



# EER Assurance

CAG Agenda Item

## Project Update – March 2018

**F**

7 March 2018

IAASB

International Auditing  
and Assurance  
Standards Board

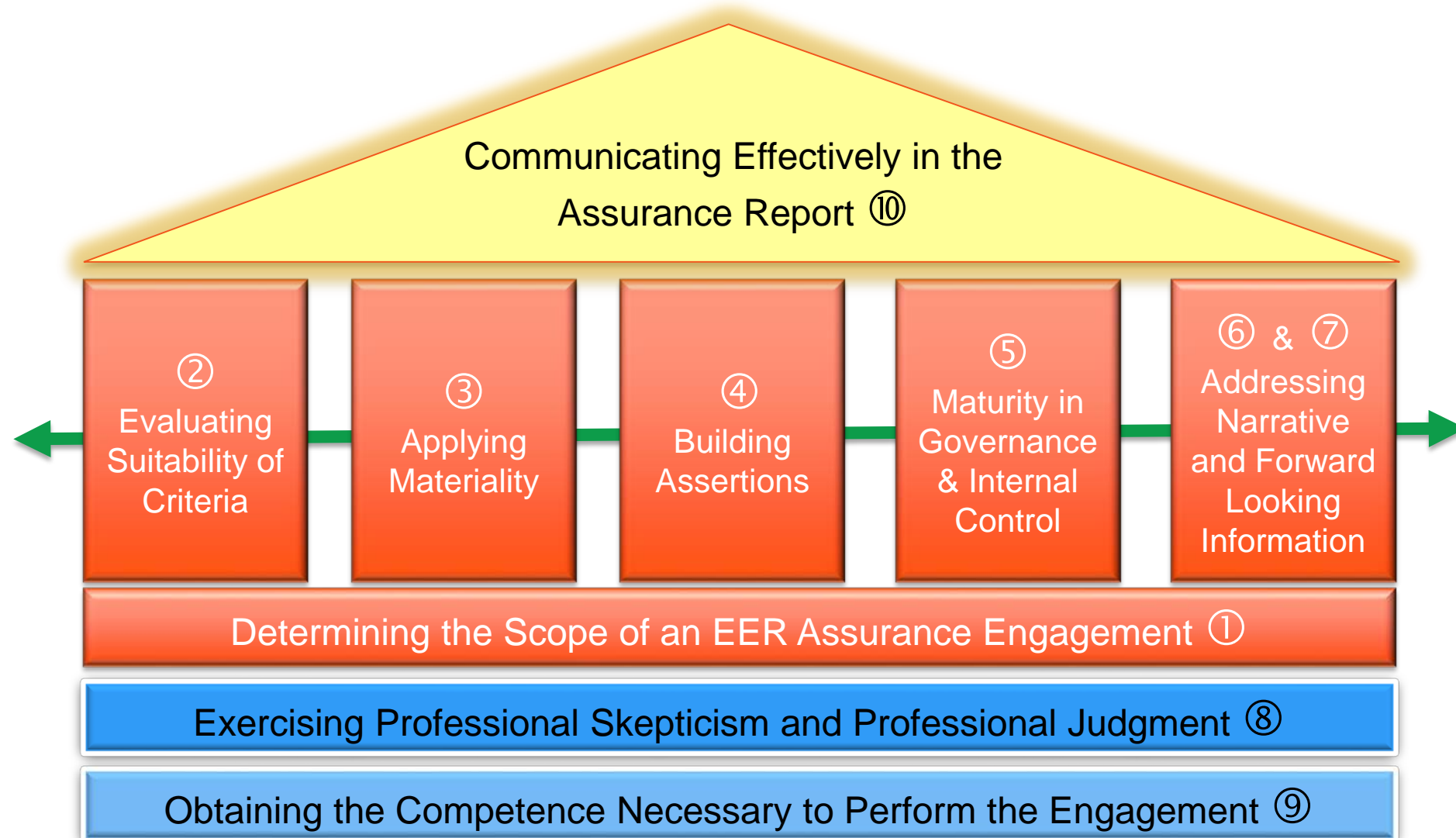
## Update on activities since September 2017

- Approval of Project Plan
- Publication of Feedback Statement
- Allocation of challenges to phases 1 and 2
- Project Advisory Panel (PAP) call for nominations

