

Extended External Reporting (EER) Assurance Consultation Paper– Question 3

Question 3 of the consultation paper for EER Assurance asked respondents:

Do you support the proposed structure of the draft guidance? If not, how could it be better structured?

10. NBA**Reference 1**

- Also the risk exists that the examples become obsolete quite soon and as a result the guidance may become outdated by the time it becomes final and available. We suggest to provide the examples in a separate appendix, which facilitates easy periodic updates as practice evolves.

References 2-3

- The structure of the guidance follows the key challenges in the EER research report. More workable would be to follow the structure of ISAE 3000 for consistency purposes.
- The guidance is also applicable/useful for preparers of EER and guidance for preparers is explicitly included. We welcome this, but this seems to be a new feature for IAASB guidance. To avoid misunderstanding there is a need for more explanation of the target audience of the guidance. We also recommend better separation of guidance for preparers and guidance for assurance providers.

Reference 4

We also recommend to separate useful introductory theoretical (educational) aspects from the true guidance.

11. NZAASB**Reference 1**

- A flowchart diagram may be useful to emphasise the more iterative nature of this evaluation. (An example of such a flowchart, developed for NZ AS 1, is attached as appendix 1, for illustrative purposes).

References 2-3

The structure could be improved by clarifying the purpose of the document, i.e., guidance to be used in conjunction with ISAE 3000 (Revised) rather than a replacement for ISAE 3000 (Revised). While the importance of ISAE 3000 (Revised) as the standard has been agreed to, there appears to be justification for this approach in the draft. Once this decision has been made, it may not be useful to justify this approach.

The guidance seems to target many players in a broad eco-system of EER including users, experienced EER practitioners, auditors that may be familiar with the assurance framework but that are new to EER as well as the preparer, and even regulators. It may be more useful to separate out targeted pieces for different audiences (i.e., prepare separate companion guidance for preparers related to how to prepare for assurance) and/or make it clearer what is explanatory context for those less familiar with EER assurance versus what is practical guidance to assist more experienced practitioners apply the requirements. This will also assist in streamlining the guidance.

References 4-6

While the chapters may be useful for locating guidance on specific topics, the NZAuASB considers that the chapters may inadvertently remove the integrated and iterative nature of many of the considerations. As highlighted above, we consider that the guidance would benefit from clarification as to when the practitioner is expected to do what. The current structure may be exacerbating the concern that the draft guidance blurs the line between the preconditions for an engagement and actually performing the engagement. This may be overcome by including a flowchart (an illustrative flowchart is included in the appendix) upfront to illustrate the iterative nature of these evaluations.

We recommend that the IAASB stand back and reflect on the most appropriate structure for the guidance once all the topics have been considered towards the end of Phase 2.

Reference 7

The NZAuASB is supportive of the inclusion of references to the preparer's role and the materiality process. The NZAuASB cautions against trying to cover too much in one document. Whilst guidance on the preparer's role is important, the guidance should not blur the role of the practitioner with that of the preparer.

Reference 8

Appendix: Indicative flowchart to highlight the iterative nature of the evaluations (extract from NZ AS 1. Consider a similar flowchart for EER)

12. BDO

Reference 1

We agree with the proposed structure of the draft guidance (paragraph 18).

13. CG

Reference 1

Do you support the proposed structure of the draft guidance? If not, how could it be better structured?	We agree with the proposed structure. The approach is clear and logical.
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14. DTT

References 1-2

Presentation

DTTL supports the structure of the proposed draft guidance and finds that dividing the different aspects of undertaking an assurance engagement into chapters is straightforward. DTTL has the following two broad observations to enhance the structure of the drafted guidance:

DTTL agrees that ISAE 3000 (Revised) should be the foundation for the drafted guidance within the EER consultation paper; however, there are portions within the proposed draft guidance that reference ISAE 3000 (Revised) extensively and it may be difficult for a reader to distinguish between content that is directly from ISAE 3000 (Revised) and new content within the proposed draft guidance. Setting apart

content that is directly from ISAE 3000 (Revised) may more clearly differentiate that content within the drafted guidance. This may be accomplished through incorporating links to ISAE 3000 (Revised), including the content directly from ISAE 3000 (Revised) in boxes shaded grey or by providing the content from ISAE 3000 (Revised) in a table to set it apart from the nonauthoritative guidance. Furthermore, incorporating a glossary will provide a clear way to distinguish between terms from IAASB standards and new terms. DTTL recommends adding a glossary to define certain terms and has included a list of terms in response to **Question 2** in **Appendix I**.

