

EER Consultation Paper July 2020 (Chapter 11)

Question 1: Does the draft Guidance address the challenges for practitioners

11.1.1 Q1 - The Guidance addresses the challenges

2. National Auditing Standard Setters

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

We have no specific comment. We find the content of the chapter interesting and clear.

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The draft Guidance does adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance.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We believe that the draft guidance addresses the challenges for practitioners that have been identified as within the scope of the draft guidance.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

AICPA - The American Institute of Certified Public Accountants

We find the information in Chapter 11, "Addressing Qualitative EER Information" to be valuable

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The draft Guidance adequately addresses challenges identified by practitioners.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.

11.1.2 Q1 - The Guidance does not address the challenges

None

11.1.3 Q1 - Mixed views on the Guidance addressing the challenges

1. Investors and Analysts

ICGN - International Corporate Governance Network

Regarding narrative and future-oriented information, further guidance and practical examples should be provided to help the practitioner establish a good basis/framework to provide assurance for subjective information. When there is subjectivity in the measurement or evaluation of the underlying subject matters, more detailed guidance in terms of types of evidence to support the factual ground of subjective or future-oriented information could be helpful here. Guidance may include different approaches when there is historical information that supports the future-oriented information versus cases in which there is no history. The Guidance's current focus is more on the former, not the latter.

Regarding Chapter 11 paragraph 196(a)-(h), it would be helpful to include the following additional details where misstatements in qualitative subject matter could also arise:

The style in which the narrative is presented, (e.g., the use of superlatives and adjectives may help to paint a more positive picture than more factual reporting)

Using statistics based on small samples to extrapolate a more sweeping qualitative conclusion, for example:

“a large number of companies worldwide”, which, from the source is actually 100 companies - although 100 may be “large”, it is a very small number of the total number of companies worldwide

the use of terms such as “increasingly”, which may be used to imply a larger uptake of something than is reality or

“the numbers have doubled since last year,” a fact that is based off a small base, which is not disclosed

2. National Auditing Standard Setters

AUASB - Australian Auditing and Assurance Standards Board

Not enough guidance on evaluation (as distinct from measurement) – critical in <IR> assurance – qualitative (Chapter 11) and forward-looking information (Chapter 12), which reflect significant business judgements and decisions.

On a more specific note, the AUASB would highlight that data and information that are within the scope of the assurance engagement and cannot be assured should be stated as such, not moved to ‘other information’. Just because information cannot be assured does not take it out of scope. What could not be assured should be stated in the EER Assurance Report for transparency

CAASB - Canadian Auditing and Assurance Standards Board

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

Paragraph 381 was interpreted by some stakeholders as inferring that the level of assurance provided (limited or reasonable) is correlated to the quality of the underlying evidence because of the reference to “a reasonable basis” in the first sentence. These stakeholders were concerned that readers may misunderstand the guidance as implying that if the entity has less reliable processes and controls that it may be acceptable to provide limited assurance rather than reasonable assurance. While we do not believe this is the intention of the guidance, we suggest that this paragraph be updated to remove the reference to reasonable and that the chapter be reviewed for other language that could infer this. Further, we also recommend that the chapter refer to the guidance in paragraph A7 of ISAE 3000 that provides factors relevant to consider in what constitutes meaningful assurance and how they might apply to qualitative information. Reference to paragraph A41 of ISAE 3000 may also help clarify this point.

The Nature of Qualitative EER Information

We support the example provided in paragraph 385. It is easy to understand and helpful in illustrating factual and subjective qualitative subject matter information. We think this will help readers understand that as the subjectivity of information increases, so does the risk and challenge around providing assurance.

Specific Considerations for Determining the Suitability of Criteria for Qualitative Information

Paragraphs 389 and 390 discuss the situation when criteria are not suitable and what the impact might be on the assurance conclusion. Since the suitability of the criteria are part of the preconditions for the assurance engagement, we believe these paragraphs should point out the impact of the criteria not being suitable on acceptance and continuance.

