

EER Consultation Paper July 2020 (Chapter 9)**Question 1: Does the draft Guidance address the challenges for practitioners****09.1.1 Q1 - The Guidance addresses the challenges****2. National Auditing Standard Setters****AUASB - Australian Auditing and Assurance Standards Board**

In the AUASB's view, this chapter provides clarity on materiality relating to a certain threshold and/or influencing the decisions of key stakeholders, an issue raised with respect to the renaming of Chapter 6.

No comment on structure.

3. Accounting Firms**BDO - BDO International Limited**

The IAASB has overall addressed all challenges raised in the 2019 EER consultation paper.

CG - Crowe Global

The draft Guidance does adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance.

4. Public Sector Organizations**GAO - United States Government Accountability Office**

We believe that the draft guidance addresses the challenges for practitioners that have been identified as within the scope of the draft guidance.

5. Member Bodies and Other Professional Organizations**BICA - Botswana Institute of Chartered Accountants**

The draft Guidance adequately addresses challenges identified by practitioners. In particular the guidance gives clarification to practitioners in dealing with qualitative information and assessing material misstatements in relation to entity prepared non-financial information.

Assurance of non-financial information in Botswana is not developed mainly because majority of companies do not report non-financial information. That notwithstanding there has recently been reforms to enhance non-financial information reporting in the country and this guidance will be of significant assistance to the practitioners.

GRI - Global Reporting Initiative

The guidance is comprehensive and covers a wide range of different types of Extended External Reporting engagements, different concepts and further guidance to support the key principles in ISAE 3000 (Revised) 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'. It provides much needed detailed and specific guidance for practitioners which until now has been absent, with the exception of more specific guidance that was provided in ISAE 3410 'Assurance on a Greenhouse Gas Statement'.

IAAA - Inter-American Accounting Association

Yes, we consider that it adequately addresses the commitments.

The draft guidance is sufficiently explicit and rich as technical material, which we are sure will be of great help to professionals who offer their services independently, as well as having a great impact on the management of the preparers of the information on which the Professionals will issue their EER.

ICPAR - Institute of Certified Public Accountants of Rwanda

Yes. We agree that the Guidance adequately addresses the challenges for practitioners that have been identified as within the scope of the draft Guidance.

ICPAU - Institute of Certified Public Accountants of Uganda

ICPAU believes that the draft Guidance, to a big extent, addresses the challenges for practitioners that have been identified as within the scope of the draft Guidance. ICPAU is also very appreciative of the illustrations in the draft Guidance as these will further enhance the application of ISAE 3000 (Revised).

SAICA - South African Institute of Chartered Accountants

SAICA has noted the significant improvements made from the EER Assurance Consultation Paper (February 2019) that was submitted during Phase 1 of the project. We are satisfied with the scope of the Draft Guidance and believe that the guidance provided therein adequately addresses the ten key challenges that were identified at the beginning of the project.

SVI - Social Value International

Overall we are supportive of the draft.

09.1.2 Q1 - The Guidance does not address the challenges

None

09.1.3 Q1 - Mixed views on the Guidance addressing the challenges

1. Investors and Analysts

ICGN - International Corporate Governance Network

In Chapter 9 paragraphs 322(h) and 322(i), the preparer behaviours do not recognize that (i) a preparer may contend that a misstatement is immaterial even when they have other reasons why they are reluctant to correct the misstatement, because this seems to them a way to conceal the real reason and (ii) the preparer may contend that a misstatement is immaterial, and the practitioner disagrees. We suggest that the wording of these bullets be amended to recognize these situations.

2. National Auditing Standard Setters

CAASB - Canadian Auditing and Assurance Standards Board

Circumstances in which the Guidance in this Chapter May be of Assistance to Practitioners

Paragraph 302 is an important paragraph which lays the foundation for Chapters 9 and 10. We believe there is more needed in this paragraph to set an appropriate foundation, as follows:

There should be a reference here to the discussion in Chapter 3 of the need for the practitioner to have a fulsome understanding of the intended users and their intended use of the report. This understanding is critical for the practitioner to appropriately assess the materiality of misstatements and communicate the findings effectively through the assurance report.

We suggest the second sentence of paragraph 342 should be moved to paragraph 302 because it introduces the importance of identifying intended users when the practitioner evaluates the materiality of misstatements.

Including some of the considerations in paragraph A56 of ISAE 3000 could also guide the practitioner's understanding of the users, and that it could influence their assessment of the materiality of misstatements.

CNCC-CSOEC - Compagnie Nationale des Commissaires aux Comptes and Conseil Supérieur de l'Ordre des Experts-Comptables

Concerning materiality thresholds, paragraph 306 states that practitioners often use percentage, which is the common practice, especially when the assurance is provided on quantitative information (e.g. number of training hours or water consumption). Thus, the evaluation of the materiality of a misstatement has also to be done taking into account the use of the information by the intended users and a possible consequence of a misstatement of the information (e.g. misstatements that have impact on the covenants). We fully support paragraph 322 which really provides added value to the practitioners, especially paragraph 322 e).