The first additional paper, *Background and Contextual Information on Understanding How Subject Matter Information Results from Measuring or Evaluating Subject Matter Elements Against the Criteria*, explains and provides context to concepts within Chapter 7 of the proposed draft guidance. Whereas the second additional paper, *Four Key Factor Model for Credibility and Trust in Relation to EER*, explains and provides concepts that occur throughout several chapters, mostly within Chapter 8, of the proposed draft guidance. The additional papers include references to applicable sections of ISAE 3000 (Revised); however, DTTL believes that including references within the additional papers to the related paragraphs or chapters of proposed draft guidance will increase clarity between the concepts included in the proposed draft guidance and provide further explanation and context for those concepts included in the additional papers.

Reference 3

As discussed in the presentation section of the Overall Comments, DTTL generally supports the structure of the proposed draft guidance. In addition to the broad observations included in the Overall Comments and the recommendation of adding a glossary included in **Question 2**, DTTL believes the following paragraphs are better placed in other chapters of the proposed draft guidance:

- Paragraph 159 of Chapter 8 should be removed from Chapter 8 and incorporated into Chapter 7 as paragraph 159 primarily addresses considerations relating to suitability of criteria, which is addressed in Chapter 7.
- Paragraph 163 of Chapter 8 discusses information resulting from applicable criteria that are not suitable or available under the other information section. DTTL believes that this paragraph is not appropriate within the other information section as information resulting from applicable criteria would not be considered other information rather, as the guidance indicates, at least one of the preconditions would not be present. DTTL suggests moving this paragraph to Chapter 7 since this paragraph pertains more closely with evaluating the suitability of criteria.

15. EYG

Reference 1

For the EER Paper to be fit-for-purpose over an extended period of time, we believe that the scope and boundaries of the guidance should be better defined to assist practitioners in understanding when the non-authoritative guidance may apply to their engagements. We believe the primary value of the EER Paper is in addressing specific challenges that practitioners may encounter when the framework or the entity's reporting under the framework are still maturing.

Reference 2

We find the diagrams and figures useful. For example, the graphic in Chapter 8 that describes procedures performed by the preparer v. practitioner is insightful. The use of examples helps in better understanding the guidance particularly when the examples are specific and provided in the context of specific frameworks or in the context of criteria that has been developed or customized for the engagement. However, including such examples throughout the document makes it quite lengthy and as reporting evolves, other examples might become more relevant. Therefore, we suggest the consideration of an appendix for some portion of the examples (e.g., those that are targeted to specific framework or topic) that would better facilitate updating these examples periodically.

Reference 3

The categories in the EER paper are primarily aligned to the 2016 Discussion Paper. It is understandable that the paper has been assembled using this approach. Consistent with our introductory comments, we believe the guidance will be most understandable and usable if the practitioner can easily find the guidance that is applicable to the specific challenge they are facing in their engagement. It is equally important that practitioners understand how the guidance aligns to the Standard. Accordingly, it may be helpful to repeat the relevant Standard requirement paragraphs at the top of each of the sections for easy reference, as well as align headings to those used in the Standard. Enhancing the structure in this manner would make it easier to read and understand alongside the application material of the Standard.

17. KPMG

Reference 1

We understand that the IAASB does not intend to re-open ISAE 3000 (Revised) to incorporate new requirements, however, we highlight that certain concepts extend beyond those set out in ISAE 3000 (Revised) and may be interpreted as creating new requirements, e.g. in respect of the material regarding understanding of internal control, as well as the introduction of the concept of assertions. We recommend, therefore, that the Guidance Document explicitly state that its intended purpose is to provide guidance regarding the application of ISAE 3000 (Revised), and clarify that it does not establish new requirements that are above and beyond those set out in ISAE 3000 (Revised).

Reference 2

We understand that the IAASB does not intend to re-open ISAE 3000 (Revised) to incorporate new requirements, however, we highlight that certain concepts extend beyond those set out in ISAE 3000 (Revised) and may be interpreted as creating new requirements, e.g. in respect of the material regarding understanding of internal control, as well as the introduction of the concept of assertions. We recommend, therefore, that the Guidance Document explicitly state that its intended purpose is to provide guidance regarding the application of ISAE 3000 (Revised), and clarify that it does not establish new requirements that are above and beyond those set out in ISAE 3000 (Revised).