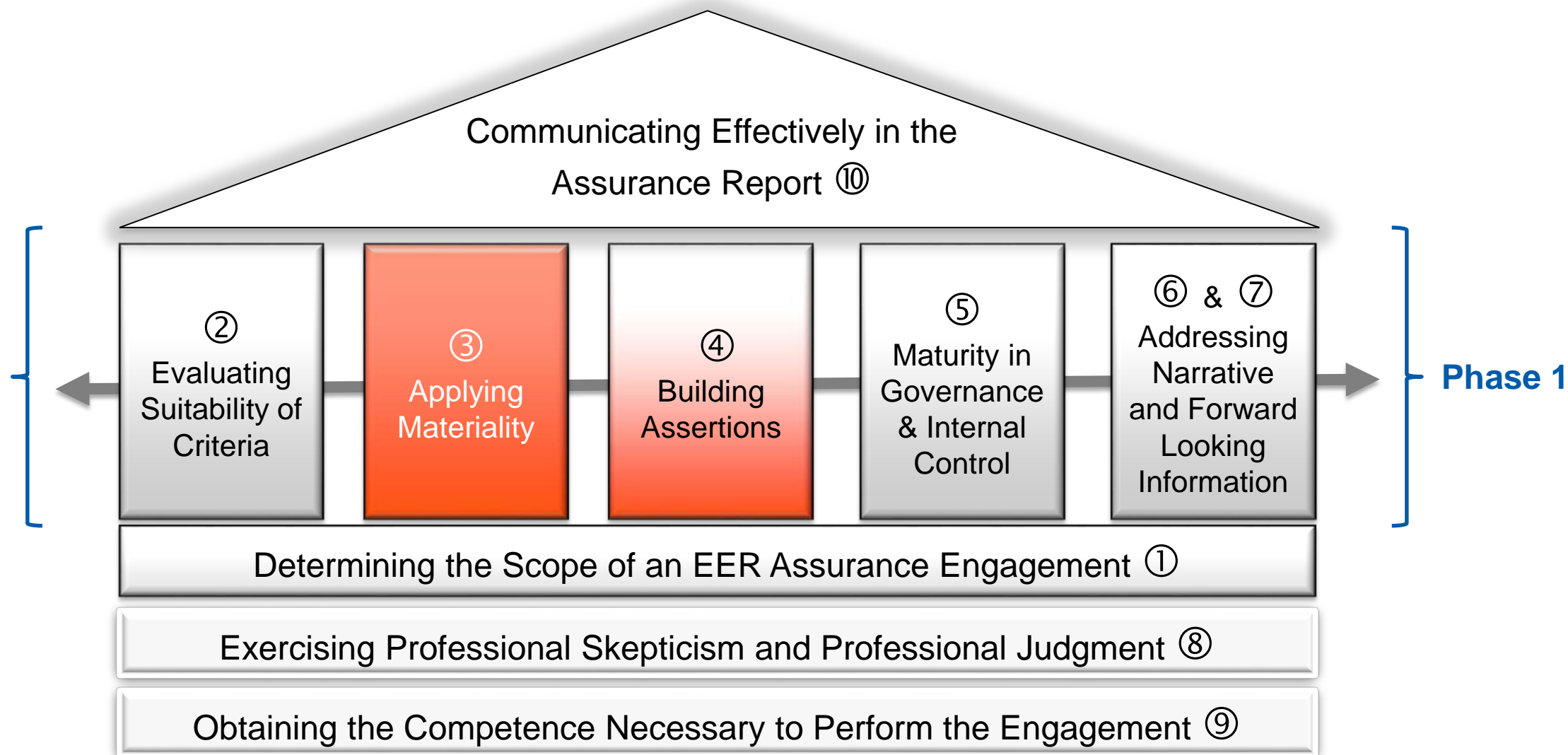
### The Ten Key Challenges

- 1: **Determining the Scope of an EER Assurance Engagement Can Be Complex**
- 2: **Evaluating the Suitability of Criteria in a Consistent Manner**
- 3: **Addressing Materiality for Diverse Information with Little Guidance in EER Frameworks**
- 4: **Building Assertions for Subject Matter Information of a Diverse Nature**
- 5: **Lack of Maturity in Governance and Internal Control over EER Reporting Processes**
- 6: **Obtaining Assurance with Respect to Narrative Information**
- 7: **Obtaining Assurance with Respect to Future-Oriented Information**
- 8: **Exercising Professional Skepticism and Professional Judgment**
- 9: **Obtaining the Competence Necessary to Perform the Engagement**
- 10: **Communicating Effectively in the Assurance Report**