Indeed, some performance indicators may be used for allocating bonuses or may imply contractual consequences (e.g. covenants) if some given level of performance is reached or not, as clearly illustrated in example 322 e).

In this context of paragraph 322 to 324, the Guidance should emphasize the very important role of the practitioner and its professional judgement to determine for each specific situation the appropriate level of materiality threshold and clearly state, as opposed to common guidelines, the acceptable percentage of misstatement (e.g. 2%, 5% or more) or a unique approach for all the information and indicators of a same EER report. A comparative analysis with the financial reporting could also be made, for example in the Supplements.

We have a concern with the supplements. These are quite long documents (47 pages for the supplement A and 57 pages for the supplement B). We do not understand the nature of their interconnection with the Guidance. For example, supplement A contains 19 paragraphs that deal with materiality. We consider that for such a significant issue, all Guidance should be concentrated in one document only, i.e. in the proposed non-authoritative guidance.

Finally, paragraph 330 (e) deals with the practitioner's considerations of materiality and specifically "whether those considerations are in the context of the whole report or less than the whole report, and whether they are in respect of qualitative or quantitative subject matter information". We consider that further explanation should be provided to clarify what are the considerations to take into account in each case

IDW - Institut der Wirtschaftsprüfer

Chapter 9: Considering the Materiality of Misstatements

299. Since the guidance cannot set forth required considerations for the practitioner, we suggest that in the second sentence the word "potential" be inserted prior to the word "considerations".

303. The last sentence of this paragraph suggests that this chapter provides guidance on evaluating the materiality of misstatements in planning or performing the engagement. Our review of the guidance in this chapter suggests that the guidance only provides guidance on evaluating the materiality of misstatements in performing the engagement – not planning. We suggest that the words “planning or” be deleted.

The diagram following this paragraph suggests that the practitioner first identifies and accumulates misstatements and then considers their materiality before deciding on which misstatements are clearly trivial that need no further action. In both ISA 450 and in paragraph 307 of the guidance, practitioners decide on whether particular misstatements are clearly trivial prior to accumulating them. We also believe that there is no “detailed” materiality consideration once preparers choose not to correct a misstatement – that is when the materiality consideration actually takes place. The diagram needs to be changed accordingly.

309. In line with our comments on the diagram following paragraph 303, we suggest that the words “more detailed” be deleted.

322. The use of the word material in parentheses after the words “particularly significant” cannot be correct. Underlying subject matter can be significant or particularly significant, but only information about the underlying subject matter (subject matter information) can be “material” as used in the standard. Furthermore, subject matter information is either material or not – it cannot be “particularly material”. We therefore suggest that the word material in parentheses be deleted.

327. This paragraph suggests that uncertainty that is not inherent may give rise to misstatements without explaining why in some circumstances it may not. Further, the paragraph posits that a misstatement might arise when the underlying subject matter is not measured or evaluated “as precisely as would be possible”. We note that seeking greater precision in measurement may involve costs that are not worth the benefits – particularly when the greater precision is not relevant. Furthermore, as noted in our comments on paragraph 152 of the guidance (and as described in the extant guidance in that paragraph), subject matter information can be sufficiently precise if it is as precise as needed to be relevant – not as precise as possible. For these reasons, we suggest that this paragraph recognize the potential trade-off between the costs and benefits of increased precision and that the subject matter information need only be as precise as needed to be relevant.

JICPA - Japanese Institute of Certified Public Accountants

Chapter 9 paragraph 307

When considering the possibility of other potential misstatements, it is important to understand not only the nature of the misstatement but also its causes, and a comment to that effect should be added to Chapter 9 paragraph 307.

Chapter 9 paragraph 312

The second line from the bottom of Chapter 9 paragraph 312 states that “the misstatements could be grouped according to the type of misstatement,” but this explanation alone does not lead us to concrete understanding. Is it assuming something like the integrated assessment in a Life Cycle Assessment (LCA)? Or is it assuming something like the “type” referred to in paragraph 268’s “Types of potential misstatement”? With regard to “grouping” according to “different aspects,” we would like to see a specific example based on practical experience.

In addition, we would like more specific explanation of what “aspect” is assumed to be in this context, together with a sense of the values involved.

NZAASB - New Zealand Auditing and Assurance Standards Board

The NZAuASB considers that this chapter, together with the detailed examples in the supplementary material, will serve the public interest and will be very useful in practice to guide practitioner in their responsibilities when misstatements are identified. New Zealand practitioners ranked materiality as the highest ranking challenge on EER engagements. This may be linked to both report content decisions together with materiality in the context of narrative information and the need for guidance on how to consider identified misstatements both individually and in combination.