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therefore, that the Guidance Document explicitly state that its intended purpose is to provide guidance regarding the application of ISAE 3000 (Revised), and clarify that it does not establish new requirements that are above and beyond those set out in ISAE 3000 (Revised).

Reference 4

Overall, we believe that the proposed structure is clear and appropriate and we support the inclusion of specific matters in individual chapters. We highlight above that certain aspects of these assurance engagements would also benefit from guidance that does not currently appear to be proposed, e.g. the suitability of the underlying subject matter, as well as better links between inter-related areas in considering whether the preconditions for an assurance engagement are present.

18. MZS

Reference 1

- A full example of a reporting would be helpful in appendix.

References 2-3

- The structure of the guidance follows the key challenges and a certain chronological order when performing the engagement but it could be improved through a global workflow of the engagement, providing scope and perimeter.
- We recommend a better separation between the guidance for preparers and the guidance for practitioners.

Reference 4

§ 24 & 26 (linking the preconditions and the system of internal control)

- No further comments

§ 36 assertions

- No further comments

19. PwC

References 1-3

We believe the proposed structure of the draft guidance generally follows a logical approach to performing an assurance engagement. Given the close relationship between the consideration of the purpose of the engagement and the intended users and the preconditions for the engagement, we feel there is an argument for locating Chapter 8, Considering the Entity's 'Materiality Process', earlier in the document, for example, to follow chapter 3 - see also our response to question 1.

We believe this would also be useful in setting relevant context for current proposed chapter 6 on consideration of the system of internal control. Guidance on the entity's materiality process around determining what is to be reported, and how, and what is 'material', will to a large extent drive the consideration of the internal controls that are needed to identify, record, process and report the subject matter information. We comment separately on the content of the materiality process section in our response to question 4 below.

With respect to narrative information, we suggest that Chapter 3, Agreeing the Scope of an EER

Assurance Engagement, should include some introductory material that highlights the importance of narrative information in the context of EER, in particular in helping build the practitioner's understanding, in assessing the risks, and in designing procedures. While Chapter 10 sits logically within the structure of the proposed guidance, it is important to emphasise that such information be considered early in the engagement.

2. CFC

Reference 1

Answer: We acknowledge the idea of using subheadings. However, in terms of reorganizing the text, it would be easier for the reader to understand if the paragraphs were grouped into two groups: with and without further guidance.

The inclusion of topics related to Phase 2 could bring confusion to the development of comment letters. Should we focus solely on topics related to Phase 1 one or should we also consider topics related to Phase 2?

20. GAO

Reference 1

We support the structure of the proposed draft guidance as set forth in phase 1. As the chapters are developed to address the remaining challenges, the order of the chapters may need to be revised to move certain topics to the beginning of the audit guide, for example, professional skepticism and professional judgment.

21. ACCA-CAANZ

References 1-2

In general, we think that the structure should follow that of ISAE 3000 as far as practical, or the best way otherwise in order to make ISAE 3000 easier to understand and apply.

Professional scepticism and professional judgement could be separated, as these are two distinct concepts - professional scepticism is a 'state of mind' and should be applied throughout the whole engagement, and professional judgement is an action taken in certain situations during the engagement. It is confusing having the two terms discussed in one chapter. Professional scepticism could be kept separate from the rest within Chapter 5, where guidance on professional judgement could be embedded where relevant in other chapters.

22. AE

Reference 1

The final guidance should explicitly state the intended audience and its purpose. For example, it could be useful to indicate which parts of the guidance are intended for assurance practitioners and which parts are for preparers. Also, differentiation between the intended audiences might improve the structure of the guidance.

Reference 2

The guidance overall should indicate in a very clear manner what matters link back to the standard and what concepts have been newly introduced in the guidance. In addition, the guidance should state why these newly introduced concepts can assist assurance practitioners in the application of the standard.

Reference 3

Such examples could be stored in a separate section or document with references to the section in the guidance to which they relate, and vice versa from the guidance to the specific example, to reduce the overall length, improve the flow and make the guidance itself easier to digest. With such a solution, it would also be easier to update or complement the examples when necessary. We would also suggest broadening the scope, for example, add examples on human rights as this is the area of increasing importance and there is currently not enough guidance in practice.