Specific Considerations for Obtaining Evidence about Qualitative Information

There is an opportunity for the guidance in paragraph 392 to be expanded. One of the key challenges for practitioners in providing assurance on EER information is testing qualitative information and how the practitioner can use assertions to identify potential misstatements. We support the list provided in paragraph 396, but it focuses on the evaluation of misstatements versus identifying potential misstatements. We suggest adding a paragraph or some examples of the types of assertions the practitioner could use to help identify misstatements with qualitative information.

Specific Considerations for Evaluating Misstatements in Qualitative Information

In paragraph 401, the guidance presents one way of potentially aggregating misstatements. Comments provided by stakeholders indicate they approach the evaluation of misstatements by focusing on the materiality of the reporting topics to the intended users, as stated in paragraph 400. For example, health and safety might be critical to a mining company but if that company is in a water rich location, a misstatement in water scarcity would not warrant as much attention. We suggest that paragraph 401 should be better linked to paragraph 400. One way to do this would be to add to paragraph 401 that the practitioner should consider both the industry and the geographic location of the entity when evaluating misstatements.

IDW - Institut der Wirtschaftsprüfer

Chapter 11: Addressing Qualitative EER Information

378. We do not believe the statement to be true that by measuring purely quantitative underlying subject matter (this in itself is a misnomer: the criteria determine that the evaluation of an aspect of the underlying subject matter would be quantitative rather than qualitative) the practitioner may more readily be able to determine the suitability of the criteria used in the measurement than when the evaluation of the underlying subject matter is qualitative. In our view, it depends on the nature of the underlying subject matter and the criteria being applied. Some evaluations of underlying subject matter relate to criteria that represent qualitative questions of fact. It seems to us that the paragraph confuses qualitative evaluations of underlying subject matter with subjectivity in evaluation: in many cases the qualitative criteria underlying many quantifications are also subject to subjectivity. We also do not believe that the evidence for quantitative measurements would be more readily available or persuasive than for qualitative evaluations, because it depends upon the nature of the underlying subject matter and the criteria as to how persuasive the evidence is – regardless of whether the measurement or evaluation of underlying subject matter is quantitative or qualitative, respectively. In our view, this guidance is colored by the fact that for a number of reasons currently EER reports are replete with qualitative information that is more subjective in nature, but the question arises whether this ought to be so.

Hence, we believe that the assertions noted in this paragraph ought to be reconsidered and redrafted.

379. In line with our comments on paragraph 378 of the guidance and for the same reasons, we also do not believe it to be generally true that when underlying subject matter cannot be measured and expressed in qualitative terms, it may be more susceptible to the views of those reporting it. Consideration should be given to redrafting this accordingly.

381. As noted in previous comments to paragraphs 71 and 202 of the guidance, if the processes to report the subject matter information do not provide a reasonable basis for the qualitative (or quantitative) subject matter information, then under the standard an attestation engagement cannot be performed and therefore whether or not the practitioner can obtain the evidence needed is a mute point. This paragraph

needs to be redrafted accordingly. The reference to testing of controls is therefore also not relevant (and would only be required for reasonable assurance engagements).

391. We note the reference to tests of controls, which may only be required for reasonable assurance engagements.

409. In line with the wording in the standard, we suggest that the words “congruent” and “incongruent” be replaced with “consistent” and “inconsistent”. On this basis, we believe that the practitioner is required to undertake the consideration in this paragraph and therefore the “practitioner may need” should be replaced with “is required” and reference be made to paragraph 62 in the standard.

JICPA - Japanese Institute of Certified Public Accountants

Chapter 11 paragraph 390

In Chapter 11 paragraph 390, in cases where subjective information is included in qualitative information and preventing it from being considered subject matter information, the three options of (a) removing such subjective information, (b) delineating it as other information that is not covered by the assurance, or (c) eliminating the subjectivity by developing suitable criteria, are presented as parallel options for dealing with the situation.

However, in this case, from the perspective of the practitioner, they should not be considered in parallel. We believe the normal approach would be for (b) to be considered first, and in cases where that was not possible, either method (a) or (c) should be used.

Accordingly, we believe that the wording should be amended so as to indicate this order of preference.