This chapter reflects many of the ideas that the NZAuASB explored in the development of the domestic standard on service performance information, and will be an area of significant challenge in practice. The use of examples is also very helpful. The NZAuASB recommends adding a sub-heading into this chapter to address “Misstatement by Omission” and to link this to the chapter on appropriate reporting topics. In its project to develop NZ AS 1, the NZAuASB thought it important to remind practitioners to iteratively consider whether there are missing reporting topics as this could result in a material misstatement (i.e. not to only focus on what is there but to consider whether there is something missing altogether). The NZAuASB also considers that it would be especially useful to include aspects related to addressing qualitative EER information in this chapter, rather than having a separate chapter (as is currently located in Chapter 11).

3. Accounting Firms

DTT - Deloitte Touche Tohmatsu Limited

Par. 306 states that materiality thresholds are established “using a percentage.” It would be helpful to explain what this means or cross-reference to the relevant section of ISAE 3000.

Par. 307 implies that if a misstatement is not clearly trivial then the practitioner is “required to accumulate it.” DTTL’s understanding is that the practitioner has to add it to the other misstatements. We assume it would need to be considered on its own first, before being accumulated, as set out in par. 304. Diagram 10 also implies misstatements are accumulated before being considered at an individual level first. This diagram should be amended to include the stage where the misstatement is considered at an individual level.

Par. 320 states that large accumulated misstatements could be an indication of a control deficiency. This is relevant for reasonable assurance engagements and more guidance would be helpful for practitioners in understanding what factors/indicators they might consider in this scenario.

EYG - Ernst & Young Global Limited

In EER Guidance Chapter 9 paragraphs 322(h) and 322(i), the preparer behaviors do not recognize that (i) a preparer may contend that a misstatement is immaterial even when they have other reasons why they are reluctant to correct the misstatement, because this seems to them a way to conceal the real reason and (ii) the preparer may contend that a misstatement is immaterial, and the practitioner disagrees. We suggest that the wording of these bullets be amended to recognize these situations.

GTI - Grant Thornton International Ltd

We found the examples in this chapter in relation to qualitative materiality considerations to be useful. Our view is this chapter could benefit from a further example, such as the accumulation and evaluation of misstatements, including the evaluation of whether a misstatement(s) is material and pervasive, in reaching a conclusion; or an example that demonstrates an evaluation that does not reach an acceptable conclusion.

We would also like to highlight guidance, soon to be published by the American Institute of Certified Public Accountants (AICPA) on qualitative materiality. We believe that this may be helpful in finalising the guidance in this area.

KPMG - KPMG Network

Intended Users

In connection with the above, we are concerned that much of the Guidance Document content focuses on a generalised user base and even, in places, uses the terms “intended users” interchangeably with “stakeholders”, which we do not consider to be appropriate, as we believe “stakeholders” may represent a significantly broader group than the report’s intended users.

We consider it important that the Guidance Document focus more specifically on “intended users” as defined by ISAE 3000.12(m), i.e. “the individual(s) or organization(s), or group(s) thereof that the practitioner expects will use the assurance report”, and assists practitioners in identifying such intended users and considering their needs.

ISAE 3000 (Revised), at paragraph A16, clarifies that practitioners may not be able to identify all those who will read the assurance report, particularly where this will be made widely available on a public basis. Accordingly, the standard clarifies that in such cases, particularly where possible users are likely to have a broad range of interests in the underlying subject matter, intended users may be limited to major stakeholders with significant and common interests. The standard highlights that intended users may be identified in different ways, for example, by agreement between the practitioner and the responsible party or engaging party, or by law or regulation.

We suggest that the Guidance Document discuss the above in more detail, including examples of identification of intended users when these may be a broad group. Again, we suggest that the Guidance Document compare and contrast this to a financial statement audit, wherein intended users, and the duty of care owed to them by the practitioner, are more clearly identifiable, defined by jurisdictional laws and regulations and/or established, e.g. by legal precedent

Materiality

In respect of the terminology of “materiality” in the context in which this is understood in a financial statements audit, the application of this concept in respect of EER assurance engagements may be challenging to practitioners, since it may not translate well for use in an engagement of this type, in particular, when aspects of the underlying subject matter consist of qualitative/narrative information, future-oriented information (as the measurement/evaluation of these against the applicable criteria may be subject to significant inherent limitations) and/or when there are several disparate elements that together comprise the subject matter information.

We believe the material set out in the Guidance Document is helpful, but we find this is pitched at a rather theoretical level and therefore we believe this could be further developed to better assist practitioners in this undoubtedly challenging area.

In this regard, we suggest the IAASB consider the material in the AICPA guidance document Attestation Engagements on Sustainability Information, which is more detailed. In particular, the material addressing the aggregation and evaluation of misstatements across various different underlying subject matters/different aspects of subject matter information, including finding the “common denominator” and grouping of items, is particularly helpful.

We also suggest that further practical examples be included, with a greater focus on qualitative information, future-oriented information and multiple elements to an overall set of subject matter information.