References 4-7

Paragraph 18 (structure)

The structure is workable, but the document is already very lengthy and can be difficult to digest. As the consultation paper indicates, it only includes the outcome of phase one. This issue will be compounded once the outcome of phase 2 is added, therefore we expect that it will become necessary to adapt the structure accordingly to keep the guidance user-friendly. As the draft guidance will be further developed, it is challenging to comment on the structure before the final guidance is issued.

The guidance needs to be well structured and of appropriate length, otherwise its use will be limited. As the document is already quite lengthy, careful signposting could help the user understand the structure of the document. Also, using digital solutions and cross references would improve the structure.

At the beginning of the document, it might be helpful to clearly specify the intended audience and the purpose of the guidance. The draft guidance might require a different level of detail depending on the audience and its experience. As the draft guidance currently states that it is primarily intended for assurance practitioners, but it could be also helpful for preparers, it might be useful to clearly indicate which chapters are intended for which audience.

Reference 8

Paragraph 19-21 (relationship with ISAE 3000 (Revised))

The draft guidance covers a broader scope of matters than ISAE 3000. While providing guidance on additional matters is helpful to practitioners, it should be clearly stated in the guidance that specific parts go beyond ISAE 3000 to avoid any confusion. We refer for instance to paragraphs 62, 80 and 82. New content, but also new concepts have been developed. The IAASB should be cautious not to augment or substitute terms that are currently used and well understood by practitioners with these new concepts.

23. AICPA

Reference 1

- Paragraphs 75-77 regarding the practitioner's response when the preconditions are not present, are included in Chapter 6, "Considering the System of Internal Control." This topic does not relate only

to the system of internal control and might fit more appropriately in Chapter 1, “Introduction,” or Chapter 3, “Determining Preconditions and Agreeing the Scope.”

- Paragraphs 80-84 of chapter 7 present the components of an EER engagement, a topic that is relevant to the entire paper, and therefore might be better placed in Chapter 1, “Introduction,” or chapter 3.
- Paragraphs 122 and 123 of chapter 7, which address consequences when criteria are not suitable or available, should be moved to chapter 3 because these paragraphs relate to preconditions.
- See our comment under Question 6 regarding moving the information included in the paper “Background and Contextual Information on Understanding How Subject Matter Information Results from Measuring or Evaluating Subject Matter Elements Against the Criteria,” into the primary paper.

26. CPAA

Reference 1

- Shortening the main body of the guidance and moving examples/case studies to the Appendix would improve the usability and readability of the guidance. In this context, it might not be necessary to provide multiple examples comparing financial reporting with GRI.

Reference 2

- Further, we understand that the challenges listed in Appendix 1 (page 71) of the guidance were ordered to accord with the approach of an assurance engagement. We suggest reordering the sections within the guidance to be aligned with this list of challenges. The structure of the guidance would then be more consistent with ISAE 3000 (Revised).

27. CPAC

Reference 1

The IAASB could also consider structuring the draft guidance in phase one in two parts to address important distinctions in EER engagements depending on the standards, framework or criteria that is being used. For example, the Sustainability Accounting Standards Board standards are designed to assist companies in disclosing financially material sustainability information to investors while the Global Reporting Initiative standards are intended for reporting on sustainability information to a wider range of stakeholders. As such, auditor considerations relating to applicable reporting criteria, materiality assessments, nature of procedures to apply etc. would vary.

We suggest that the first part could address the above noted considerations specific to EER engagements on subject matter whose intended users are primarily investors and providers of financial capital (e.g. non-financial performance measures included in regulatory reports such as Management’s Discussion & Analysis (MD&A)). The second part could then be tailored to address considerations related to EER engagements whose users are other types of stakeholders (e.g. non-financial performance measures in sustainability/corporate social responsibility reports).

28. EFAA

Reference 1

The structure of the guidance, which follows the key challenges in the EER research report, is clear but we wonder whether it better to follow the structure of ISAE 3000 for consistency and ease of reference.

Reference 2

All extant requirements derived from ISAE 3000 could be designated as such with reference to the relevant paragraph of ISAE 3000.

