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Dear Matt

### **Discussion Paper Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements**

CPA Australia welcomes the opportunity to respond to this discussion paper (DP). CPA Australia represents the diverse interests of more than 155,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia commends the IAASB on acknowledging this important evolving area of reporting. CPA Australia has shown a deep commitment to the development of emerging forms of external reporting (EER), with our 4<sup>th</sup> <IR> report, prepared in accordance with the abiding principles and content elements of the <IR> framework, due for publication shortly. We are represented on the International Integrated Reporting Council (IIRC) by our CEO, Alex Malley, who was the first Australian member to be appointed to the IIRC Council. In addition, we continue to use the Global Reporting Initiative (GRI) Standards for the sustainability elements of our annual reporting. We consider that EER are critical in providing users with information for well informed decisions and that the demand for EER and related assurance or other forms of engendering credibility and trust are likely to increase significantly in coming years. Consequently, we support the development of further standards for assurance on EER and, in the interim, guidance as to how the existing standards may be applied to engagements on EER.

We provide our responses to the specific questions raised in the DP below.

#### **Question 1**

*Section III describes factors that enhance the credibility of EER reports and engender user trust.*

- a. *Are there any other factors that need to be considered by the IAASB?*
- b. *If so, what are they?*

We consider that the four factors identified broadly represent the key factors in establishing credibility and trust in EER reports for internal and external stakeholders. However, we suggest that they would benefit from some refinement and clarification and the additional factor identified below should be considered.

Professional services and reports which assist the entity directly or indirectly in preparing the EER need to be addressed separately in the model in Figure 1 rather than forming part of governance (factor 2). Where professional services or reports are obtained for internal users preparing the EER or for restricted external users, such as the external assurance provider, they may have a

significant impact on establishing credibility and trust. Due to their importance, particularly in building capacity to enable the preparation of EER, we suggest they are highlighted by either:

- An additional factor (inserted after factor 2) which could be titled 'External professional services and other restricted use reports'. This factor may encompass professional services to build capacity, develop systems and procedures to underpin information gathering for the EER, materiality assessment to identify matters to be reported, stakeholder engagement, and access to expertise for evaluation or measurement or for report compilation; or
- Representing the relationship between factor 4 'external professional services and other reports' and 'internal user credibility and trust' in *Figure 1* by adding an arrow from factor 4 to the latter.

The extent of credibility and trust which these factors may provide for users will depend on the characteristics of each factor. Therefore we suggest that the factors themselves not include a measure of reliability ('sound', 'strong' and 'consistent') as they currently do in *Figure 1*, but rather identify the characteristics of each factor which would be considered in determining how much reliance can be placed on those factors. Consequently it would also be helpful to identify the characteristics which impact the extent of credibility and trust that can be gained by users from these factors.

In relation to each factor, we suggest:

1. Sound reporting framework – renaming this factor as 'reporting framework', since 'sound' is not a finite measure but rather a descriptor of the characteristics of the reporting framework. The extent of 'soundness' impacts the level of credibility and trust which can be gained from the reporting framework. For example, a reporting framework may provide greater credibility and trust when it is established by legislation or regulation, compliance is monitored and enforced, it is mature, it reflects best practice and the criteria within the framework are appropriate and provide a clear basis for measurement or evaluation. If the term 'sound' is to be used it would need to be defined.
2. Strong governance – renaming this factor as 'governance framework', since 'strong' is a characteristic which may be used to measure of the extent to which that governance framework can be relied upon. The characteristics of the governance framework which impact the level of credibility and trust which can be placed on that framework should also be identified.
3. Consistent wider information – this could also be simplified to 'other information sources', as 'consistent' is also a characteristic which will impact the extent of the credibility and trust which can be gained from that information.
4. External professional services and other reports - we suggest that this term could be replaced with 'independent assurance or other professional services' to link more closely to the existing assurance framework which is equally applicable to EER and to include the critical element of independence in the provision of credibility and trust. This factor could then be differentiated from the new factor we have suggested above named: 'external professional services and other restricted use reports'.