Furthermore, we recommend that the document also explore the application of the concept of materiality to the identification of material misstatements. We note that “materiality” is clearly understood in an audit of financial statements, when addressing information that is measured/evaluated against criteria comprising mature and established financial reporting standards. Furthermore, part of the consideration of such audit misstatements usually involves the assessment in a quantitative manner by way of a relative comparison to other aspects of those same financial statements, such as by reference to an established benchmark, or consideration of their effects on key ratios, or they are considered to relate to matters that are clearly understood by users to be “sensitive” and therefore material by nature, e.g. remuneration of Directors. However, for EER assurance engagements material misstatements may be understood less by a relative comparison to the overall subject matter information itself, but rather by the use that intended users will make of this information and whether and how it will affect their decision-making – i.e. there is a lack of clearly delineated reference information. Additionally, some frameworks do not precisely define the intended users of the report, or specify a range of intended users that may have diverse information needs. We recommend that the IAASB further develop the Guidance Document in this area and include specific examples of assessment of material misstatements across different scenarios. Additionally, we suggest that the IAASB emphasise the need to exercise professional scepticism and professional judgement in identifying misstatements and determining whether these are material, and to address the importance of the practitioner developing an understanding of the intended users of the subject matter information and the particular use they are expected to make of this and our report thereon.

In addition to the above, we recommend that the IAASB provide a clearer link to consideration of the “presentation and disclosure” assertion to assist practitioners when considering whether there may be (material) misstatements of narrative information and future-oriented information. Furthermore, we suggest that the concept of “connectivity” of the subject matter information as a whole be given greater emphasis when subject matter information comprises multiple diverse underlying subject matters/elements of these. It would be helpful for the Guidance Document to discuss this by comparing/contrasting to a financial statement audit (or an assurance engagement over quantitative information/a single discrete underlying subject matter), where there may be greater clarity that an item is “incorrect”, in a binary fashion, versus an EER assurance engagement over narrative information when aspects of the subject matter information may be misstated in a more nuanced manner, e.g. as a result of the relative degree of emphasis given to a particular aspect over other aspects. In considering whether the information may be misstated, the practitioner will need to exercise professional scepticism and professional judgement and carefully consider the needs of intended users.

We note that the needs of intended users are discussed in detail with regard to considering which aspects of the underlying subject matter should be included in the subject matter information, but additional material would be helpful in the context of whether there may be a material misstatement in that information by reference to such user needs. We recommend the IAASB consider the inclusion of examples as to what a material misstatement as described above may, and may not, look like, and factors to consider in making such a determination.

PwC - PriceWaterhouseCoopers

The guidance includes reference to “evaluation uncertainty”. Guidance (or perhaps an illustrative example) would be helpful to illustrate the intended difference in application of this term as compared to “measurement uncertainty”.

RSMI - RSM International Limited

Paragraph 312 describes aggregation of misstatements for non-numerical misstatements. It would be beneficial to include a practical illustration as to how aggregation of misstatements and the concept of clearly trivial can be applied to qualitative information, in particular where that information is forward looking.

4. Public Sector Organizations

AGNZ - Auditor-General of New Zealand

This Chapter seemed overly long, often circling back around key points. We recommend that this Chapter be reviewed and made more direct and succinct.

Paragraph 315 discusses an important point about the practitioner needing to consider the fair representation of the EER report even though it contains several misstatements that individually are considered to be immaterial. This point should be emphasised and appear earlier in the Chapter.

AGSA - Auditor-General of South African

Chapter 9: Considering the materiality of misstatements 4. Overall comments for consideration:

a. Consider limiting this chapter to the determination and use of materiality with a separate chapter on accumulation and evaluation of misstatements and concluding. Very different principles need to be addressed with examples of accumulation and evaluation as well as materiality– please refer to further comments below.

b. The next chapter already addresses the assurance report. There is currently a gap in the guidance in respect of concluding on the assurance opinion or conclusion, including the conclusion on whether misstatements are material and/or pervasive. Consider incorporating guidance on evaluation of misstatements chapter as per comment above.

5. The materiality chapter should not be limited to use in evaluation of misstatements but need to be complete in addressing:

a. The purpose of determining materiality levels and the use of materiality during the audit b. The determination of materiality levels (overall and performance) during planning, including quantitative benchmarks/ thresholds and qualitative considerations. This should

include different considerations and examples as it is more complex to determine and will vary based on the nature of the subject matter information

c. Important to emphasise that materiality is determined in the context of the subject matter. If different parts of the report are scoped in for audit purposes, the materiality and any accumulation to be considered and explained in the context of the elements (aggregated and disaggregated information) of each subject matter separately, i.e. different conclusions or opinions per subject matter will require separate materiality and evaluations of misstatements.

6. Diagram 10 on p126 consider to start with determination of qualitative and/or quantitative materiality before it goes into the detail accumulation of misstatements.

7. ISAE3000 (R) par A95-96 emphasise that qualitative considerations are more relevant than quantitative in ISAE3000 engagement. This needs to be clarified.

8. Consider moving guidance and considerations on qualitative materiality with basic examples in par 322 - 324 upfront in chapter. Consider to clarify that qualitative considerations are not only applied to qualitative disclosure type information but equally apply, if not more relevant, even for information expressed in quantitative form.