29. FACPCE

Reference 1

Q3) Do you support the proposed structure of the draft guidance? If not, how could it be better structured?	Paragraph 18 (structure)	We agree with the structure.
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3. IRBA

Reference 1

- a) We support the proposed structure of the draft guidance.
- b) We recommend that a separate chapter on underlying subject matter and subject matter information of EER be included. This chapter could include examples illustrating how the content of an EER report can differ substantially between different reports and entities.

30. FAR

Reference 1

- FAR believes that it will be difficult for a non-audit professional outside the Sustainability sphere to fully understand the document and for an initiated Sustainability auditor there is limited new information. FAR believes that it would be beneficial to more clearly define the intended user and then adopt the content of the document accordingly

Reference 2

- FAR understands that this is only a guide for Extended External Reporting, however it is unclear for FAR how this guide is expected to be treated in relation to already established frameworks for Assurance engagements. FAR believes that a description of the Hierarchy of the Guide in relation to other Assurance frameworks would be beneficial to the user. In section 3-1 it is stated that the scope of the document is applying specific areas of ISAE 3000. FAR believes that if the audience is the Audit profession any information already stated in ISAE 3000 could be removed unless there is a need for clarification

31. FSR

Reference 1

The examples may be included in a separate section (or through 'click-down' menus) to ensure the guidance itself is not too lengthy.

Reference 2

It could be useful to clearly specify the intended audience and the purpose of the guidance. Taking the audience into account, if this draft guidance is targeted towards experienced practitioners, the draft guidance might require a different level of details than if the guidance is drafted for educational purpose.

Reference 3

Whilst the consultation includes the first half of the guidance, it can be difficult to foresee the look and feel of the final guidance following phase two. Hence, it is a bit difficult to comment on the structure before the final guidance is issued. As mentioned earlier we suggest a web-based guidance to make it into a useful online tool where you easily can seek information in practice.

32 GRI

Reference 1

As indicated above, restructuring the guidance to separate out examples and detailed case studies could assist with making what will be a very lengthy document, more navigable.

33. IAAA

Reference 1

Yes, we support the structure in chapters that the document proposes, although, according to the production schedule of the guide, we are more or less halfway, however, it is already visible what would be the complete document because each chapter is sufficiently clear about what it will contain, which will greatly facilitate its understanding and subsequent application, however, will depend a lot on the final version for this expectation to be real. In particular, we hope that chapters 8 and 9, which will address the issue of materiality and chapter 13 to be referred to the assurance report, will be clear and contain many examples from real cases of the EER because they will help a lot in their rapid understanding and success of the guide.

34. IIA

Reference 1

Finally, we suggest a structure that includes process maps to help create an understanding as to the roles of the various parties, the input required from the various parties, and the location of the publication of the report (i.e., is it published on the organization's website, submitted to government, included in the annual report and accounts, etc.).

35. IIRC

Reference 1

We appreciate the challenge of presenting such a vast body of information in a single document. Furthermore, we acknowledge that there may be divided opinions on how to best structure the information. In preparing this submission, we surfaced mixed views on the proposed sequencing of chapters and sub-sections. To some, the contents as presented on page 14 of the Consultation Paper followed a logical flow. To others, the Draft Guidance appeared fragmented, prompting a suggestion that the guidance be structured into two main sections:

Procedures of the Assurance – containing Chapters 2, 3, 4, 5, 6, 7, 12 and 13

Content of the Assurance – containing Chapters 8, 9, 10 and 11

On this basis – and subject to other consultation feedback received – we recommend testing both the original and above-proposed approach with a diverse focus group, prior to the next exposure draft.

Reference 2

We agree with this decision and further recommend that the guidance, as an aid in applying ISAE 3000 (Revised), clearly signpost the matters not previously addressed in the standard.

36. ICAEW

Reference 1

20. Alongside this, the linkages between the chapters need to be clear. Also, as this proposed guidance is intended to be published alongside other background papers, it will be important to explain to practitioners how these all fit together, and how they relate to ISAE 3000 (Revised), to ensure that practitioners can easily navigate their way around them.

Reference 2

21. There is a clear link between this chapter and the proposed chapter on the entity's 'materiality process' which addresses the identification of intended users and we would encourage the IAASB to consider how this link can be made clearer in the proposed guidance, particularly as content in phase 2 is added. This may require a change to the structure.

