



CAG Agenda Item

EER Assurance
Applying ISAE 3000 (Revised) - Non-authoritative Guidance

G-1

Project Update to the CAG – March 2021

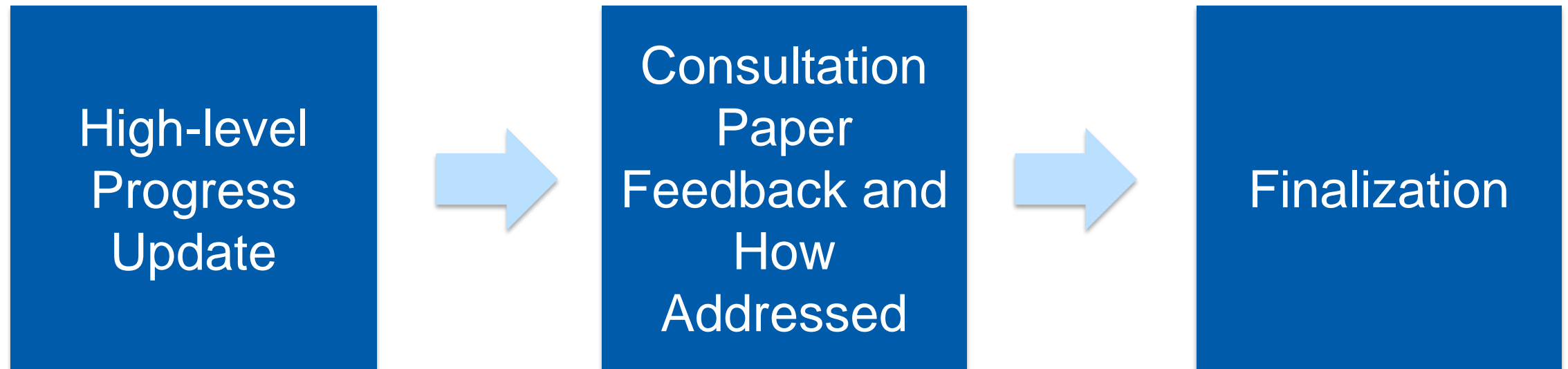
Presented by Lyn Provost, Task Force Chair

March 9th, 2021



International Auditing
and Assurance
Standards Board

Agenda for Today



Purpose of the Guidance: Serving the Public Interest

To promote consistent high-quality application of ISAE 3000 (Revised) to:

- Strengthen the influence of EER assurance on the quality of EER reporting
- Enhance trust in assurance reports
- Engender greater user confidence and trust in reliability of EER reports

Progress Since the March 2020 Public Consultation

When:

- March 2020 – July 2020
- August 2020
- September 2020
- October 2020
- December 2020
- January 2021

What we did:

- Public Consultation period
- Task Force met to analyze Consultation responses and develop proposals to address the feedback received
- IAASB meeting – the TF fed back on Consultation responses on the combined phase 1 and 2 Guidance, together with proposals to address feedback received
- Task Force meeting to consider Board feedback, including written feedback sought from Board members on Chapters 2 and 12, and to enhance the Guidance for that feedback
- IAASB meeting – presented updated Guidance, including proposed appendix on limited and reasonable assurance,
- Task Force meeting to finalize Guidance and non-authoritative support materials

Consultation Paper and Respondents

- 43 responses received from a broad range of respondents
- Generally positive support, especially
 - for practical examples
 - responsiveness to feedback on the Phase 1 consultation
 - noting that EER is a rapidly evolving area of reporting, regulation and assurance
- Comments for enhancement related in the main to:
 - the need for EER assurance guidance to evolve at a similar pace
 - some reordering of chapters, simplification of language, and more EER specificity
 - illustrative procedures needed for limited and reasonable assurance
 - further examples covering a broader range of EER frameworks

Category of Respondent	No.	Percentage
Investors and Analysts	1	2%
Regulators and Oversight Authorities	0	0%
National Auditing Standard Setters	7	16%
Accounting Firms	8	19%
Public Sector Organizations	4	10%
Member Bodies and Other Professional Organizations	22	51%
Academics	1	2%
Individuals and Others	0	0%
Total	43	100%

Structure of the Guidance - Task Force Response

- Responding to consultation feedback on the structure:
 - Previous Chapter 6 (on the entity's process to identify reporting topics) was repositioned as Chapter 4
 - Previous Chapter 10 (on reporting) was moved to the end of the Guidance (now Chapter 12) as reporting is the last stage of an assurance engagement
- We addressed respondent suggestions to streamline the Guidance by focussing on:
 - EER-specific considerations
 - Eliminating repetition of material from the Standard
 - Using 'plain English'
 - Replacing theoretical discussion with short practical examples, where possible

Chapter 2 and Chapter 12 – Task Force Response

- Chapter 2: *Professional Skepticism and Professional Judgment*
 - Separation of diagram into 2 parts, with improved linkage between the diagrams and the paragraphs of text in the chapter
 - Practical EER-specific examples in place of theoretical discussion
- Chapter 12: *Communicating Effectively in the Assurance Report*
 - Chapter renamed (previously ‘Preparing the Assurance Report’) to better reflect what the guidance in this chapter addresses.
 - Two annotated illustrative example reports – one for limited assurance and one for reasonable assurance – to replace paragraphs of text in the chapter

Limited and Reasonable Assurance – Task Force Response

- Limited and Reasonable assurance table included as Appendix 3 to the Guidance to illustrate the key differences in nature, timing and extent of procedures:
 - For the range of limited assurance, and
 - For reasonable assurance
- Illustrative only; not intended to suggest sufficiency or best practice

Content of Other Chapters of the Guidance – Task Force Response

- The Task Force also completed the enhancements to the Introduction and Chapters 1 and 3-11 of the Guidance addressing comments from:
 - Respondents to the March 2020 Public Consultation
 - Board members at the IAASB September 2020 and December 2020 meetings
 - Written comments from Board members and Project Advisory Panel members
- Diagrams – generally supported, but previous Diagram 5 (in chapter 3) and the diagram in the Chapter 9 on materiality of misstatements have been replaced
- Additional short practical, EER-specific examples have been added to most of the chapters to illustrate concepts discussed in the Guidance

Supplements A and B: Non-authoritative Support Materials

- Supplement B examples were strongly supported; five further examples developed:
 - Example 13 on obtaining evidence, including for information used by the preparer from external and multi-location information sources
 - Example 14 on qualitative information that does not result from applying suitable criteria, or results from misapplying the criteria, and considerations about ‘other information’
 - Example 15 on future-oriented, qualitative, and ‘other information’ using SASB Standards as criteria
 - Example 16 in the context of an engagement related to an entity’s disclosures to address the Recommendations of the Task Force on Climate-related Financial Disclosures (‘TCFD’)
 - Example 17 on evaluating quantitative and qualitative misstatements in EER subject matter information
- Supplement A Part I retained; less support for Part II
- To be cleared for issue in accordance with the IAASB’s internal procedures applicable to non-authoritative support materials

Question to the CAG

Representatives are asked for their comments on the information provided in this note and in the briefing, including any other matters to note during the March 2021 IAASB meeting where the Guidance document is targeted for approval

Next Steps

- Seek approval of final EER Guidance at the IAASB March 2021 meeting
- On finalization, use hyperlinks and other means to aid navigability between:
 - The Guidance and the Standard
 - Chapters and paragraphs within the Guidance
- The IAASB continues to explore how the Guidance might be published in digital format to help enhance accessibility



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