9. Par 306 – consider including basic examples to explain the principle with different units of measurements and how a percentage can be applied.

10. Par 311- 312; 316 - need to be explained in the context of the perimeter of the subject matter information. Each subject matter will require separate materiality (overall and/or performance materiality) to be determined as well as, pending the subject matter information, different considerations of the accumulation of the misstatements pertaining to the elements of the subject matter information (aggregated and disaggregated) and the overall evaluation and materiality.

11. Further examples to be included to provide more practical application guidance and consideration on different scenarios that may be encountered. For example, scenarios with different subject matters being separate individual KPIs or a specific section in the EER with multiple KPIs including disaggregated and qualitative information. Please read with comments on App B examples below.

12. Par 311 - The example to include context of what is the subject matter, e.g. the whole EER report or each of those KPIs separately. It refers to different subject matters which means each should have its own materiality and should be evaluated separately. Accumulating and aggregating misstatements are not applicable across different subject matters. It should therefore be clear if the subject matter is the EER, then accumulation and evaluation of misstatements will be applicable and which considerations may apply.

13. Par 313 – this is referring to qualitative materiality considerations. With reference to par 5 above, these considerations need to be determined upfront during planning for consideration in execution and for evaluation of misstatements. Consider including an example how this is practically applied.

14. Par 314 – Any information not included in the perimeter of the subject matter is considered “other information” as correctly indicated in an earlier chapter of the guide. The materiality

principles of evaluating inconsistencies are not considered at this point and should not be confused.

15. Par 315 –Context need to be provided in terms of subject matters of the engagement in relation to the EER report as whole if the EER report is not the subject matter. As it reads at the moment the guidance only applies if the EER reports as whole is the subject matter on which and opinion/conclusion will be expressed.

16. Par 322 - consider including considerations from chapter 11 par 396 as these qualitative considerations equally apply in principle to quantitative information

Consider cross referencing App B example 7 to Chapter 9 as it also includes materiality principles. Consider elaborating on considerations and including qualitative considerations.

5. Member Bodies and Other Professional Organizations

ACCA-CAANZ - Chartered Accountants Australia and New Zealand and Association of Chartered Certified Accountants

Different forms of materiality

In practice, reports often apply multiple frameworks (criteria) at the same time. We are grateful that the IAASB has responded to our comment in our previous submission regarding the use of multiple frameworks. (For example, Chapter 10 includes a number of examples where multiple frameworks have been used to prepare the EER subject matter information.) It would also be helpful if the Guidance, when addressing materiality, explicitly address cases where multiple frameworks are used. For instance, sustainability report preparers are often uncertain whether to use the SASB framework, GRI standards, or TCFD disclosures, or take the ‘best’ out of each. Applying multiple criteria may lead to uncertainty as to materiality. This is a challenge for preparers, practitioners and users.

The term, “presentational misstatement” goes beyond use of wording (see paragraph 322 (g)). There is also the structure of the overall report, and the priority with which information is presented.

AE - Accountancy Europe

paragraph 322 confuses the concept of significance of underlying subject matter with materiality, which can only apply to subject matter information

AICPA - The American Institute of Certified Public Accountants

In paragraphs 322(h) and 322(i) of Chapter 9, the discussion of preparer behaviors does not recognize that a preparer may argue that a misstatement is immaterial when there are really other reasons for the preparer’s reluctance to correct the misstatement and the preparer wishes to conceal these reasons.

In the same vein, we question how Diagram 10, “Practitioner Responsibilities in Relation to Identified Misstatements” and paragraphs 304–309 in Chapter 9 help to provide guidance related to the unique conditions noted in paragraph 300–303, which address circumstances in which the guidance in the chapter may be of assistance to practitioners. This discussion generally reads like a materiality discussion without an EER context.

Assirevi

In order to better serve the public interest in EERs, we recommend the following improvements:

Practitioner responsibilities in relation to identified misstatement – Diagram 10 included in paragraph 303 (see below) provides guidance on practitioner responsibilities in relation to identified misstatements.

The diagram above seems to suggest that no further action is needed for corrected misstatements. The Guidance should clarify that when the practitioner identifies misstatements, both corrected and uncorrected, the practitioner assesses: (i) the impact of those misstatements on its substantive procedures, (ii) the nature and extent of the misstatements identified, regardless of whether the entity corrects these misstatements (i.e., if the corrected and uncorrected misstatements are an indication that controls are not operating effectively, or of a previously unidentified inherent risk or risk of material misstatement due to fraud).

Accumulating misstatements - Paragraph 310 provides guidance on how misstatements should be accumulated: “After considering misstatements individually, the practitioner may need to consider misstatements in combination with others”. According to paragraph 316, “the practitioner is required to form

a conclusion about whether the subject matter information is free from material misstatements, including whether the uncorrected misstatements are material, individually or in the aggregate. Whether the subject matter information is materially misstated, the practitioner follows the requirements in S.74-77”.