Reference 3

22. As explained in paragraph 14 above, there is a clear link between this chapter and the proposed chapter on determining preconditions and we would encourage the IAASB to consider how this link can be made clearer in the guidance.

References 4-5

23. It is difficult to comment on this question without seeing the guidance as a whole. In principle, the structure looks appropriate but, as we note above, there are linkages across some of the chapters, for example chapters 3 and 8 that could be made clearer. It will also be important to revisit this question when the full guidance is available.

37. ICAG

Reference 1

Yes, we support the proposed structure of the draft guidance because it is well organized and straightforward. The guidance of the preconditions of an assurance engagement are spelt out concisely in the third chapter. An example is the structure spelt out in chapter six which gives more detailed guidance on the system of internal controls, including the entity's governance and how it can be related to the preconditions of an assurance engagement.

The references made to relevant chapters and hyperlinks for overviews giving in Chapter 2 also help to conveniently access further information or details needed. However, with respect to sequencing, we would suggest that "*Considering the Entity's materiality process*" could be situated closer to "*Considering the materiality of misstatements*". Also, "*Determining the suitability of criteria*" could be next to "*Performing procedures and using assertions*"

38. ICAS

Reference 1

The introduction of effective signposting might also help users to navigate the guidance.

Reference 2

We would refer you to our response to question 2, specifically our concerns over the length of the guidance and the suggestion for the introduction of effective signposting.

39. ICPAU

Reference 1

COMMENT:

ICPAU supports the proposed structure of the draft guidance because structuring the guidance into chapters helps practitioners to easily identify the specific areas of the guidance to which they want to refer. The chapters make it easy to establish what the different paragraphs address.

4. AUASB

Reference 1

- **Sequence of EER Assurance Challenges:** The sequence in which EER assurance challenges are presented warrants further attention, such as bringing materiality further forward.

Reference 2

- **Flow Charts:** A flow chart of a typical EER assurance engagement would enhance the guidance at the start of Chapter 2: Overview of an EER Assurance Engagement. Then throughout the guidance, at the start of each chapter, a flow chart would assist to summarise what is covered in that chapter, with hyperlinks to each subsection from the flow chart for accessibility.

Reference 3

Targeting multiple users may not assist in meeting the overall purpose of the guidance. Stemming from this, the AUASB highlights a number of areas for further consideration by the IAASB during Phase 2. Addressing the following areas for improvement in the draft guidance will play a fundamental role in underpinning the credibility and trust of EER going forward:

Reference 4

- **Themed Examples:** Flow an example EER assurance process through the challenges, i.e. work through an example assurance engagement from start-to-finish, anchoring on an example relevant to each challenge. This may work well in an appendix.

References 5-6

The following key points are highlighted with respect to the proposed structure of the draft guidance and how this may be enhanced:

- **Sequence of EER Assurance Challenges:** The sequence in which EER assurance challenges are presented warrants further attention, such as bringing materiality further forward. Chapter 8 *Considering the Entity's 'Materiality Process'* would be better placed as Chapter 6 (after criteria and before Chapter 6 *Considering the System of Internal Control*).
- **Flow Charts:** A flow chart of a typical EER assurance engagement from “cradle to grave” would enhance navigation of the draft guidance at the start of Chapter 2: *Overview of an EER Assurance Engagement*. Then throughout the draft guidance, at the start of each chapter, a flow chart would assist to summarise what is covered in that chapter, with hyperlinks to each subsection from the flow chart for accessibility.

Reference 7

- **IASB Links:** Stronger links to the International Accounting Standards Board (IASB) project to update its IFRS Practice Statement 1 *Management Commentary* to ensure that the EER guidance will be fit for purpose across the broader corporate reporting suite.

Reference 8

- **Clarity of Purpose:** The structure could be improved by clarifying the purpose of the document up front, i.e. to be used in conjunction with ISAE 3000 (Revised) rather than replacing it.

Reference 9

- The AUASB is supportive of the inclusion of references to the preparer's role and the materiality process. The AUASB cautions against trying to cover too much in one document. Whilst guidance on the preparer's role is important, the IAASB is encouraged to not lose sight of the primary audience for this draft guidance or blur the role of the assurance practitioner with that of the EER preparer.