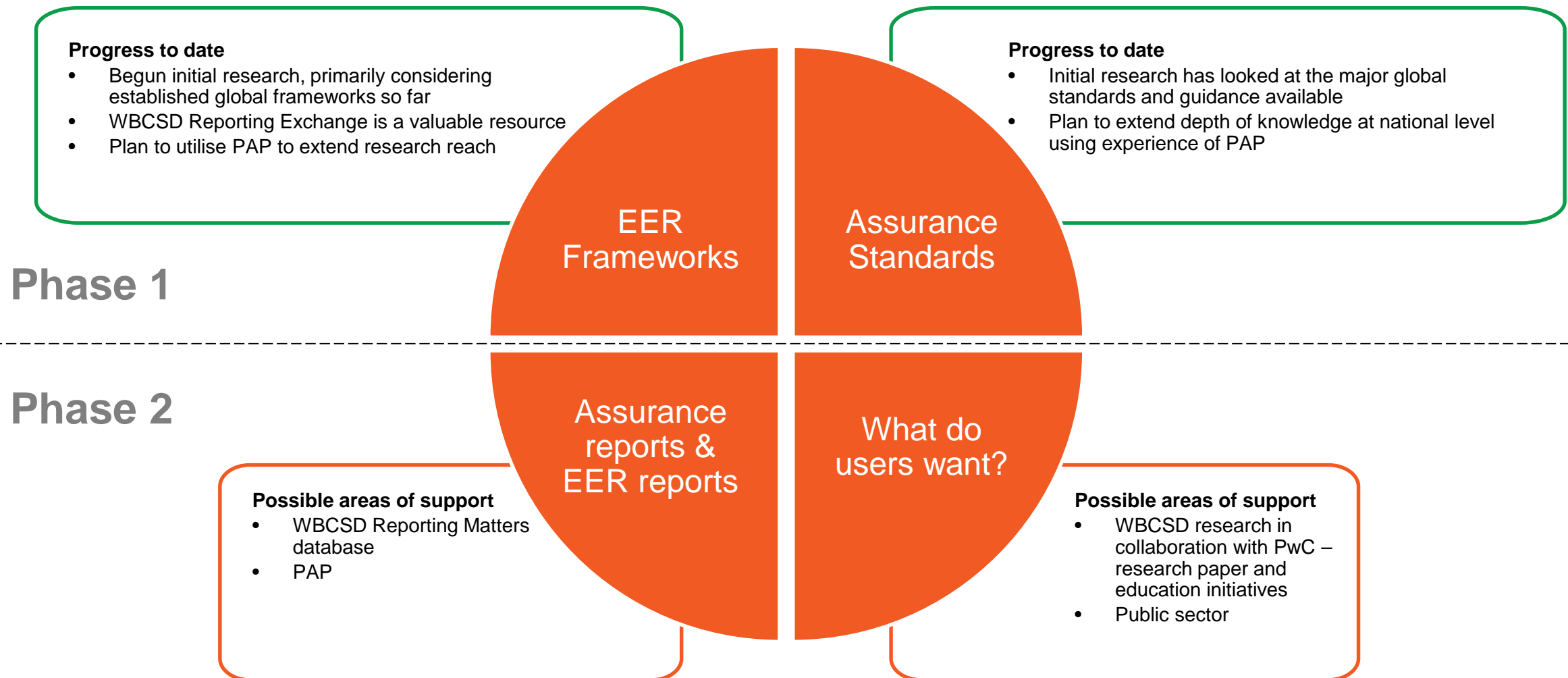
# The EER Assurance House (under construction)



# The EER Assurance House (under construction)



# Planned research agenda



## Recent work



Understanding  
contextual  
background of  
reporting  
frameworks



Challenge 3:  
Materiality



Outreach and  
project planning



## Understanding contextual background of reporting frameworks

Why are we taking this approach?

- Our guidance must be applicable to all frameworks – looking for commonalities and differences between them
- Much work has been done on financial reporting frameworks – we want to understand the limit of the similarities to EER frameworks



# Understanding contextual background of reporting frameworks



Task Force has broken down key characteristics and fundamental principles existing in various reporting frameworks:

Users



Purpose & use of report



Subject matter elements



Causes of change in the subject matter elements



Nature of the subject matter information



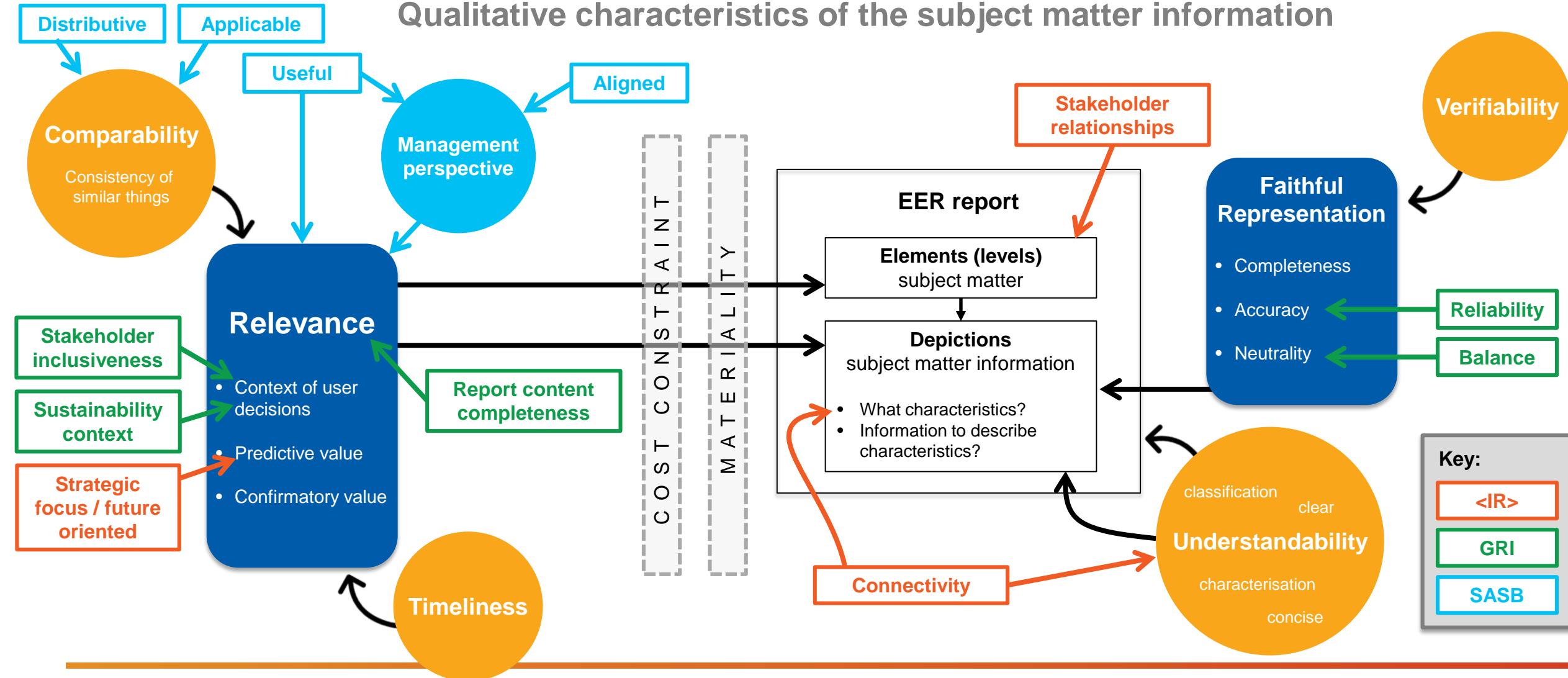
Qualitative characteristics of the subject matter information