The Guidance should clarify that the practitioner should evaluate not only the materiality of the uncorrected misstatements, but also their pervasiveness (see ISAE 3000.A189), in order to conclude whether the sustainability report is materially misstated (adverse conclusion)

We recommend the following improvements:

provide more qualitative examples on errors to be classified as “trivial errors”;

provide examples on how to accumulate uncorrected misstatement, given the fact that an EER report comprises different and various underlying subject matters

No comment on structure.

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

Thus, for example, the treatment of mistakenness represents an issue not adequately resolved, since we do not consider it possible or appropriate to make an algebraic sum of i mistakenness of different themes or issues that cannot be added or subtracted since they correspond to statements that are dissimilar issues. and as an example we quote the following:

Can an mistakenness in the greenhouse gas declaration be added algebraically with an mistakenness in determining an assumption about prospective financial information, to form a unique conclusion? We believe that it will not and will, in our opinion, result in an increase in the responsibility of the professional in charge of issuing the EER assurance report.

FAR - Institute for the Accountancy Profession in Sweden

Paragraph 322 a): it is unclear if the reference to materiality are from the practitioner or the company's standpoint.

Paragraph 323 refers to guidance to performance materiality in chapter 8. However according to chapter 8 paragraph 295 performance materiality is not addressed in the standard.

MIA - Malaysian Institute of Accountants

Chapter 9: Considering the materiality of misstatements

Additional guidance or examples on “evaluation uncertainty” in G.143 will be helpful to illustrate the difference as compared to “measurement uncertainty”.

MICPA - Malaysian Institute of Certified Public Accountants

Considering Materiality of Misstatement

Unlike an audit engagement, the nature of underlying subject matters of an EER assurance engagement can be diverse. In this circumstance, setting a materiality level may be challenging to cater a diverse range of subject matters. In view of this, we recommend that guidance should be provided on this area. In addition, we would also like to request from the IAASB to clearly define what is a misstatement, especially for qualitative materiality and how it should be treated relative to the specific framework.

09.1.4 Q1 - Other comments and recommendations

5. Member Bodies and Other Professional Organizations

SAICA - South African Institute of Chartered Accountants

Paragraph 310: The heading used in this section is ‘Accumulating misstatements’. Given the nature of EER assurance engagements and that the information being assured may be non-financial and qualitative, SAICA suggests that a different heading should be used in this section. An appropriate heading would be, “Classifying and collating misstatements”. This would incorporate all the types of misstatements that could potentially arise from EER assurance engagements.

Paragraph 322: The IAASB can also consider including some examples or principles from a public sector perspective. Examples of factors that may indicate that a misstatement is material in this environment include:

Subject matter information relates to primary functions in terms of the mandate of a department / entity

The misstatement is of significant national / community / public interest

The misstatement is of significant risk to the public, such as those which impact on public health, safety, social, economic or environmental wellbeing

The extent to which a misstatement results in the performance information presenting a certain trend which is contrary to the actual / true situation.

Items where confirmed performance or confirmed service delivery is in line with planned or forecast levels may have a significant effect on:

management performance rewards or bonus;

the allocation of resources/ budgets or funding.

09.1.5 Q1 - Comments on Diagram 10

2. National Auditing Standard Setters

CAASB - Canadian Auditing and Assurance Standards Board

Diagram 10 on the practitioner’s responsibilities in relation to identified misstatements is not specifically referred to in the paragraphs in this section. The context and purpose of this diagram is not clear, and we found it too simplistic. We suggest this diagram should be removed from the guidance because it may be confusing to readers, particularly as it does not talk about looking at misstatements individually and in the aggregate, while the guidance in paragraph 308 does. If the IAASB decides to keep this diagram, then we believe it should address what the impact would be on the assurance conclusion. Further, it would be important to make sure that the diagram is consistent with the related text.

NZAASB - New Zealand Auditing and Assurance Standards Board

Diagram 10 Practitioner responsibilities in relation to identified misstatements is a helpful visual reminder of the practitioner’s responsibilities.

3. Accounting Firms

DTT - Deloitte Touche Tohmatsu Limited

Diagram 10 also implies misstatements are accumulated before being considered at an individual level first. This diagram should be amended to include the stage where the misstatement is considered at an individual level.

RSMI - RSM International Limited

Diagram 10 is a useful representation of the practitioner's responsibilities in relation to identified misstatements.

5. Member Bodies and Other Professional Organizations

AICPA - The American Institute of Certified Public Accountants

In the same vein, we question how Diagram 10, "Practitioner Responsibilities in Relation to Identified Misstatements" and paragraphs 304–309 in Chapter 9 help to provide guidance related to the unique conditions noted in paragraph 300–303, which address circumstances in which the guidance in the chapter may be of assistance to practitioners. This discussion generally reads like a materiality discussion without an EER context.

Assirevi

Practitioner responsibilities in relation to identified misstatement – Diagram 10 included in paragraph 303 (see below) provides guidance on practitioner responsibilities in relation to identified misstatements.