40. IPA

Reference 1

IPA response

As noted in our response to Question 1, the IPA is of the opinion that much of proposed guidance is generic and can be applied to any engagement conducted under ISAE 3000, not just EER assurance engagement. As such, the IPA recommends the proposed guidance be incorporated in ISAE 3000 and its associated application guidance.

42. MICPA

Reference 1

MICPA's Comments:

Yes, the Institute supports the proposed structure of the draft guidance.

43. NASBA

Reference 1

Yes. We are supportive of the proposed structure of the draft guidance.

44. PAIB

Reference 1

We agree with the approach taken to structure the guidance around the requirements of ISAE 3000 (Revised).

45. SAICA

Reference 1

- The contents page, on page 14 of the Draft Guidance is structured differently to other IAASB standards and guidance documents. It is our view that the layout of the contents page should be made consistent with the layout in other IAASB documents. This should include the reference to paragraphs in the guidance material, which is also usually included.

References 2-3

- SAICA is in agreement with the structure of the Draft Guidance. Comprehensive, working examples could also be included as annexures to the Draft Guidance for different types of EER engagements, making general reference to the different EER frameworks known globally.
- The structure of the Draft Guidance will further be assessed and commented on after Phase 2 of the project has been published, to assess the overall flow of the document.

46. SASB

Reference 1

The structure of the draft guidance aligns well with guidance SASB provides through its [Conceptual Framework](#), [Rules of Procedure](#), and [Standards Application Guidance](#). We support the proposed structure.

47 WICI

Reference 1

In more general terms, is the IAASB document a consultation paper or a guidance? We think this is an important point to be clarified.

Reference 2

- The draft guidance appears quite fragmented and difficult to follow. We would suggest to structure it around two main sections: one devoted to *Procedures of the Assurance* (which could contain Chapters 2, 3, 4, 5, 6, 7, 12 and 13) and another one dedicated to the *Contents of the Assurance* (which could contain Chapters 8, 9, 10, 11).

Reference 3

Paragraphs 19-21 at p. 8 (matters not addressed in ISAE 3000 (Revised) and including details on the preparer's role and 'materiality processes')

- It is stated that "The draft guidance does however cover matters not addressed in ISAE 3000 (Revised), for example how to consider an entity's 'materiality process' and whether or how to use assertions" (para. 20, p. 8). We do agree with this decision, but we also believe that, being the purpose of the IAASB guidance to assist the practitioner in applying the standard, the subject matters not previously addressed by the standard should be properly indicated and better highlighted.

48. WPK

Reference 1

We support the proposed structure of the draft guidance.

The structure of the guidance is fundamentally recognizable. There may be an adoption phase when the practitioner has to comply with both the requirements and application material of ISAE 3000 on the one hand and the guidance (currently only Phase 1) on the other hand.

We have the impression that the practitioner must have read the entire wide guidance to be able to perform an EER engagement. Against that background it would be very helpful if the practitioner could use problem-oriented single chapters comprising guidance on specific subject matters.

With ISAE 3410, IAASB has presented very useful standards for Assurance Engagements on Greenhouse Gas Statements. Comparable assistance (e.g. for Non-financial information, Non-financial reporting or Human Rights Issues) could be included in the proposed guidelines.

Reference 2

We suggest that all extant requirements derived from ISAE 3000 are designated as such with reference to the relevant text number of the ISAE 3000. All other statements in the Guidelines are only assistance, examples or interpretations.

49. DU

Reference 1

On the basis of the above submission regarding Consultation Question 1, there is a case to have appendices dealing with the focus areas requiring practical guidance for each of the major reporting frameworks which may be subject to assurance, including the <IR> Framework / Management Commentary and GRI Standards.

5. CNCC-CSOEC

Reference 1

We believe that the guidance should be properly referenced with the ISAE 3000. This should improve the readability of the document. Moreover, as it is non-authoritative, the guidance should not introduce any further requirements beyond those in ISAE 3000. We have the same comment for the terminology used in the guidance. The IAASB should ensure full consistency between the guidance and the standard.

51. CAATAS

Reference 1

Yes.

We support the proposed structure of the draft guidance it is straightforward for practitioners to find guidance in the areas they want since the draft guidance is structured into chapters. Each chapter covering a different aspect of undertaking an assurance engagement.