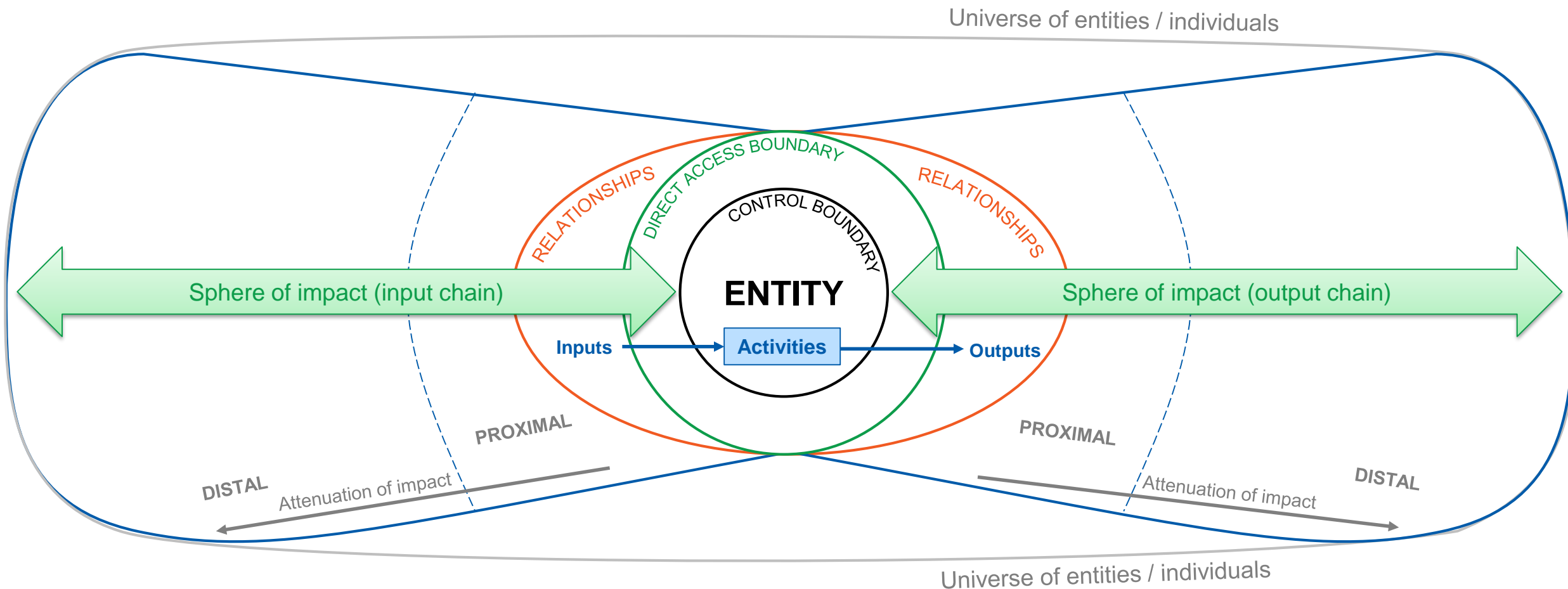
# Understanding contextual background of reporting frameworks