The diagram above seems to suggest that no further action is needed for corrected misstatements. The Guidance should clarify that when the practitioner identifies misstatements, both corrected and uncorrected, the practitioner assesses: (i) the impact of those misstatements on its substantive procedures, (ii) the nature and extent of the misstatements identified, regardless of whether the entity corrects these misstatements (i.e., if the corrected and uncorrected misstatements are an indication that controls are not operating effectively, or of a previously unidentified inherent risk or risk of material misstatement due to fraud).

09.1.6 Q1 - No comment

2. National Auditing Standard Setters

HKICPA - Hong Kong Institute of Certified Public Accountants

No comment

4. Public Sector Organizations

AGA - Office of the Auditor General Alberta

No comment

5. Member Bodies and Other Professional Organizations

BRLF - Australian Business Reporting Leaders Forum

No comment on Questions 1 and 2 on a chapter by chapter basis

CPAA - CPA Australia

No comment on chapter

ICAS - Institute of Chartered Accountants Scotland

No comments on a chapter-by-chapter basis

No comment on Supplement A

No response to General questions

IIA - Institute of Internal Auditors

No responses to Question 1 or Question 2 on a chapter by chapter basis

IIRC - International Integrated Reporting Council

No response to Question 1 and Question 2 on a chapter by chapter basis

ISCA - Institute of Singapore Chartered Accountants

No comment on chapter

SASB - Sustainability Accounting Standards Board

No comment on chapter

6. Academics

DEAKIN - Deakin University Integrated Reporting Centre

No comment on Question 1 or 2 on a chapter by chapter by chapter basis.

No comment on Introduction.

Question 2: Is the draft Guidance structured in a way that is easy to understand

09.2.1 Q2 - The Guidance is structured in a way that is easy to understand

2. National Auditing Standard Setters

IDW - Institut der Wirtschaftsprüfer

With one exception we believe that the guidance is structured in a way that is easy for practitioners to understand and use.

3. Accounting Firms

CG - Crowe Global

The draft Guidance is structured in a way that is easy for practitioners to understand and use. The structure is logical, and the order of chapters makes sense.

EYG - Ernst & Young Global Limited

Although the EER Guidance is long, we believe that the structure works well. The structure appears logical, flows well, and the use of diagrams and examples is helpful.

GTI - Grant Thornton International Ltd

We are of the view the draft Guidance is structured in a way that practitioners will be able to navigate and use in performing EER assurance engagements. As noted in our comments above, we found the table in the Introduction to be particularly helpful. We are also supportive of the behavioural aspects being located at the beginning of the draft Guidance with the following chapters being structured in the manner of an engagement. As noted above we recommend that chapter 6 is located earlier in the structure, but otherwise find this ordering of the topics to be very helpful.

Further, the use and presentation of examples and diagrams overall enhance the understandability of the proposed draft Guidance.

To help navigate within each individual chapter within the draft Guidance, we would recommend including an index or contents table at the beginning of each chapter that includes the main topics discussed within the chapter with hyperlinks to where that topic is discussed.

KPMG - KPMG Network

We believe the document is structured in a clear and helpful way, with distinct chapters and additional material in Supplements A and B for ease of use. With the exception of our recommendations below regarding smart technology, we do not suggest other modifications as to structure and layout, such as further grouping together of particular chapters into sections

PwC - PriceWaterhouseCoopers

Where chapters are not listed below, we have no specific comments.

RSMI - RSM International Limited

The draft guidance is easy to understand and the form and structure as suggested in paragraph 18 are appropriate. The diagrams are generally well presented. The guidance is, though, very long and this may deter practitioners from using it.

5. Member Bodies and Other Professional Organizations

BICA - Botswana Institute of Chartered Accountants

The draft Guidance is structured in a way that is easy for practitioners to understand and use during EER assurance engagements.

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

The structure as designed makes it easy to access and understand its content.

The volume achieved in development represents a difficulty that can be solved with the automatic relationship through links to other related regulations such as ISAE 3000 and related example

GRI - Global Reporting Initiative

The consultation paper suggests some different ways of structuring or ordering the chapters, but the order in which they are currently given is satisfactory, in that they provide a sequential order of moving through the various stages of an assurance engagement.

IAAA - Inter-American Accounting Association

Yes, the guide draft is structured in a way that is easy to understand and, we are certain, that once the professionals become familiar with its use, it will be user-friendly. In our opinion the document is excellent; especially the examples and diagrams will help a lot in its application and for a proper understanding of the purpose of the guide.

ICPAR - Institute of Certified Public Accountants of Rwanda

Yes. We agree that the draft Guidance is structured in a way that is easy for practitioners to understand and use in performing EER assurance engagements.

ICPAU - Institute of Certified Public Accountants of Uganda

ICPAU believes that the draft Guidance is structured in a way that is easy for practitioners to understand and use in performing EER assurance engagements. The structure addresses specific issues per chapter and this will make it easy for practitioners to quickly navigate through the Guidance to the exact information they require as they perform the EER Assurance engagements.

