

EER Consultation Paper July 2020 (Chapter 8)

Question 1: Does the draft Guidance address the challenges for practitioners

08.1.1 Q1 - The Guidance addresses the challenges

1. Investors and Analysts

ICGN - International Corporate Governance Network

The Guidance has addressed the challenges for practitioners that have been identified as within the scope of the draft Guidance.

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The draft Guidance does adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance.

EYG - Ernst & Young Global Limited

Yes, the EER Guidance comprehensively covers the areas identified within the scope of the draft Guidance and we believe that it does include useful guidance to address practical challenges

PwC - PriceWaterhouseCoopers

Where chapters are not listed below, we have no specific comments and support the proposed guidance.

RSMI - RSM International Limited

We believe that this chapter provides useful guidance regarding obtaining evidence. In addition, paragraphs 281 and 282 could be linked to chapter 2 professional scepticism as reference is made regarding the persuasiveness of audit evidence.

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We believe that the draft guidance addresses the challenges for practitioners that have been identified as within the scope of the draft guidance.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The draft Guidance adequately addresses challenges identified by practitioners.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

08.1.2 Q1 - The Guidance does not address the challenges

None

08.1.3 Q1 - Mixed views on the Guidance addressing the challenges

2. National Auditing Standard Setters

AUASB - Australian Auditing and Assurance Standards Board

The AUASB suggests, to reduce the length of the guidance, that the generic material in Chapter 8 that sets out the practitioner's considerations as to what evidence is needed and how to obtain it for any assurance engagement be relocated to the supplementary material. The AUASB encourages the IAASB to include EER-specific context and examples within this guidance. Examples that focus on risk assessment as the determination for the level of work to be performed, together with further clarification or examples on what this means for evidence for both limited and reasonable assurance engagements, would be most useful. This chapter in particular would benefit from hyperlinks to ISAE 3000 requirements.

The AUASB and our key stakeholders request that the IAASB considers restructuring the considerations in paragraph 284 under the concept of risk assessment to help with the design of the assurance procedures to obtain sufficient appropriate evidence.

The AUASB recommends the addition of examples from paragraph 287 onwards to better demonstrate addressing aggregation risk in an EER assurance engagement.

Paragraphs 294 to 298 reference performance materiality, which is important to cover in the context of an EER engagement and may be better positioned in Chapter 9 Considering the Materiality of Misstatements.

CAASB - Canadian Auditing and Assurance Standards Board

Matters Addressed by the Guidance in this Chapter

Although the Chapter discusses that the nature of evidence varies, it does not specifically discuss the nature of procedures. Of course, the procedures vary in nature, timing and extent between reasonable assurance and limited assurance, and between engagements over historical financial information and non-financial information. In the practitioner's report on these engagements, the difference between limited assurance and reasonable assurance is the nature, timing and extent of the procedures that were performed. The guidance in paragraphs 277 – 280 currently combines limited and reasonable assurance and this could cause confusion for users of the guidance. We suggest the paragraphs should be clear when the guidance shifts from limited to reasonable assurance.

On the considerations provided in the table under paragraph 284, we see these as general evidence considerations and they do not distinguish between the evidence you would need in a limited assurance engagement versus a reasonable assurance engagement. Therefore, we suggest clarifying how the practitioner would apply these considerations to a limited and reasonable assurance engagement.

We also believe there is an opportunity in this Chapter to alert practitioners to the practical challenge of work effort required when obtaining reports from external or third-party sources, including experts and specialists. Many reports from experts and external sources are used as pieces of evidence in EER engagements and the practitioner needs help understanding how much, and type of, work effort required to use those reports as evidence.

We note that Chapter 5, paragraphs 204-206, discuss external source information, with a reference to a discussion in Chapter 8. Chapter 8 does not elaborate much more on external sources of information. We suggest the guidance be enhanced, especially given the prevalence of external source information in EER, using the content in ISA 500, Audit Evidence, paragraph A41 as a reference.

As noted in our response to Chapter 2, we believe the professional judgement and professional skepticism symbols should be used more frequently throughout the guidance when the terms are mentioned and not just on the examples. This is a chapter where we would expect there would be increased use of the symbols.

Addressing Aggregation Risk in an EER Assurance Engagement

We believe a paragraph should be added to this section to say aggregation risk only applies in some circumstances. For example, if assurance is only on selected indicators and there is no relationship between them (e.g.: dollars spent on training and energy use), then aggregation risk would not apply.

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

The aim of Chapter 8 is to provide guidance on the requirements of the Standard to obtain evidence, and on determining how much evidence is enough in both limited and reasonable assurance engagements.