We note that the DP uses different terminology to describe an EER assurance engagement than that currently used in the IAASB Standards on Assurance Engagements. We do not understand the need to develop new terminology which has the same meaning as existing terms in use. We consider that the terms used to describe an assurance engagement in ISAE 3000, as the umbrella standard, can be applied to EER assurance engagements, regardless of the broad range of subject matter EER may encompass. Using the existing terminology will help to clarify the similarities between different types of assurance engagements. Therefore, we recommend using the existing terms rather than their equivalents as set out in *Figure 3*, in particular:

- subject matter, rather than scope and content elements, and
- criteria, rather than depiction methods and principles of communicating.

## **Question 2**

*Sections II and IV describe different types of professional services that are either currently performed or could be useful in enhancing credibility and trust.*

- a. *Are there other types of professional services the IAASB needs to consider, that are, or may in the future be, relevant to enhancing credibility and trust?*
- b. *If so, what are they?*

The additional professional services which could be included in the DP, are materiality engagements and stakeholder engagement services. Whilst the materiality process is mentioned under consultancy engagements (DP para.30), we consider that the materiality engagements extend beyond the processes to cover the materiality assessment itself and are sufficiently important services to warrant separate mention.

A materiality engagement may involve a consultancy or advisory engagement either to develop a materiality assessment process for the entity or to assist the entity in conducting a materiality assessment in order to identify material matters for inclusion in the EER. This is not typically seen in financial reporting but is an important service for many EERs.

Stakeholder engagement involves the gathering of data from stakeholders to inform the content of the EER. This type of engagement could be seen as similar to a compilation engagement for narrative information.

We also note that terminology used varies between different disciplines and may cause confusion as to the service being provided and whether services of different names are equivalent. For example 'verification' is used in certain climate change legislation in Australia to mean an agreed-upon procedures engagement under IAASB standards and the equivalent standards in Australia.

## **Question 3**

*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 annual report.*

- a. *Is this sufficient when EER information is included in the annual report; or*
- 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 when EER information is in the annual report?*
- a. *If credibility and trust is sought for EER information presented in the annual report, it is not sufficient to rely on the procedures conducted for the purposes of the audit of the financial statements in accordance with ISA 720. In considering other information under ISA 720 only material inconsistencies between the other information in the EER, the financial statements and the auditor's knowledge is considered. Any material inconsistencies may indicate a material misstatement in the financial statements or in the EER information, but not whether the EER information is fairly presented or compliant with the reporting framework as a whole.*

To provide effective assurance, the subject matter of the EER information needs to be directly addressed not indirectly as required by ISA 720. Consequently, ISA 720 serves its purpose in identifying inconsistent information which may indicate misstatements in the financial information or in the EER, but does not provide sufficient assurance to enable reliance on the EER information. The information presented in a financial report may be different from the EER information and consequently "indications of material misstatements" will be restricted to matters for which evidence has been gathered for the financial report assurance, which may have limited overlap with the EER information. In addition the financial statement audit team may have limited expertise in the subject matter of the EER and may not have had the need to engage experts for the purposes of the financial statement audit which may be needed to assure the EER information. The suggestion that ISA 720 could provide sufficient assurance for users' needs with respect to EER as well, is unlikely to be the case. If EER is to be relied on by users and credibility and trust enhanced

then the EER should be explicitly addressed by the assurance provider and included in the scope of their engagement.

- b. There is a need for assurance or other professional services in relation to EER information contained in the annual report to have an explicit statement as to which information is excluded from the assurance report, rather than silence regarding the EER information which has not been assured. Users need to have clarity regarding what information in the annual report has or has not been assured or has been subject to other professional services.

It is also important to consider whether the assurance provider should be required to evaluate the consistency between different reports when they are presented separately.