Furthermore, even in cases where (c) is used to deal with the situation, the response described in Example 8 in Supplement B requires the setting of excessively detailed criteria in relation to subject matter, and would be difficult to follow in practice. We believe that Example 8 requires review.

NZAASB - New Zealand Auditing and Assurance Standards Board

Many forms of EER information include qualitative information. Given the pervasive nature of this challenge, from the suitability of the criteria, through to obtaining evidence and considering the materiality of any misstatement, the NZAuASB recommends that this chapter may be more usefully covered throughout the guidance, at each stage of the assurance process, rather than in a separate chapter at the end. In particular, the example on page 149 would go well in the evidence chapter. Paragraph 377 usefully introduces the concept of uncertainty associated with measurement of underlying subject matters. It is important to also observe that many underlying subject matters have inherent uncertainty that is not just related to their measurement or evaluation. Clear disclosure about the nature of uncertainties (and any assumptions being made in relation to these) is an important means to avoid or reduce subjectivity in reporting. For example, there is inherent uncertainty about the effects of GHG emissions on global temperatures and in turn on changes to climatic conditions or sea levels that may result. This concept is addressed in paragraph 419, but does not only apply to future information.

We consider that the examples in this chapter will be very helpful in practice. Addressing the need to scope out promotional “PR” material is very relevant to EER information. Highlighting that the entity has “minimal” impact on the environment is very different from reporting on the positive impact that the entity is making. Additional emphasis on considering balance or bias may also be useful.

3. Accounting Firms

DTT - Deloitte Touche Tohmatsu Limited

Overall, chapter 11 seems to fairly outline issues practitioners might face in practice (e.g., in pars. 379-381, 391-395), without providing much help or guidance on how to solve these. This is perhaps not achievable in the draft guidance (beyond the statement in par. 388) and should be resolved – as noted in our cover letter – by development of global high-quality, non-financial reporting standards and through clarification of director duties to have an appropriate basis and justifications for individual disclosures, which implies these disclosures have to be supported by adequate evidence to justify having made them.

Par. 385 includes an example box with factual qualitative EER information and subjective EER information. Under examples of 'subjective EER information' it would be beneficial for the practitioner to see an example of a wider qualitative element of EER information, e.g., business model. While the examples given are valid, they remain relatively simple cases of qualitative EER information, which many practitioners are likely to already have some familiarity with.

Par. 389 says 'the practitioner may discuss this with the preparer.' If the criteria render the subject matter incapable of assurance, then the practitioner has to discuss this with the preparer. Use of the term 'may' implies this discussion is optional: 'may' could therefore be replaced by 'shall.'

EYG - Ernst & Young Global Limited

Regarding EER Guidance Chapter 11 paragraph 196(a)-(h), we believe that it would be helpful to include the following additional details in which misstatements in qualitative subject matter can also arise:

The style in which the narrative is presented, (e.g., the use of superlatives and adjectives may help to paint a more positive picture than more factual reporting)

Using statistics based on small samples to extrapolate a more sweeping qualitative conclusion, for example:

"a large number of companies worldwide", which, from the source is actually 100 companies - although 100 may be "large", it is a very small number of the total number of companies worldwide

the use of terms such as "increasingly", which may be used to imply a larger uptake of something than is reality or

"the numbers have doubled since last year," a fact that is based off a small base, which is not disclosed

GTI - Grant Thornton International Ltd

As noted in our comments above, we are of the view this Guidance should be for practitioners who have a base level knowledge of assurance engagements. As such, we would recommend consideration is given to identifying those paragraphs in this chapter that do not provide guidance that is unique to the performance of an EER engagement. Paragraph 395 would be a good example of such a paragraph

PwC - PriceWaterhouseCoopers

Chapters 11-12

In both these chapters we believe it is important to have clearer links back to the relevant considerations in the sections that address agreeing the scope of the engagement, understanding the entity's process to identify reporting topics and determining the suitability and availability of criteria, to reinforce a stronger "health warning" that an engagement scope that predominantly consists of qualitative or future-orientated

subject-matter information may be less capable of being assured. It may also be helpful to draw attention to the fact that there may be additional practical implications, from a time and cost perspective, of assuring information of such a nature.

