



EER Assurance

CAG Agenda Item

K-1

Project Update to the CAG March 2019

March 6, 2019

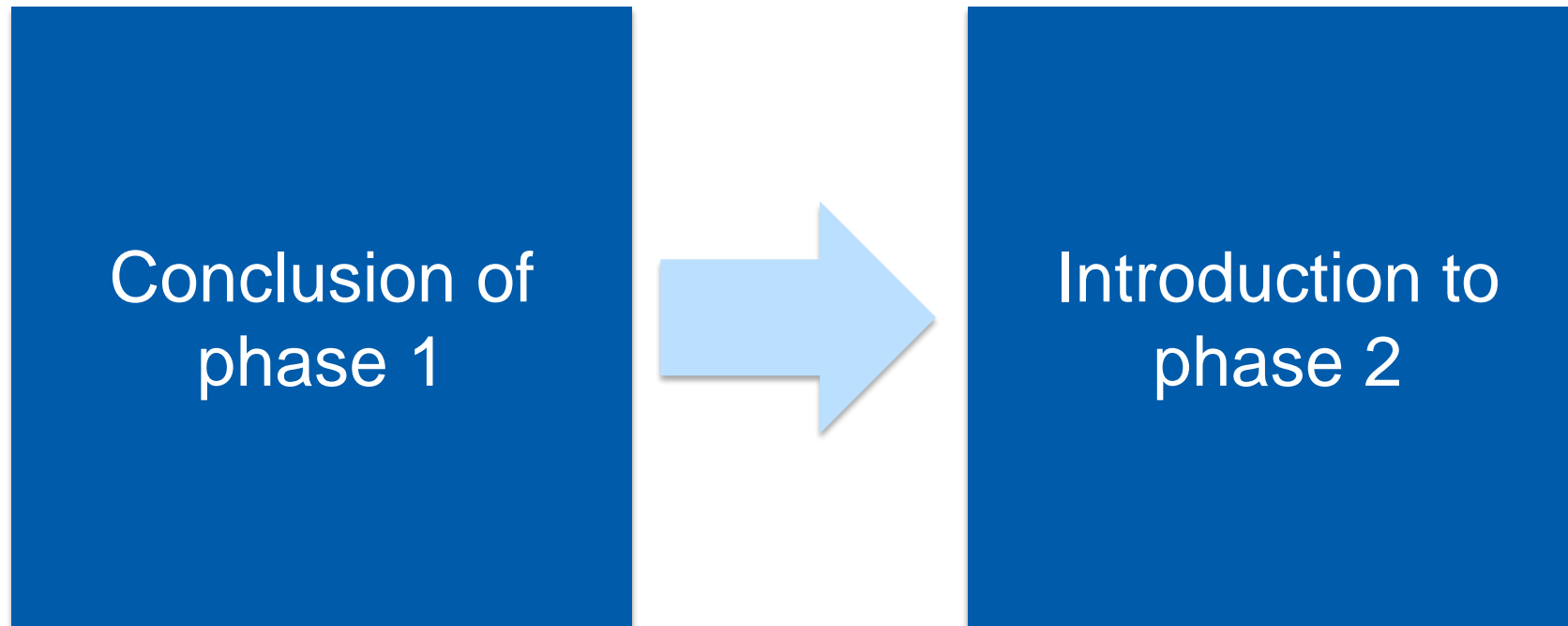
IAASB

International Auditing
and Assurance
Standards Board

Recap of September Update

- Progress report on the development of the phase 1 draft guidance – shared a first draft
- Presented key issues being considered by the Task Force
- Refer to ‘report back’ document for summary of points raised and Task Force responses