#### **Question 4**

*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.*

- a. *Do you agree?*
- 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?*
- c. *If you disagree, please provide the reasons why and describe the other action(s) you believe the IAASB should take.*

- a. Yes, we agree that guidance would be an effective means of addressing the challenges raised, at least in the interim until reporting frameworks mature, if that guidance could be issued in a more timely fashion than a standard. We do consider that a standard/s to address EER engagements would be justified, particularly as some reporting frameworks are maturing, such as Global Reporting Initiative's sustainability reporting standards and in some countries EER is mandatory, such as Integrated Reporting for listed entities in South Africa. We encourage the IAASB to consider and prioritise a new standard in the medium term.
- b. No, we do not consider that the proposed guidance should cover other non-assurance engagements. We suggest that the scope of the guidance should be restricted to assurance engagements on EER as this would already cover a very broad range of subject matters and types of engagements. We suggest that both attestation and direct engagements would need to be addressed in the guidance as the EER engagements identified in the DP include both attestation, such as assurance on reports, and direct engagements, which may include assurance readiness engagements and maturity assessments. The requirements of ISAE 3000 should be used as a basis for the proposed guidance with respect to attestation engagements, and be adapted and supplemented as necessary for application to direct engagements.

Excluding non-assurance engagements would mean that compilations, agreed-upon procedures, consultancy engagements and expert insight reports would not be covered by the guidance. We consider that this would be an appropriate outcome as such engagements are driven by the unique needs of the entity for their internal use or other restricted use and would require very different guidance to that needed for assurance engagements on EER.

Reference could be made in the guidance to the options available for conducting other non-assurance engagements, however we suggest that a fulsome coverage of all possible engagements is not possible and could cause confusion. Although we recommend that the guidance focusses on assurance engagements only, we note that this still encompasses a variety of engagements as depicted in *Figure 4* of the DP. The priority of the guidance should be clarifying how EER assurance engagements are scoped, conducted and reported in line with the IAASB Standards.

## **Question 5**

*The IAASB would like to understand the usefulness of the subject-matter specific assurance standards. ISAE 3410, a subject matter specific standard for assurance engagements relating to Greenhouse Gas Statements, was issued in 2013.*

- a. *Please indicate the extent to which assurance reports under ISAE 3410 engagements are being obtained, issued or used in practice by your organisation.*
  - b. *If not to any great extent, why not and what other form of pronouncement from the IAASB might be useful?*
- a. In Australia there are a number of government schemes related to greenhouse gas emissions, administered by the Clean Energy Regulator (CER), including the National Greenhouse and Energy Reporting Scheme (NGERS). NGERS requires entities over certain thresholds to report their emissions and energy production and consumption, in addition to other information. The CER may require an assurance engagement to be conducted after the NGERS report has been lodged, which may cover the data reported, compliance or controls, including:
- the registered corporation's structure, operational control, and facilities;
  - the identification and measurement of emissions sources, energy consumption, and production point;
  - the accuracy, completeness and validity of reported greenhouse and energy data, including recordkeeping requirements; or
  - more generally, the effectiveness of internal controls associated with data collection and reporting processes that support the collection or calculation of reported emissions and energy data.

The subject matter of NGERS assurance engagements is usually much broader than the scope of ISAE 3410. Nevertheless, the CER requires these engagements to be conducted in accordance with the relevant requirements for assurance engagements under ASAE 3410, the Australian standard which conforms with ISAE 3410. In addition, the CER requires ASAE 3000, which conforms to ISAE 3000, to be applied where relevant. As ASAE 3000 can be applied to the broad range of subject matters above, this can be used for matters which fall outside of ASAE 3410, although its practical utility in conducting these engagements is limited by the very broad nature of that standard.

The subject matter of other assurance engagements required by schemes administered by the CER for which ASAE 3000 is applied, but ASAE 3410 is not relevant, include:

- Renewable energy target exemption certificate applications covering: the activity, production amount or volume of relevant product, and assumptions underlying expected production amount or volume of relevant product.
- Emission reduction fund eligible offsets project reports covering: project compliance and reported abatements or sequestration amounts.
- Safeguard mechanism for baseline emissions determination applications covering: production information and assumptions underlying estimated production.