RSMI - RSM International Limited

This chapter provides useful guidance and examples on the suitability of criteria for qualitative information.

Paragraph 391 refers to the challenge in obtaining evidence about qualitative information and the consideration of obtaining evidence through tests of controls. It would be useful to include an illustrative example of controls which might be in place over qualitative information and the practical considerations that the practitioner could consider.

We believe that more practical application is needed for the assessment of the qualitative aspects in respect of paragraphs 400-405. This could include factors that a competent practitioner other than a professional accountant could consider in assessing whether a misstatement in qualitative information is clearly trivial

No comment on chapter 12

No comment on Supplement

No response to General questions.

4. Public Sector Organizations

AGNZ - Auditor-General of New Zealand

These Chapters provided useful and important information, but it might be more useful to incorporate this content into the earlier chapters given the relevance of these topics to each of the preceding Chapters. This might reduce the duplication and length of the overall document and make it more cohesive.

AGSA - Auditor-General of South African

Chapter 11 and 12

17. The two chapters addresses practical application of principles as per the previous chapters on specific types of subject matters / subject matter information. Consider to include the practical application in the different chapters as examples.

18. Consider including a detailed example of considerations in App B to the extent not already addressed. Read with comment on materiality example below.

5. Member Bodies and Other Professional Organizations

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

Qualitative information – evidence

Further to our comment above on “Examples,” evidence on qualitative information is difficult to collect, and preparers often rely on third parties, as this information is not recorded by many preparers’ own systems. The information is often by its very nature subjective. Guidance on evidence required for qualitative information, especially when making use of estimates and when correcting qualitative prior period errors, is missing from the proposed Guidance.

AE - Accountancy Europe

paragraph 391 (a) does not apply to limited assurance engagements as written (tests of controls may only be required for reasonable assurance engagements)

Assirevi

We noted some areas of improvement in order to provide more specific guidance for practitioners. Our recommendations are as follows:

Specific Considerations for Evaluating Misstatements in Qualitative Information (Paragraphs 396-406). There are no practical examples of qualitative information misstatements. The concepts developed remain at a theoretical and abstract level and this does not help the practitioner.

Specific Considerations for Communicating in Assurance Report Qualitative Information (Paragraphs 411-412). The Guidance is unclear on this point and too short. Considerations are quite obvious for an auditor but should be further developed for practitioner's expert.

As described in example 8 included in Supplement B, the boundary between "subject matter information" and "other information" is the result of the assessment of several aspects ("the extent to which the evidence may be needed", "the likelihood of it being materially misstated or misleading in this case", "and that the intended users may not pay much attention to it"). While acknowledging that Paragraph 286 in Chapter 8 restates the professional standards applied in an assurance engagement, we believe that Chapter 11 should clearly explain that the established criteria, if available, represent the appropriate metrics to set a distinction between "subject matter information" and "other information". In our view, such explanation would reinforce the consistency with the guidelines reported in Chapter 10 at Paragraph 346 and facilitate the evaluation required by Paragraph 172 at Chapter 4

No comment on structure.

CPAA - CPA Australia

Integrating Chapters 11 and 12: The Guidance would benefit from integrating Chapter 11 on qualitative information and Chapter 12 on future-oriented information across Chapters 4, 5, 8 and 10, as we consider that this type of information is often integral to the EER report and cannot be considered in isolation during an assurance engagement.

Integrating qualitative and future-oriented information: Chapter 11 on qualitative information and Chapter 12 on future-oriented information, which address suitability of criteria, obtaining evidence, evaluating misstatements and reporting in relation to that information, would benefit from integration into relevant chapters on these topics, including Chapters 4, 8, 9 and 10, as appropriate.

Qualitative subject matter: The Guidance overall focusses to a greater extent on assurance of quantitative information, which is measured using numerical criteria from a reporting framework, than qualitative information, broadly using non-numeric criteria. This is understandable given that the accounting profession is focused historically on financial information which is largely quantitative. This balance could be redressed by incorporating the Guidance in Chapter 11 in relevant sections within other chapters.