## Qualitative characteristics of the subject matter information



# Understanding contextual background of reporting frameworks

## An illustration of reporting boundaries



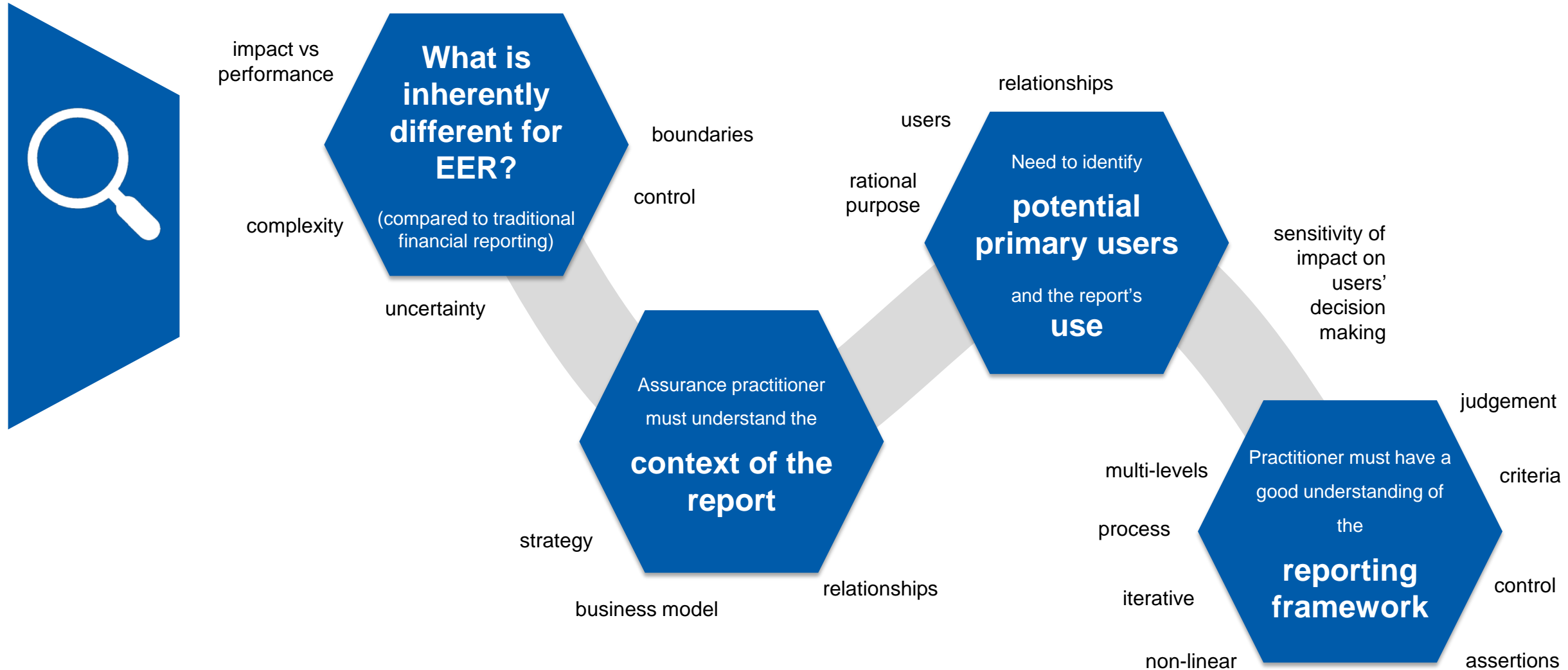


## Challenge 3: Materiality

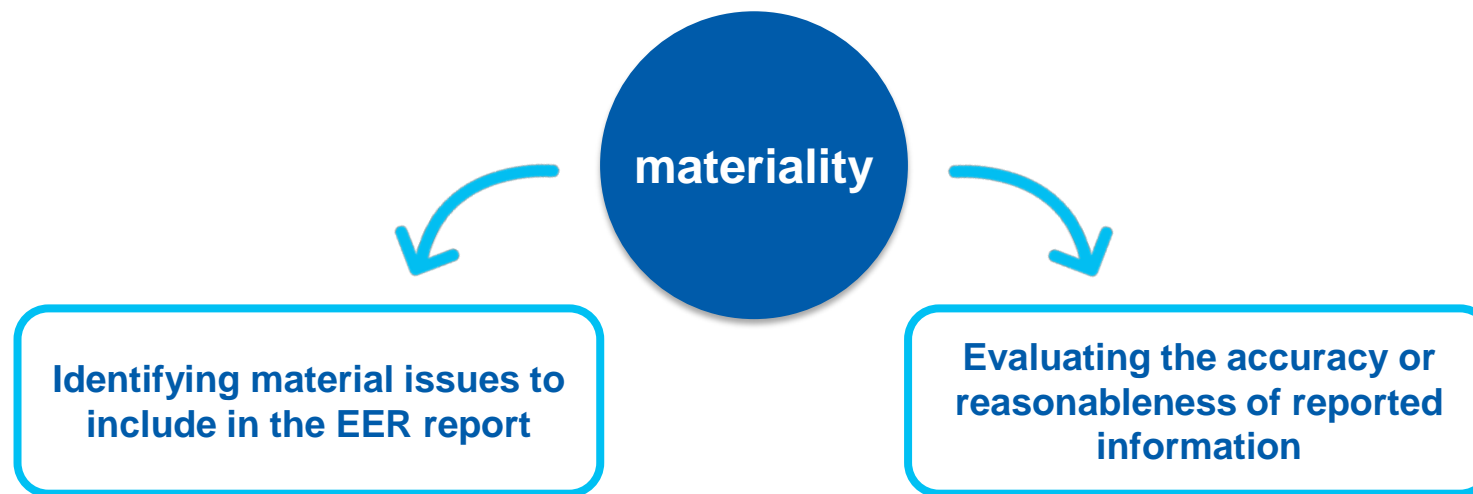
### Initial presentation of issues

Task Force has had initial discussions to explore the issues surrounding this first challenge and initial drafting of guidance is underway.