So the national equivalent of ISAE 3410 has been used in Australia in conducting NGER audits, however practitioners have relied heavily on guidance from the CER to interpret how to apply that standard to the various subject matters of the national schemes and requirements for assurance. ISAE 3410 is somewhat narrow in scope and so it cannot be applied directly to many of the engagements required by legislation in Australia or to the entirety of NGERS assurance engagements. Nevertheless, it has provided an anchor for the requirements for assurance on emissions, and provides an illustration of how to apply ASAE 3000 on assurance engagements for emissions, which is helpful in applying ASAE 3000 to assurance on energy, abatements and offsets when required by the CER in

Australia. So ISAE 3410 has been instrumental in linking such engagements to the auditing and assurance standards rather than other standards or frameworks.

- b. Although the national equivalent to ISAE 3410 is applied in Australia, it would have been more useful if that standard was less prescriptive about the nature of the subject matter or form of the report being assured and provided a broader range of related subject matters and types of engagements as envisaged in Figure 4 of the DP. If ISAE 3410/ASAE 3410 allowed for the subject matter of assurance engagements addressed to extend beyond reported emissions to energy production, energy consumption, abatements/offsets, related production or compliance with legislative requirements, it would have much greater utility and be able to be applied much more readily to specific national schemes. The standard would also have greater utility if the form of the entity's report were not limited to a Greenhouse Gas statement as defined under ISAE 3410.

## **Question 6**

*Section V suggests it may be too early to develop a subject-matter specific assurance engagement standard on EER or particular EER frameworks due to the current stage of development of EER frameworks and related standards.*

- a. *Do you agree or disagree and why?*

We disagree, as we consider that a standard could be developed to address assurance engagements on reports that combine financial and non-financial information, historical and future-oriented information, provide assurance on the process and/or on the information itself. There is a need for consistency not only in EER reporting but in the assurance over that reporting to aid comparability between reports and provide a sound basis for users' confidence in EER. We consider that the IAASB should take a leading role in clarifying the nature of assurance engagements for EER to address the extent of reliance users can place on different forms of reporting as they evolve.

As there are various EER frameworks currently applied which may evolve in the future and also new frameworks which may still emerge, we suggest that the standard should not be anchored to a particular framework. A broad-based standard on EER assurance could be useful in articulating the way in which such assurance engagements should be scoped, the nature of the evidence required to support a conclusion and the appropriate structure and content of reports. Examples of existing reporting frameworks could be provided in application material or appendices, if considered helpful, to illustrate the requirements in relation to them.

Another area which is rapidly developing is climate related risk disclosures. We suggest that consideration should be given to addressing the impact of climate related risk on the financial statements or note disclosures with respect to the gathering of sufficient appropriate audit evidence in relation to valuations, impairment, provisions and other items which may be impacted by climate related risks, as well as the expertise required on the engagement team in order to evaluate that evidence. Amendments to the auditing standards to address climate related risks will rapidly become necessary, particularly where those risks directly impact items in the financial statements or the notes to the financial statements.

Financial reporting requirements may also evolve in this regard, although currently, changes in reporting have primarily arisen from changes to governance and stock exchange requirements which impact the directors' report. For example in Australia, the directors' report of listed entities is required to include an 'operating and financial review', which covers the entity's operations, financial position and business strategies and prospects for future financial years. Information on future prospects is expected by the national corporate regulator, the Australian Securities and Investments Commission, to include reference to material business risks, which may include environmental and other sustainability risks, where those risks could affect the entity's achievement of its financial performance or outcomes disclosed. As the directors' report falls outside of the scope of the auditor's report, it is considered by the auditor only as other information under ISA 720, which, as discussed above, has significant limitations.