Chapter 11 needs to better address the practitioner's understanding of the business or the subject matter necessary to assure qualitative information, such as the business model and strategy in the management commentary. This may encompass an Integrated Report, or in Australia an Operating and Financial Review (OFR) required for listed companies. Such reporting may include not only narrative but also pictures, graphs

and diagrams. The OFR is an example of management commentary which encompasses the directors' assessment of the company's operations, financial position and business strategies, and prospects for future years. It would be helpful to include an example which addresses how assurance on a directors' assessment of governance matters is provided and reported. This assessment may include few, if any, quantitative criteria, but instead relate to narrative descriptions relating to complex business judgements. Supplement B, Example 10 could be used to illustrate assurance against qualitative criteria – see our further comments on Supplement B below.

FAR - Institute for the Accountancy Profession in Sweden

FAR is missing information regarding the usage of management representation, further guidance could be beneficial.

Paragraph 390: The suggestion that if a preparer is unwilling to change a specific description, it would be sufficient just to mark it as other information which from FARs experience would be unconventional. Is this the intention of the guidance? It could be beneficial to further describe to avoid misunderstanding.

Paragraph 393 and 395: FAR believe that the guidance here is very detailed and could be described on a higher level.

Paragraph 410: there would be beneficial to elaborate on what level is needed for the consistency check. Especially if there are different auditors for EER information and financial information.

IIRC - International Integrated Reporting Council

Broadly, an integrated report is comprised of two types of information, qualitative and quantitative. This distinction is critical from an assurance perspective and it is often the qualitative, future-looking information that is most challenging and interesting for the preparer, the user and the assurer:

Qualitative and forward-looking information. Broadly, this information is about the purpose, strategy, resources, governance, business model and competitive advantage of the business. It reflects significant judgements about the business and its performance and prospects. This information requires evaluation from an assurance perspective.

Quantitative information. Broadly, this information is metrics demonstrating the performance and aspects of the prospects of the business. This information requires measurement from an assurance perspective.

This broad distinction is useful to guide assurance practitioners on how to perform an integrated report assurance engagement. Guidance for integrated reporting assurance needs to focus on the implications of the qualitative dimension for the practitioner and therefore on evaluation rather than measurement techniques, and on the professional skills and judgement of the practitioner as they relate to the evaluation of relevant qualitative information at various stages of the assurance engagement.

ISCA - Institute of Singapore Chartered Accountants

Practical challenges to identify subject matter information for assurance and communication

Qualitative information has been noted in the Guidance to be inherently subjective (not directly observable and variable with the views of those reporting it).

The example in paragraph 385 further notes that subjective information could be vague, unsubstantiated and interpreted in different ways by different people. Because of these attributes, the example states that it is unlikely for subjective qualitative information to be identified by suitable criteria as subject matter

information and hence such information will not be suitable for assurance. Assessment of qualitative targets and measurement of performance is also highly judgmental for both preparer and practitioner.

It is very unlikely for an EER report to comprise only information which has been assured. Preparers will likely include claims and quotes to make the EER report a more interesting read. In addition, the EER report will include images and visual enhancements (which also constitute “other information” according to paragraph 408) to make it more aesthetically pleasing. For the same reason, it is not realistic to expect preparers to clearly delineate “other information” in the EER report (as suggested in paragraph 390) just to meet assurance objectives.

These create a profound challenge for practitioners to identify subject matter information for assurance procedures and communication in the assurance report.

This challenge is partially mitigated by the guidance to convey in the assurance report what information has been assured and what has not been. Notwithstanding this, to provide more clarity over assuring qualitative information, it is crucial to provide more guidance to the practitioner on the issues of materiality thresholds and assessing the size and materiality of misstatements, with illustrative examples as appropriate. Using the existing guidance, it could be especially challenging to assess if qualitative information contains misstatements that are individually material, given that qualitative information is not measurable and could be ambiguous.