# Materiality



# Materiality



- Material information is “that which is reasonably capable of making a difference to the proper evaluation of the issue at hand”  
[Corporate Reporting Dialogue: Statement of Common Principles of Materiality]
- Misstatements, including omissions, are considered to be material if they ... could reasonably be expected to influence relevant decisions of intended users taken on the basis of the subject matter information.  
[ISAE 3000 (Revised), paragraph A94]

# Materiality



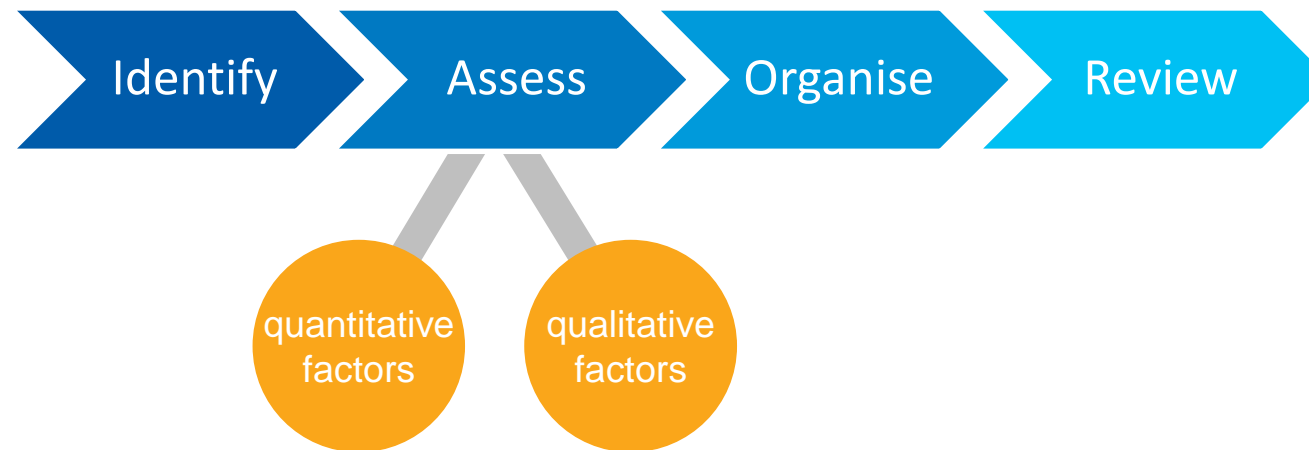
- We plan to produce guidance in the form of a framework for assessing materiality such that it is applicable to all EER frameworks and subject matter.
- The relevant assertions must be identified in order to make materiality decisions.
- Materiality must be considered for each different type of subject matter or reported measure – it isn't possible to consider the report as a whole and misstatements cannot be aggregated outside an appropriate 'unit of account'. Concept of balance is important.
- Disclosure of the materiality process undertaken by preparers is important and valuable to include in EER reports.

# Materiality



## Identifying material issues to report

- The process in traditional financial reporting is straightforward as the subject matter elements and information are well established and defined in the frameworks.
- The IASB Practice Statement 2, *Making Materiality Judgements*, gives guidance for financial reporting and presents a four step process for an entity making materiality judgements:

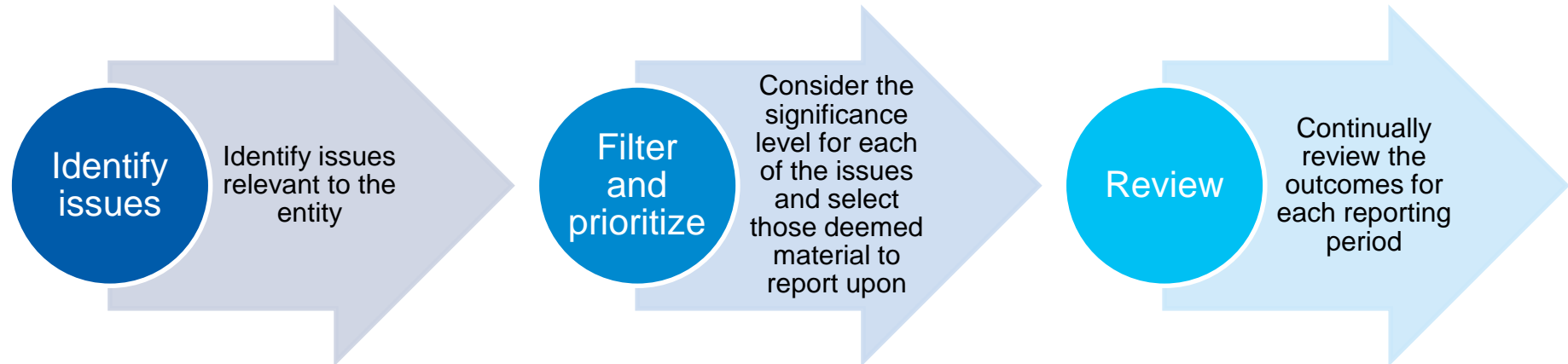




# Materiality

## Identifying material issues to report

For EER, a possible three step approach based on ideas of AccountAbility<sup>1</sup> and GRI<sup>2</sup>:



