

3 February 2017

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Dear Sir / Madam

Supporting credibility and trust in emerging forms of external reporting: Ten key challenges for assurance engagements

Moore Stephens LLP is pleased to respond to the discussion paper 'Supporting credibility and trust in emerging forms of external reporting: Ten key challenges for assurance engagements'.

Attached to this letter you will find Appendix 1 with our comments to the specific questions raised in the exposure draft.

If you wish to discuss any matters raised in this letter then please contact Steve Williams, Partner (+44 (0) 207 651 1952) or David Chopping, Partner (+44 (0) 207 651 1050).

Yours faithfully

Moore Stephens LLP

Appendix 1

Discussion Paper: Supporting credibility and trust in emerging forms of external reporting: Ten key challenges for assurance engagements

	Question	Response
Q1	<p>Section III describes factors that enhance the credibility of EER reports and engender user trust.</p> <p>(a) are there any other factors that need to be considered by the IAASB?</p> <p>(b) If so, what are they?</p>	<p>We consider the description of factors that enhance the credibility of EER reports to be reasonable.</p> <p>One factor we would add to the measures in Para. 40 is that the EER should be prepared by suitably qualified and credible organisations / individuals. This is referenced elsewhere in the paper, but not in this section.</p>
Q2	<p>Sections II and IV describe different types of professional services that are either currently performed or could be useful in enhancing credibility and trust.</p> <p>(a) are there any other types of professional services the IAASB needs to consider that are, or may be in future, relevant in enhancing credibility and trust?</p> <p>(b) If so, what are they?</p>	<p>Sections II and IV offer a fair description of the relevant professional services.</p> <p>While Section II in particular references ISO standards, there are other forms of reporting (relating to, for example, government or vendor requirements) which could be considered forms of EER.</p> <p>In addition:</p> <ul style="list-style-type: none"> • transparency and open data requirements in certain jurisdictions could be considered external reporting in certain circumstances. • Semi-independent bodies (such as internal audit) can report externally in certain industries, implying a reporting and assurance framework that sits outside those described in Sections II and IV.
Q3	<p>Paragraphs 23-26 of Section II describe the responsibilities of the auditor of the financial statements under ISA 720 (Revised) with respect to the other information included in the financial report.</p> <p>(a) Is this sufficient when EER information is included in the annual report</p> <p>(b) 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</p>	<p>No comments</p>

	Question	Response
	when EER information is in the annual report?	
Q4	<p>Section IV describes the different types of engagements covered by the IAASB's International Standards and Section V suggests that the most effective way to begin to address these challenges would be to explore guidance to support practitioners in applying the existing International Standards for EER assurance engagements.</p> <p>a. Do you agree?</p> <p>b. If so, should the IAASB also explore whether such guidance should be extended to assist practitioners in applying the requirements of any other International Standards (agreed-upon procedures or compilation engagements) and, if so, in what areas? (For assurance engagements, see Q6-7)</p> <p>c. If you disagree, please provide the reasons why and describe what other action(s) you believe the IAASB should take.</p>	<p>We agree that the types of engagement outlined in Section IV offer an effective way to begin to address the challenges outlined. However, we would add:</p> <ul style="list-style-type: none"> • Depending on the subject of the EER, building on ISAE3000, ISRS4400 or ISRS 4410 might exclude subject matter specialists from supporting this assurance work. • IAASB could explore whether guidance could be extended to assist in a range of other reporting frameworks, such as ISO compliance, Security / trustmark services, open book supplier examinations, the proposed Privacy Seals in the UK etc.
Q5	<p>The IAASB would like to understand the usefulness of subject-matter specific assurance standards. ISAE 3410, a subject matter specific standard for assurance engagements relating to Greenhouse Gas Statements, was issued in 2013.</p> <p>a. Please indicate the extent to which assurance reports under ISAE 3410 engagements are being obtained, issued or used in practice by your organization.</p> <p>b. If not to any great extent, why not and what other form of pronouncement from the IAASB might be useful?</p>	<p>We see little demand for subject-matter specific assurance standards in this region.</p>
Q6	<p>Section V suggests it may be too early to develop a subject-matter specific assurance engagement standard on EER or</p>	<p>We agree that it may be too early to develop a subject-matter specific assurance engagement standard on EER or particular EER frameworks due to</p>

	Question	Response
	<p>particular EER frameworks due to the current stage of development of EER frameworks and related standards.</p> <p>Do you agree or disagree and why?</p>	<p>the current stage of development of EER frameworks and related standards.</p> <p>The primary reason is outlined in our response to Q5.</p>
Q7	<p>Section V describes assurance engagements and the Ten Key Challenges we have identified in addressing EER in such engagements and suggests that the most effective way to begin to address these challenges would be to explore guidance to support practitioners in applying the IAASB's existing International Standards to EER assurance engagements.</p> <p>(a). Do you agree with our analysis of the key challenges? (b). For each key challenge in Section V, do you agree that guidance may be helpful in addressing the challenge? (c). If so, what priority should the IAASB give to addressing each key challenge and why? (d). If not, why and describe any other actions that you believe the IAASB should take. €. Are there any other key challenges that need to be addressed by the IAASB's International Standards or new guidance and, if so, what are they, and why?</p>	<p>(a) We agree with the analysis of the key challenges. (b) We agree guidance may be helpful. (c) We would like to see the following challenges prioritised:</p> <ul style="list-style-type: none"> • Building assertions; • Competence; and • Lack of maturity in governance and internal control <p>These three areas would influence existing EER methods we are aware of clients using.</p>
Q8	<p>The IAASB wishes to understand the impact on potential demand for assurance engagements, if the Ten Key Challenges we have identified can be addressed appropriately, and in particular whether:</p> <ul style="list-style-type: none"> • Doing so would enhance the usefulness of EER assurance engagements for users • Such demand would come from internal or external users or both • There are barriers to such demand and 	<p>(a) Yes. We consider there is already a substantial user demand for EER assurance engagements under different standards. (b) We consider that demand will come from external users, and that this will lead to more EER engagements being obtained voluntarily.</p>

	Question	Response
	<p>alternative approaches should be considered.</p> <p>(a). Do you believe that there is likely to be substantial user demand for EER assurance engagements if the key challenges can be appropriately addressed?</p> <p>(b). If so, do you believe such demand:</p> <ul style="list-style-type: none"> 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? <p>(c). If not, is your reasoning that:</p> <ul style="list-style-type: none"> 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) – see box below for examples of possible types)? iii. There are cost-benefit or other reasons (please explain)? 	
Q9	<p>The IAASB would like to understand stakeholder views on areas where the IAASB should be collaborating with other organizations in relation to EER reporting.</p> <p>For which actions would collaboration with, or actions by, other organizations also be needed?</p>	No comments