Obtaining Assurance over Qualitative EER Information

Qualitative information will almost certainly form the bulk of EER reports. Thus key recommendations to practitioners regarding assurance over such information should be highlighted in Chapter 11, over other details contained in that chapter.

In addition, this is an example of how important considerations could lose impact by being presented alongside other statements. Presentation/structure of the Guidance should be re-examined to highlight recommendations that are specific to the unique qualities of EER more prominently over the other more generic recommendations.

MIA - Malaysian Institute of Accountants

Chapter 11: Addressing qualitative EER information

Chapter 12: Addressing future oriented EER information

Given the nature and content of these chapters, there may be a need for clearer links to the earlier chapters particularly on the following:

agreeing the scope of the engagement;

understanding the entity’s process to identify reporting topics and determining the suitability and availability of criteria;

highlighting to practitioners that engagements that consist of qualitative or future-orientated information may pose greater challenges for assurance work to be performed. This may result in scope limitations or if assurance is provided on such information, it may give rise to litigation risk. The Guidance should provide clarification on these expectations.

Chapter 11: Addressing qualitative EER information

In relation to G.396, there can be more guidance and specific examples to illustrate application in practice.

There is merit to consider qualitative materiality in the context of risks in relation to achieving the strategic objectives or outcomes of a reporting entity, for example, the impact on its reputation and business sustainability.

6. Academics

DEAKIN - Deakin University Integrated Reporting Centre

Evaluation v Measurement as assurance techniques

Broadly, an integrated report is comprised of two types of information, qualitative (narrative) and quantitative (metrics). This distinction is critical from an assurance perspective:

Qualitative narrative and forward-looking information. Broadly, this information is about the What, With, How and Why of The Business. It reflects significant business judgements about The Business, and its performance and prospects. This information requires evaluation from an assurance perspective.

Quantitative information. Broadly, this information is metrics demonstrating the performance and aspects of the prospects of The Business. This information requires measurement from an assurance perspective.

This broad distinction is useful to guide assurance practitioners on how to perform an integrated report assurance engagement. Integrated reporting assurance guidance needs to focus on the implications of the qualitative dimension for the practitioner, and so evaluation rather than measurement techniques, and on the professional skills and judgement of the practitioner, as they relate to evaluation of relevant qualitative information at various stages of the assurance engagement.

Guidance on the difference between these two types of assurance techniques is critical given the need to evaluate narrative and other ways of describing The Business, and the other aspects of the distinctive contribution of <IR>. Guidance on evaluation needs to be built up.

11.1.4 Q1 - Other comments and recommendations

3. Accounting Firms

EYG - Ernst & Young Global Limited

For example, EER Guidance Chapter 10 paragraph 52 and Chapter 11 paragraph 401 both contain examples that are part of paragraphs. We recommend that these examples, as well as others, be formatted in Example boxes.

11.1.5 Q1 - No comment

2. National Auditing Standard Setters

HKICPA - Hong Kong Institute of Certified Public Accountants

No comment

3. Accounting Firms

KPMG - KPMG Network

No comments on chapter

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

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

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

MICPA - Malaysian Institute of Certified Public Accountants

No comment for this chapter

SASB - Sustainability Accounting Standards Board

No comment on chapter

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

11.2.1 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

SAICA - South African Institute of Chartered Accountants

The Draft Guidance is written in a manner that is easily understandable and consistent with ISAE 3000 (Revised). We believe that it will be of great use to EER assurance engagement providers, irrespective of their experience in performing EER assurance engagements. The IAASB has made exemplary use of diagrams and short examples to elaborate on the principles contained in the Draft Guidance.

SVI - Social Value International

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

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

None

11.2.3 Q2 - Mixed views on the structure of the Guidance

2. National Auditing Standard Setters

AUASB - Australian Auditing and Assurance Standards Board

Chapter 11 Addressing Qualitative EER Information: As qualitative statements within a narrative component are fundamental to EER, the AUASB is of the view that addressing related challenges would add most value for assurance practitioners throughout the Guidance, as and when they would come across them. Key

stages of the assurance process where challenges with qualitative information can present include pre-conditions, determining suitable criteria, evidence gathering and in assessing the materiality of any misstatement. This approach to integration of such challenges throughout the Guidance, rather than in a standalone chapter, was echoed during outreach by many of our stakeholders. We suggest using the specific examples for each of these stages of the assurance process contained in Supplement B.