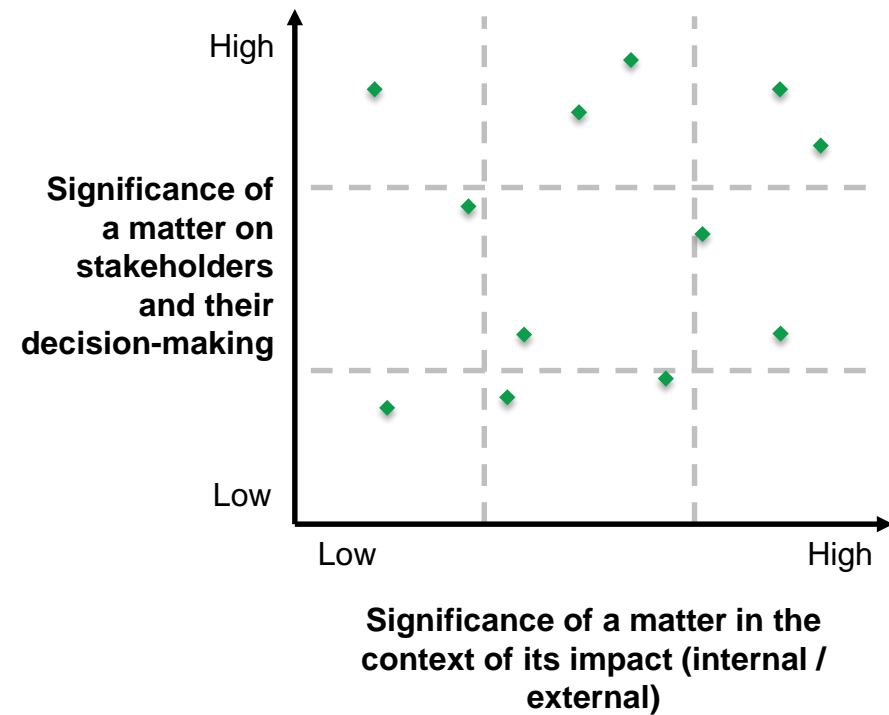
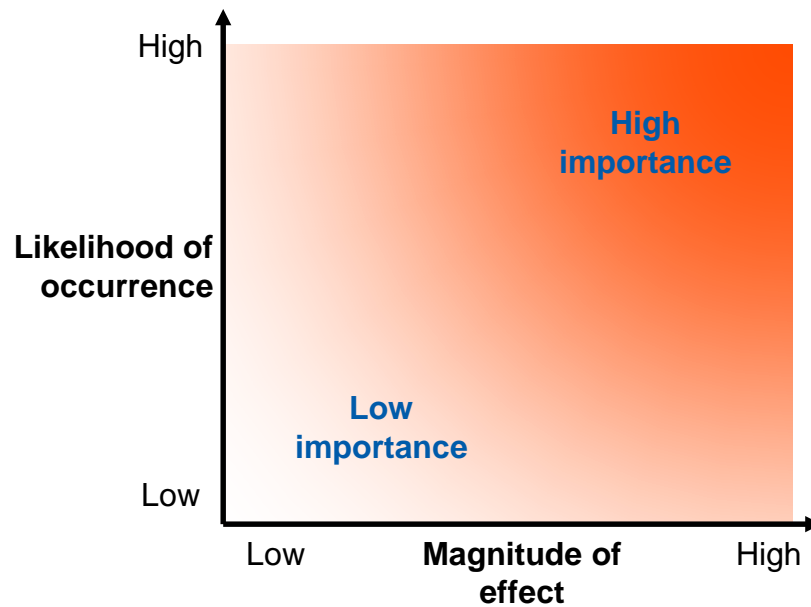
<sup>1</sup> AccountAbility - The Materiality Report (2006)

<sup>2</sup> GRI – Defining Materiality: What Matters to Reporters and Investors (2015)