MICPA - Malaysian Institute of Certified Public Accountants

The structure is clear for practitioners to understand and use in performing EER assurance engagement

SVI - Social Value International

The guidance is structured in a way that is easy for practitioners to understand and use

09.2.2 Q2- The Guidance is not structured in a way that is easy to understand

None

09.2.3 Q2 - Mixed views on the structure of the Guidance

1. Investors and Analysts

ICGN - International Corporate Governance Network

The draft Guidance is well structured. The structure of the discussion of “What” is addressed in the chapter, “Why” they are relevant and “How” to overcome the challenges for each chapter is clear and consistent across all chapters.

We, however, observe that while some in some chapters of the Guidance (Ch1, 3, 4, 5, 6, 8, 9), the relevant paragraphs of the Standards are listed right at the beginning, in the other chapters (Ch2, 7, 10) the reference to the Standard paragraphs are blended in the explanatory text. It would be helpful for users of the Guidance if all chapters consistently start with the reference to the relevant Standard’s paragraphs. Detailed reference to the Standards can still be kept in the discussion text of the chapters

2. National Auditing Standard Setters

CAASB - Canadian Auditing and Assurance Standards Board

Implications of misstatements due to fraud

We note that while this Chapter focuses on evaluating misstatements, the guidance in paragraphs 317 to 319 links to paragraph A86 of ISAE 3000 which is in the planning section of the standard. We suggest these paragraphs be moved earlier in the guidance to either Chapter 4 or the revised Chapter 6 (as we suggested would come before Chapter 4).

CNCC-CSOEC - Compagnie Nationale des Commissaires aux Comptes and Conseil Supérieur de l'Ordre des Experts-Comptables

The graph before paragraph 304 (diagram 10) is very clear and useful. In the situation where a material misstatement is corrected, there is a “no further action” needed. We agree with that.

However, this does not preclude the practitioner to draft comments or recommendations within their assurance report or within the management letter. This possibility could be added in this chapter. It is a common practice in France.

The very important paragraph 322 could be highlighted and placed before the section starting at 310. (Accumulating Misstatements)

NZAASB - New Zealand Auditing and Assurance Standards Board

The NZAuASB also considers that it would be especially useful to include aspects related to addressing qualitative EER information in this chapter, rather than having a separate chapter (as is currently located in Chapter 11

5. Member Bodies and Other Professional Organizations

SAICA - South African Institute of Chartered Accountants

As discussed in paragraph 14, SAICA is of the opinion that the discussion on performance materiality should be included in Chapter 9. The discussion on performance materiality is considered in the context of designing procedures to obtain audit evidence, therefore, should be at the beginning of the Chapter. Given this context, another alternative is to include the discussion on performance materiality in a separate chapter, before Chapter 8, Obtaining Evidence, as this deals with planning considerations.

09.2.4 Q2 - Other comments and recommendations

None

09.2.5 Q2 - No comment

2. National Auditing Standard Setters

AUASB - Australian Auditing and Assurance Standards Board

No comment on structure.

HKICPA - Hong Kong Institute of Certified Public Accountants

No comment

JICPA - Japanese Institute of Certified Public Accountants

No comment

3. Accounting Firms

BDO - BDO International Limited

No comments.

DTT - Deloitte Touche Tohmatsu Limited

No comment on structure of chapter

4. Public Sector Organizations

AGA - Office of the Auditor General Alberta

No comment

AGNZ - Auditor-General of New Zealand

No comment

AGSA - Auditor-General of South African

No additional comments.

GAO - United States Government Accountability Office

GAO's

5. Member Bodies and Other Professional Organizations

ACCA-CAANZ - Chartered Accountants Australia and New Zealand and Association of Chartered Certified Accountants

No comments

AE - Accountancy Europe

No comment

AICPA - The American Institute of Certified Public Accountants

No comment on chapter

Assirevi

No comment on structure.

BRLF - Australian Business Reporting Leaders Forum

No comment on Questions 1 and 2 on a chapter by chapter basis

CPAA - CPA Australia

No comment on chapter

FAR - Institute for the Accountancy Profession in Sweden

No comment on structure

No comment on structure

No comment on structure

ICAS - Institute of Chartered Accountants Scotland

No comments on a chapter-by-chapter basis

No comment on Supplement A

No response to General questions

IIA - Institute of Internal Auditors

No responses to Question 1 or Question 2 on a chapter by chapter basis

IIRC - International Integrated Reporting Council

No response to Question 1 and Question 2 on a chapter by chapter basis

ISCA - Institute of Singapore Chartered Accountants

No comment on chapter

MIA - Malaysian Institute of Accountants

No comment

SASB - Sustainability Accounting Standards Board

No comment on chapter

6. Academics

DEAKIN - Deakin University Integrated Reporting Centre

No comment on Question 1 or 2 on a chapter by chapter by chapter basis.

No comment on Introduction.