Obtaining evidence to support narrative or qualitative reporting represents a key challenge in EER engagements. The AUASB considers that highlighting this challenge at appropriate stages throughout the guidance, and in particular in Chapter 8, may be more useful than having a separate Chapter 11. However, we acknowledge that qualitative information represents one of the key EER assurance challenges highlighted by practitioners from the outset. Hence, perhaps guidance could be integrated throughout the other chapters and Chapter 11 shortened to the key points, accordingly. The example on page 149 would also be better positioned in Chapter 8, Obtaining Evidence.

CAASB - Canadian Auditing and Assurance Standards Board

Positioning of the Chapter in the Guidance

We acknowledge the explanatory memorandum explains the intent was to set out the chapters to generally follow the flow of the performance of an engagement, except for chapters 11 and 12 which were positioned at the end of the guidance as they cover a range of specific considerations from acceptance through to reporting. Our preference is for Chapters 11 and 12 to appear before Chapter 10 on reporting because preparing the assurance report is the last step in performing the engagement. We also suggest that the previous Chapters could be linked directly to the related content in Chapters 11 and 12 using hyperlinks. In this way, when a practitioner is reading the guidance on determining the suitability of the criteria and they want to know how to apply that determination to qualitative or future oriented information they can click a link and go directly to the content in Chapter 11 or 12.

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

This chapter has an overall underlying tone that qualitative information is problematic. A significant portion of EER information and reports is qualitative. While there are challenges in providing assurance over qualitative information, we do not believe it should be seen as problematic or inferior. We believe our suggestions below would help alleviate this concern.

We think paragraphs 377-380 could be simplified and clarified by replacing them with a bulleted list indicating:

“This Chapter may be of assistance to practitioners when evaluating qualitative EER information because it can be:

Inherently uncertain,

Difficult to determine the suitability of the criteria, and

More open to bias.

Also, when working with qualitative information the guidance includes information on challenges practitioners may face in:

availability and quality of supporting evidence,

processes and controls over qualitative information, and

delineating between subject matter information and other information.”

Specific Considerations (various sections)

We recognize that this chapter is supposed to focus on specific considerations when providing assurance on qualitative EER information. We found several examples where the challenges or considerations noted in the guidance would apply to both quantitative and qualitative information. The following paragraphs are examples of areas in the guidance where we believe this applies.

Paragraphs 389 and 390 provide guidance on when the criteria are not suitable. These paragraphs would also apply to quantitative information and should also be included in Chapter 4 around paragraph 184 which discusses consequences where criteria are not suitable or available. A hyperlink could be inserted to the section in Chapter 11 that focuses on qualitative aspects only.

Paragraph 391(b) discusses using internal sources as a basis for reporting information. The challenges identified with internally sourced information in the first sentence of this paragraph are also applicable to quantitative information. We note that Chapter 8 on obtaining evidence does not address these challenges. Therefore, this content should be moved to Chapter 8, with a hyperlink to the section in Chapter 11 that focuses on qualitative aspects only.

Paragraph 391(c) has an important message about obtaining the entity’s draft EER report early to allow the practitioner sufficient time “to evaluate the suitability of the criteria and to plan and perform procedures to obtain evidence in relation to both the quantitative and non-quantitative (i.e. qualitative) subject matter information, and for the preparer to consider making adjustments to the subject matter information, if appropriate.” Related to our comment in response to question 1 on Chapter 4 on the characteristic of relevance, we believe the content of this paragraph should also be included earlier in the Guidance in Chapter 4. A hyperlink could be inserted to the section in Chapter 11 that focuses on qualitative aspects only.