Agenda for Today

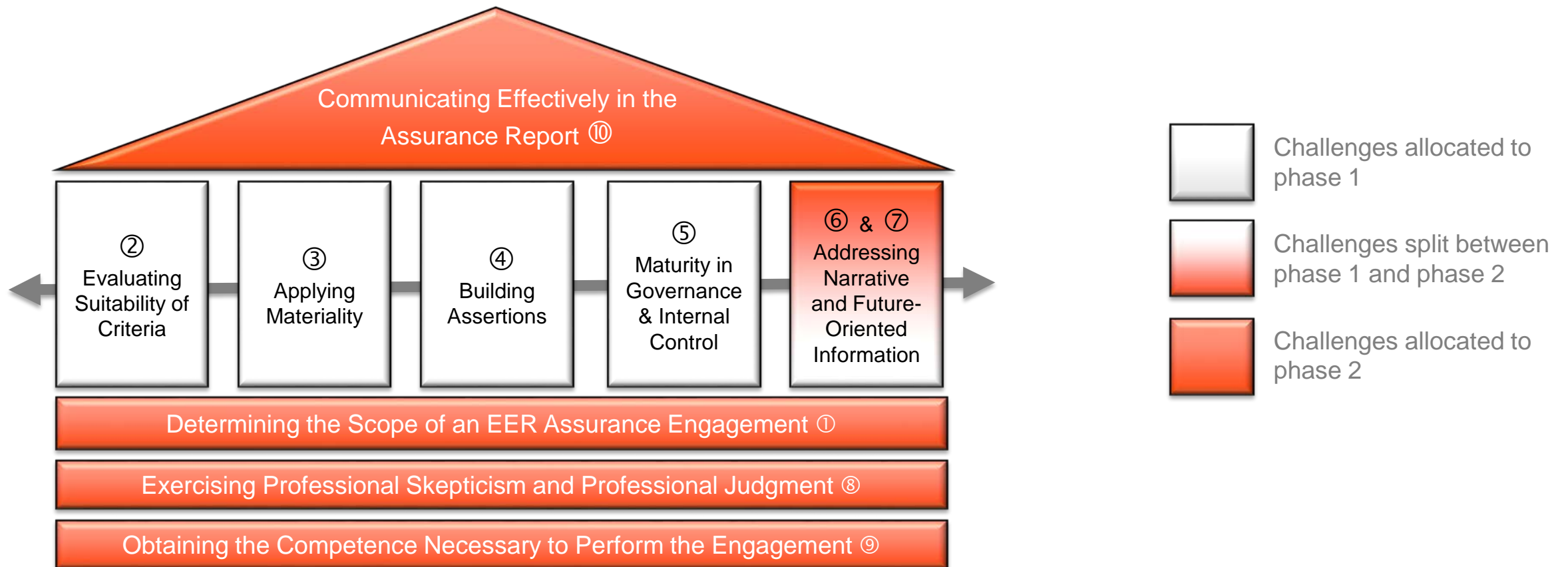


Progress Since September – Conclusion of Phase 1

- Further developed the draft guidance in response to feedback
- Global Discussion Events and Outreach Meetings
- IAASB December meeting and January teleconference
- Phase 1 consultation paper

Phase 2

The EER Assurance House (under construction)



Determining the Scope of an EER Assurance Engagement

- Wide variety in the scope of assurance engagements in practice
- Can be an entire report or only part(s) of an EER report
- Engagement acceptance considerations linked to ISAE 3000 (Revised) preconditions – particularly whether engagement has a rational purpose
- Limited and reasonable assurance

Communicating Effectively in the Assurance Report

- Summarizing the work performed
- Communicating scope and levels of assurance
- Managing expectation gaps
- Long vs. short form reports

Exercising Professional Skepticism and Professional Judgment

- Many aspects of EER that require judgment and skepticism – increased subjectivity and risk of management bias
- ‘Materiality processes’ a key area of judgment – risk of a preparer “cherry picking” what to include in the EER report and in the assurance scope
- Linked to the practitioner needing to have the necessary competence

Obtaining the Competence Necessary to Perform the Engagement

- Wide range of skills and experience required – assurance skills and detailed subject-matter knowledge
- Use of experts
- Role of engagement leader / assurance report signatory
- Quality control

Obtaining Audit Evidence in Respect of Narrative and Future-Oriented Information

- Identifying appropriate sources of evidence
- Linked to issues around the system of internal control considered in phase 1

Questions to the CAG

CAG Representatives are asked:

- a) whether they have comments on the initially identified aspects of guidance needed to address the phase 2 challenges;
- b) whether they have identified any additional aspects of guidance which are needed to address the challenges; and
- c) whether they have any comments on how these aspects of guidance should advise practitioners to address the challenges.

Next steps

- Phase 1 Consultation Paper
- Development of phase 2 guidance
 - Initial draft to be presented to IAASB in September
 - Exposure draft planned for early 2020



**International Auditing
and Assurance
Standards Board®**

www.iaasb.org

IAPN™

ISA.

ISAE™

ISQC™

ISRE™

ISRS™

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