Therefore it is important that the scope, criteria and procedures are clearly communicated in the assurance report. We acknowledge there are significant differences between EER and the financial statement audit in relation to reporting requirements. We consider that the requirements and guidance around the form and content of the assurance report, contained in ISAE 3000, help practitioners to communicate the scope, procedures and overall findings of the engagement. However we consider additional actions the IAASB could take to assist practitioners in communicating the work undertaken and level of assurance provided include:

- Proactively communicating the different types of assurance available to users and other stakeholders and the importance of reading the assurance reports to understand the service provided and findings;
- Developing guidance, or illustrative examples, on the processes undertaken in relation to reading and considering the other information contained in the annual report (ie as required by ISA 720). This will help to address the expectation gap that may develop in this regard; and
- Developing specific guidance, or illustrative examples, regarding the content of the assurance report, including reporting the assumptions made in undertaking the engagement, the adequacy of the reporting framework and criteria and the level of assurance provided. This guidance should supplement the material already included in ISAE 3000 and be more targeted to assurance over EER, rather than assurance over financial information.

We note that the inclusion of key audit matters within the audit report of listed entities is also likely to influence the form of the EER assurance report. It will be useful for the IAASB to monitor developments in this area. From a stakeholder's perspective this may increase demand for one assurance report over both the financial and EER information. An 'integrated assurance report' will help to highlight the strong inter-relationship between the financial and EER information.

Potential Demand for Assurance Engagements and other Professional Service

Q8a: Do you believe that there is likely to be substantial user demand for EER assurance engagements if the key challenges can be appropriately addressed?

We consider that user demand for EER itself is a broader challenge than demand for assurance over EER. We consider that demand for EER will be driven by stakeholder demands for more holistic reporting. It will be further propelled by the continued development of a robust and credible reporting framework with which stakeholders can understand entities performance and seek to compare it against the performance of other entities. As the quality and consistency of EER continues to improve, stakeholders demands will likely increase.

Demand for assurance over EER is likely to follow as stakeholders continue to engage with the EER information and find value in it. It is reasonable to anticipate that stakeholders may then start to question the reliability and credibility of the information they are receiving. Stakeholder demand for assurance may also increase as a result of instances where EER information was found not to have been credible or reliable, particularly where stakeholders are negatively impacted by this information.

Q8b: If so, do you believe such demand:

i. **Will come from internal or external users or both?**
ii. **Will lead to more EER assurance engagements being obtained voluntarily or that this outcome would require legal or regulatory requirements?**

We consider demand will be driven by both, but predominantly by external users. However, as organisations seek to differentiate themselves from their peers and be seen as leaders, it is likely that they will choose to have assurance over EER.

There is no argument that legal or regulatory requirements would increase the demand for assurance over EER information (as was the case with the widespread adoption of assurance over financial information). To date the uptake of EER and assurance over EER in Australia and New Zealand on a voluntary basis has been slow. However, as noted above, there are many reasons to expect uptake to accelerate and we do not consider it appropriate to introduce mandatory requirements for assurance over EER at this stage.

Q8c: If not, is your reasoning that:

i. **EER frameworks and governance will first need to mature further?**
ii. **Users would prefer other type(s) of professional services or external inputs (if so, what type(s)? (enhanced responsibility for financial statement auditors under ISA 720, agreed-upon procedures or compilation reports or other types of professional services)**
iii. **There are cost-benefit or other reasons (please explain)**

As discussed above, we consider that the level of maturity of EER frameworks and governance over these is the primary barrier to the level of demand for assurance over EER. It is likely that there will be increasing demand for other types of professional services over EER such as AUP, compilation reports and assistance on advisory panels. The challenge for the assurance profession is to ensure that this demand is able to be met through the range of services that are available. In order to meet this demand we encourage flexibility in the development of future standards and guidance.

Q9: For which actions would collaboration with, or actions by, other organisations also be needed?

We strongly encourage the IAASB to continue to collaborate with other organisations to promote awareness of the need for assurance over EER and to help progress the development of EER frameworks so that the pre-conditions of an assurance engagement can be met.

Given New Zealand's experience in providing assurance over service performance information in the public and not-for-profit sectors, and the current project to develop an assurance standard for service performance information, we consider collaboration with the NZAuASB would be immensely useful.

Appendix B: About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 120,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.
We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation accounting professionals across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.