Paragraphs 407 to 410 are not unique to qualitative information. The issue of congruence between qualitative information and other information highlighted in paragraph 409 could equally apply to the congruence of quantitative information and other information. We suggest these paragraphs should be moved to Chapter 8, in the same section as paragraph 286. A brief reference could be made in Chapter 11 that the practitioner should remember that qualitative information can be presented alongside other information as well as the other information itself being qualitative. We also suggest hyperlinking the section in Chapter 8 to the related section in Chapter 11.

Specific Considerations for Evaluating Misstatements in Qualitative Information

In our response to question 1 on Chapter 8 we asked for an additional statement that aggregation risk only applies in some circumstances. We believe the content in paragraphs 397 – 405 helps to address this from a qualitative perspective. If the content is added to Chapter 8, we suggest there should be a hyperlink to this section of Chapter 11 to connect the concepts of evaluating misstatements.

Regarding Chapters 11 and 12 we believe it is helpful to keep the information on qualitative and future oriented information together in stand alone chapters, with references to other chapters as appropriate. However, Chapters 11 and 12 should come before Chapter 10 on the Assurance Report, as preparing the report is the last step in the engagement.

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

We have a comment on the order of the chapters. As chapters 11 and 12 deal with transversal/cross-functional/ multidisciplinary topics/ (i.e. respectively addressing qualitative EER Information and addressing future-oriented EER information), we believe that they should be moved up between chapters 9 and 10. As a matter of fact, chapter 10, dealing with preparing the assurance report, is the result of the previous chapters

NZAASB - New Zealand Auditing and Assurance Standards Board

Many forms of EER information include qualitative information. Given the pervasive nature of this challenge, from the suitability of the criteria, through to obtaining evidence and considering the materiality of any misstatement, the NZAuASB recommends that this chapter may be more usefully covered throughout the guidance, at each stage of the assurance process, rather than in a separate chapter at the end. In particular, the example on page 149 would go well in the evidence chapter.

3. Accounting Firms

DTT - Deloitte Touche Tohmatsu Limited

Par. 415: Chapter 12 makes a helpful reference back to Chapter 11 but there is no reference in Chapter 11 to the same effect, i.e., to note that qualitative information could be historical or future orientated. We suggest a reference in Chapter 11 to Chapter 12.

4. Public Sector Organizations

AGNZ - Auditor-General of New Zealand

These Chapters provided useful and important information, but it might be more useful to incorporate this content into the earlier chapters given the relevance of these topics to each of the preceding Chapters. This might reduce the duplication and length of the overall document and make it more cohesive.

5. Member Bodies and Other Professional Organizations

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

Qualitative information is common in EER reports, so it should be a 'normal' consideration. Therefore, we support integration of qualitative considerations throughout the Guidance as opposed to being located in a separate standalone chapter (Chapter 11).

AICPA - The American Institute of Certified Public Accountants

We find the information in Chapter 11, "Addressing Qualitative EER Information" to be valuable and wonder if it would be more useful if it were integrated into earlier chapters. For example, paragraphs 386–390 would seem to relate to Chapter 4, paragraphs 391–395 would seem to relate to Chapter 8, and paragraphs 383-385 could be added to the Introduction section of the Guidance. We believe it would be more helpful to readers if this material appeared earlier in the Guidance, rather than at the end. We have a similar observation about Chapter 12. "Addressing Future-Oriented EER Information."

CPAA - CPA Australia

Integrating Chapters 11 and 12: The Guidance would benefit from integrating Chapter 11 on qualitative information and Chapter 12 on future-oriented information across Chapters 4, 5, 8 and 10, as we consider that this type of information is often integral to the EER report and cannot be considered in isolation during an assurance engagement.

11.2.4 Q2 - Other comments and recommendations

None

11.2.5 Q2 - No comment

1. Investors and Analysts

ICGN - International Corporate Governance Network

No comment on chapter

2. National Auditing Standard Setters

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.

4. Public Sector Organizations

AGA - Office of the Auditor General Alberta

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

AE - Accountancy Europe

No comment

Assirevi

No comment on structure.

BRLF - Australian Business Reporting Leaders Forum

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

FAR - Institute for the Accountancy Profession in Sweden

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.