## **Question 7**

*Section V describes assurance engagements and the Ten Key Challenges we have identified in addressing EER in such engagements (see box below) 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.*

- 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.*
- e. *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?*

a. Whilst we are supportive overall of the analysis of the key challenges, we consider that it may be possible to combine some closely related challenges and include additional challenges identified in our answer to question (e) below. We suggest the challenges could be combined/consolidated as follows:

- Narrative information and future-oriented information could be combined as they present overlapping challenges with respect to evidence gathering as both are susceptible to management bias and reflects management's judgement.
- Professional scepticism and professional judgement do not need to be listed as separate challenges in their own right as they relate to a number of the other challenges, most notably competence, which we consider can adequately encompass this challenge.

b. Guidance would be very helpful in addressing the key challenges. With respect to the DP's description of the existing challenges, we note the following issues:

- Scoping – Whilst ISAE 3000 does allow flexibility which is helpful when reporting is emerging, it does not set out how to apply the requirements in different circumstances. Guidance would be helpful in how to establish appropriate scope whilst maintaining a rational purpose. In an immature reporting environment, the scope of assurance can become very limited which runs the risk of users misunderstanding or not being aware of those limitations.
- Suitability of criteria – This is particularly challenging where the criteria are not established which means that developing and communicating those criteria to users becomes even more critical.
- Materiality – The materiality assessment is particularly challenging if the users and their needs are not well understood.
- Building assertions – Guidance on assertions would be a really useful and practical way of improving the framework for assurance engagements on EER as identifying suitable assertions is essential in ensuring assurance engagements are robust and comparable.
- Maturity – Guidance would be useful particularly in evaluating the maturity of reporting systems, controls and oversight so that the engagement may be appropriately scoped and the risks adequately considered by the practitioner in conducting the engagement.
- Competence – The competence of those evaluating and measuring information and preparing the report, whether internal or external to the entity, is also a challenge in addition to the competence of the practitioner. Therefore, we suggest that this challenge needs to be extended to cover the competence of both the preparer and the practitioner.

- Narrative and future-oriented information – We suggest these are combined, as explained above. In addition, we note that this information creates challenges for directors, particularly in highly litigious legal environments, where they may risk liability if expectations of the future on which the information is based are not realised.
- Professional skepticism and professional judgment – We suggest these are deleted, as explained above.
- Form of the assurance report – We note that the description in the DP of this challenge states that 'limited assurance engagement can vary along a range of a level of assurance...the procedures performed also may vary in nature and depth.' The nature and depth of procedures in a limited assurance engagement will vary in response to the assurance practitioner's risk assessment and certainly will vary from a reasonable assurance engagement. However, the level of assurance that the practitioner seeks to obtain in a limited assurance engagement needs to be consistent with other limited assurance engagements, as it would be unreasonable to require users to ascertain or interpret what level of assurance has been reached. The level of assurance cannot be effectively communicated to users by sharing a summary of procedures. The level of assurance obtained from certain procedures will depend on the risks identified, the complexity and range of the matters being assured and the assertions which those procedures seek to address. A user without an intimate understanding of assurance cannot be expected to accurately extrapolate the level of assurance from the procedures summarised in a limited assurance report. Even a highly experienced practitioner may not be able to do so from a simple summary of procedures in the absence of an analysis of the risks being addressed.

If practitioners do not seek to obtain a consistent level of assurance for all limited assurance engagements, users will have no means of determining whether they are comparing like for like between different limited assurance reports. This is likely to severely limit the report's usefulness. Users may already be challenged in understanding the difference between reasonable and limited assurance, without being expected to interpret what assurance a report provides based on incomplete information. We suggest below that articulation of the level of assurance should be dealt with as a separate challenge.

- c. We consider it is preferable if the challenges to assurance on EER are all considered in developing guidance as they already represent only those seen as 'key' and so we do not see the benefit in prioritising them. Nevertheless if prioritisation is necessary, we suggest ranking them as follows:

1. Identifying intended users and understanding user needs (new challenge suggested in e. below).
2. Materiality assessment.
3. Scoping EER assurance engagements.
4. Maturity of governance, evaluation, measurement and reporting systems and controls (addition to this challenge discussed above).
5. Suitability of criteria.
6. Building assertions in planning and performing the engagement.
7. Narrative and future-oriented information.
8. Competence of report preparers and practitioners performing the engagement (addition to this challenge discussed above).
9. Articulating the level of assurance provided by different sources of credibility and trust (suggested new challenge discussed in e. below).
10. Form of the assurance report.