# Materiality



## Identifying material issues to report – internal and external perspectives





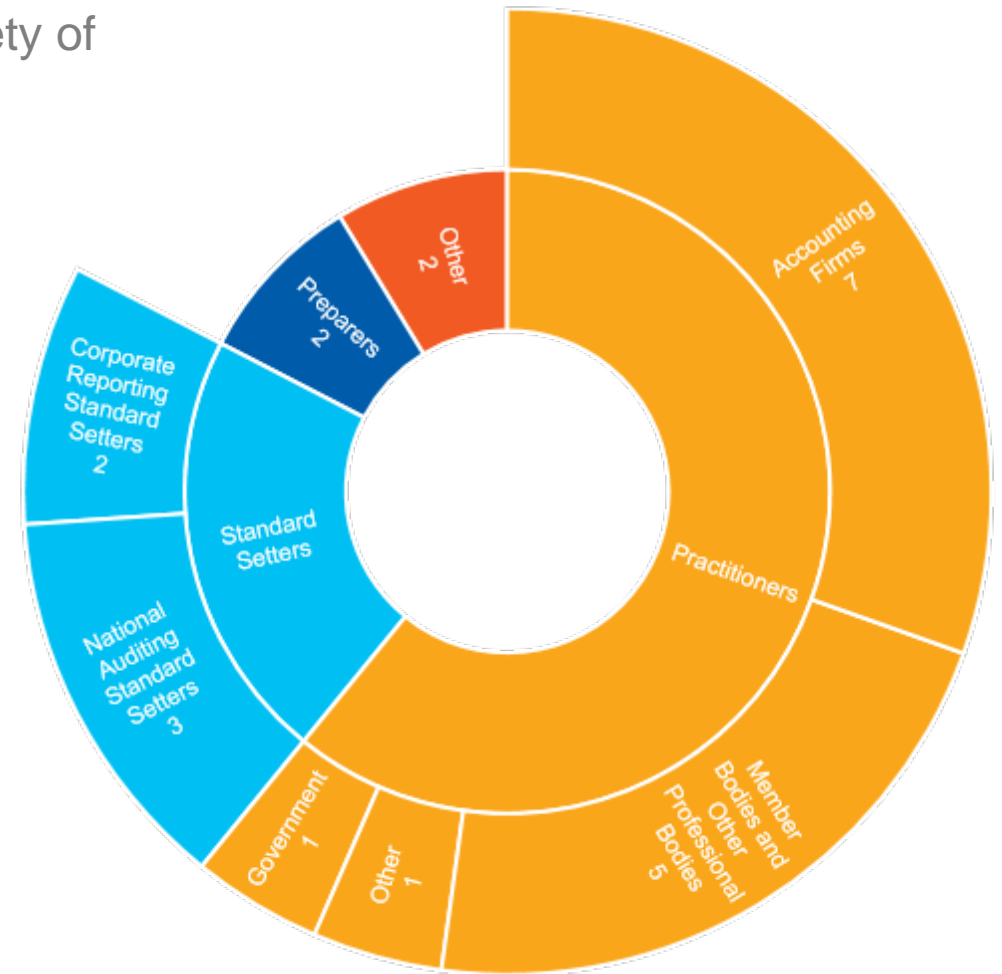
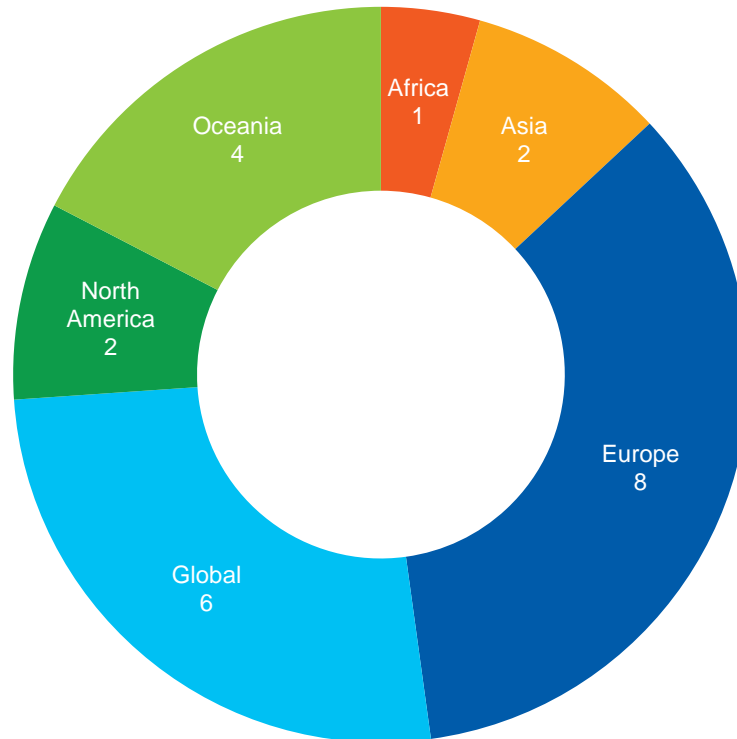
## Outreach and project planning

- Discussion of the project with key stakeholders and organisations
- Full project plan for Task Force and Board meetings developed
- Received 41 nominations for the Project Advisory Panel – first activities being planned
- Planning underway for roundtable and outreach events in October and November

# Project Advisory Panel



- 41 nominations received from a wide variety of stakeholder groups and regions
- 23 provisionally selected





**International Auditing  
and Assurance  
Standards Board®**

[www.iaasb.org](http://www.iaasb.org)

IAPN™

ISA.

ISAE™

ISQC™

ISRE™

ISRS™

For copyright, trademark, and permissions information, please go to [permissions](#) or contact [permissions@ifac.org](mailto:permissions@ifac.org).

---