52. SCHNEIDER

Reference 1

I believe the structure of the guidance following the organization of ISAE 3000 (Revised) is appropriate and should be helpful in practitioners performing assurance engagements on EER matters.

6. HKICPA

Reference 1

To enhance understandability, we suggest merging flowcharts in different chapters (e.g. flowcharts under paragraph 46 of Chapter 3; paragraph 130 of Chapter 8; paragraph 215 of Chapter 12) and include it in the document to provide an overview of the recommended procedures.

Reference 2

might create confusion against practitioner's responsibilities in an EER assurance reporting. If there are additional requirements to the preparer, we believe these requirements should come from the relevant preparation framework but not the guidance. Should preparer's role be included, we recommend the

details separately be summarised in an annex to the guidance to avoid confusion in an EER assurance engagement.

References 3-4

Overall, we support the proposed structure of the draft guidance by chapters.

In Chapter 2, some contents are requirements from ISAE 3000 (Revised) while some are guidelines or interpretation to ISAE 3000 (Revised). We suggest using notations or footnotes to differentiate these contents to avoid confusion.

7. IDW

Reference 1

We agree with the proposed structure of the draft guidance with the exception of Chapter 6 on considering the system of internal control, Chapter 7 on determining the suitability of criteria and Chapter 8 on considering the entity's materiality process. It seems to us that Chapter 6 appears to focus on the consideration of internal control as a de facto precondition for the assurance engagement, rather than dealing with the consideration of internal control in planning and performing the engagement. Likewise, both Chapters 7 and 8 deal with the preconditions of the engagement (suitability of criteria and "materiality process", which involves extending the criteria so that they are suitable). For these reasons, we believe that these three chapters ought to be placed prior to the planned Chapter 4 on applying appropriate skills (under the presumption that this chapter is about the application of appropriate skills, as opposed to the need to have them as a prerequisite for performing the engagement). In any case, these three chapters (6, 7 and 8) ought to be placed prior to Chapter 5 on exercising professional skepticism and professional judgment, which relates to planning and performing the engagement, rather than engagement acceptance.

8. JICPA

Reference 1

Determining Preconditions and Agreeing the Scope

Within the guidance, the following three chapters are interrelated: Chapter 3, "Determining Preconditions and Agreeing the Scope;" Chapter 6, "Considering the System of Internal Control;" and Chapter 7, "Determining the Suitability of Criteria." Accordingly, we believe that users of the guidance need to understand it as a structural whole in terms of these interrelations.

However, the relationship to Chapter 3 and the related provisions for comparison are not necessarily always clearly indicated. For example, the provisions relating to decisions on acceptance of an engagement in Paragraphs 122 and 123 of Chapter 7, "Determining the Suitability of Criteria," relate to Chapter 3, "Determining Preconditions and Agreeing the Scope." In this case, as in other cases, the extent to which the suitability of criteria needs to be determined at the stage of determining preconditions and agreeing the scope is not explained.

To enable this guidance to be understood as a structural whole, we believe it is necessary to take steps to that end, such as making the interrelationships among Chapters 3, 6, and 7 clear, and adding plenty of cross-references to comparable provisions.

References 2-3

Chapter 7, “Determining the Suitability of Criteria,” and Chapter 8, “Considering the Entity’s ‘Materiality Process’”

An entity’s process of determining materiality as indicated in Paragraphs 147 to 154 is related to whether or not the scope of EER preparation as specified in the criteria is appropriate, as well as to the steps to be undertaken in accordance with Chapter 7, “Determining the Suitability of Criteria.” However, the guidance does not make these interrelations clear. To enable this guidance to be understood as a structural whole, we believe it is necessary to clearly indicate the connections between Chapter 7, “Determining the Suitability of Criteria” and Chapter 8, “Considering the Entity’s ‘Materiality Process’” by, for instance, adding cross-references to related provisions.

Reference 4

Other than the points discussed in our response to Q1, we support the proposed structure of the draft guidance.

9. MAASB

Reference 1

Whilst we support the structure of the guidance which has been segmented into chapters, we would like to suggest the following structure for the proposed guidance as a possible alternative :

Chapter 1: Introduction

Chapter 2: Overview of an EER assurance engagement

Chapter 3: Planning and Engagement

Chapter 4: Execution

Chapter 5: Reporting and Completion

We believe that a structure similar to the IAASB International Standards would assist in understanding the proposed guidance.