- d. N/A as we consider guidance would be appropriate to address these challenges.
- e. Additional challenges include:
  - Identifying intended users and understanding user needs is arguably the most significant challenge in designing any reporting and assurance framework. Without a clear understanding of those needs the report may not reflect the information of value to users and the assurance may not provide confidence in the information of most relevance. Many of the challenges listed are underpinned by the challenge of understanding user needs, particularly scoping, criteria and materiality. Consequently before other challenges can be addressed, the process of identifying the intended users and ascertaining their needs is essential.
  - Articulation of the level of assurance provided in order that that level may be understood by a disparate group of users and not result in a misunderstanding of the matters which have been assured. In order to clarify the relative assurance provided by reasonable assurance, limited assurance, compilation, internal governance processes or other sources of credibility and trust, it will be insufficient to rely on summarising the procedures conducted as discussed above. The assurance provided by assurance procedures conducted can only be understood in the context of the assessed risk. How best to facilitate users' understanding of the assurance report needs to be explored. We consider this issue would benefit from being addressed as a distinct challenge, rather than being covered by other reporting issues in Challenge 10.

### **Question 8**

*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:*

- *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 alternative approaches should be considered.*
  - 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?*
  - b. *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?*
  - c. *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) – see box below for examples of possible types)?*
    - iii. *There are cost-benefit or other reasons (please explain)?*
- a. Addressing the key challenges will not necessarily create substantial user demand in itself, as firstly the EER needs to address identified user needs, entities need to see value in meeting those particular user needs or be required by legislation, regulation or industry participation to provide the EER. However, for reports which provide relevant information for users, their demand is likely to be much greater for EER which has been subject to assurance or other professional service which can increase credibility and trust. Consistency and comparability of both reporting and assurance will underpin demand for EER. It is important that the challenges for EER assurance engagements are addressed if IAASB standards are to be seen as the means of gaining credibility and trust.

- b. Demand will need to be driven firstly internally when entities identify value in obtaining EER and assurance thereon. If external users' needs can be identified and EER can meet those needs, then external demand will certainly drive EER, however if the needs of users are unclear then entities are more likely to provide information only if it is required by legislation or regulation. Whilst, legislative or regulatory requirements will certainly increase demand for the EER assurance engagements, there are significant cost to business of imposing additional reporting and assurance requirements, so the benefits for users need to be clearly identified to justify such measures. Nevertheless the availability of a robust assurance framework for EER, will be an important factor in supporting voluntary take-up of EER, as well as regulatory measures.
- c. We do not consider that EER needs to mature further to justify addressing these challenges. The standards or guidance which the IAASB provides will support the maturing reporting frameworks. We consider that assurance engagements provide the most robust basis for enhancing credibility and trust for EER and that other professional services obtained by preparers will feed into the assurance risk assessment and impact the assurance procedures and outcomes anyway. We do not consider that other types of professional services or external inputs identified in the DP need to be addressed by the IAASB in setting requirements or providing guidance at this stage.

### **Question 9**

*The IAASB would like to understand stakeholder views on areas where the IAASB should be collaborating with other organizations in relation to EER reporting.*

*For which actions would collaboration with, or actions by, other organizations also be needed?*

We have not identified any additional organisations with which the IAASB needs to liaise beyond those with whom the IAASB has already been in consultation. The demand for assurance on EER will be impacted significantly by regulatory requirements to prepare EER, however we do not consider it to be the role of the IAASB to determine which form of EER is suitable to meet users' needs. Nevertheless if EER is prepared voluntarily or under regulation, we support the IAASB in encouraging the reporting framework to encompass assurance in order to enhance the value of the EER to users. We also suggest that the IAASB's role in encouraging assurance on EER, should extend to supporting assurance for which the scope is either comprehensive, in that it covers the entirety of the EER, or clearly and consistently articulates which elements of the EER are assured to minimise the risk of user expectation gaps.

If you require further information on our views expressed in this submission please contact Claire Grayston on (03) 9606 5183 or at [claire.grayston@cpaaustralia.com.au](mailto:claire.grayston@cpaaustralia.com.au).

Yours sincerely



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