We consider that the Guidance should further detail the work effort to be performed in case of a limited assurance engagement and in case of a reasonable assurance engagement. A comparison with the context of financial reporting could also be made.

First of all, the following points could be reminded:

As far as financial reporting is concerned:

In a reasonable assurance engagement, the assurance service provider obtains sufficient appropriate evidence to reduce the risk of a material misstatement of the subject matter information to an acceptably low level. The work effort in this type of engagement entails extensive procedures that include consideration of the reporting entity's controls, and substantive testing. Reasonable assurance is the same type of assurance as the one required in an audit of financial statements where the auditor expresses a positive opinion on whether the financial statements give a true and fair view in accordance with the applicable reporting framework.

In a limited assurance engagement, the work effort is not equivalent: the assurance service provider performs different and fewer tests than those required in a reasonable assurance engagement. A limited assurance engagement primarily focuses on inquiry, observation and analytical procedures, although it also involves a level of substantive testing over metrics. Limited assurance is the type of engagement where the practitioner expresses a negative opinion on the fact that, based on the procedures performed and evidence obtained, nothing has come to their attention that the subject matter information is materially misstated.

As far as non-financial reporting is concerned, we consider that the main difference between limited and reasonable assurance is the depth number of tests of detail performed (coverage rates and rotation in site selection, KPIs) and not the nature of procedures performed as it can be the case in the context of financial information. Based on practitioner's experience, the coverage rate generally expected to express a limited assurance is about 20% on information considered important versus 50% in case of reasonable assurance. This rate is to be fine-tuned according to the entity's activities, its organization, its risk profile and the professional judgment of the practitioner. As a matter of fact, EER is a juxtaposition of information, prepared with potentially few internal controls and no specific rules such as double-entry, contrary to what it is for financial reporting. This is why procedures to be performed cannot be limited to interviews and analytical procedures (as it is the case for a review of financial information) but must systematically include tests of details even in a limited assurance engagement.

We believe it fundamental that the guidance should clearly specify this matter.

Concerning EER assurance engagements, France benefits from a long experience, especially in terms of verification of NFI (statement on NFI (Déclaration de Performance Extra-Financière – DPEF) that can be a useful reference. As a matter of fact, for many years now, France has understood the benefits of NFR and made compulsory, for certain large undertakings and groups, assurance engagements on the Statement on NFI (Déclaration de Performance Extra-Financière – DPEF) (“Statement”) by an independent third party, who is, in most cases, the statutory auditor of the entity. Based on the work performed, the practitioner provides a report expressing a limited assurance on:

The compliance of the DPEF with the requirements of the French law;

The fairness of the information provided regarding the outcomes (including key performance indicators) and the measures implemented on the main risks.

In his/her report, the practitioner concludes whether, based on the procedures performed, nothing has come to his/her attention that causes him/her to believe that the NFI Statement is not presented in accordance with the applicable regulatory requirements and that the NFI Statement, taken as a whole, is not presented fairly in accordance with the entity’s procedures, in all material respects (i.e. “negative assurance” is provided).

To express such a limited assurance conclusion on the NFI Statement, the procedures to perform consist in:

obtaining an understanding of the entity’s activity and the description of the main risks associated;

assessing the suitability of the criteria of the entity’s procedures to prepare the NFI Statement, with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;

verifying that the NFI Statement includes each category of information required by the French law,

i.e. social and environmental information, as well as, when applicable, information regarding compliance with human rights, anti-corruption and tax avoidance legislation, and provide information requested by the French regulation;

verifying that the NFI Statement presents the business model and a description of the main risks associated with the entity’s activity, including where relevant and appropriate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including KPIs associated to the main risks;

referring to documentary sources and conducting interviews to

assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented, and

corroborate the qualitative information (measures and outcomes) that the auditor considered to be the most important;

obtaining an understanding of internal control and risk management procedures the entity has put in place and assessing the data collection process to ensure the completeness and fairness of the information;

for the KPIs and other quantitative outcomes that the auditor considered to be the most important and presented in Appendix (list of quantitative information: KPIs, outcomes), implementing:

analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;

tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work is carried out on a selection of contributing entities (to be detailed and covers between X% and Y% of the consolidated data relating to the key performance indicators and outcomes selected for these tests);

assessing the overall consistency of the NFI Statement based on the auditor's knowledge of the entity.

The French guidance, i.e. Avis technique Intervention du commissaire aux comptes – Intervention de l'OTI – DPEF, is available at <https://doc.cncc.fr/docs/avis-technique-intervention-du-c-5e3051e03aa25?q=avis%20technique%20OTI>

We believe that the French guidance could be a useful reference for the IAASB.

HKICPA - Hong Kong Institute of Certified Public Accountants

Chapter 8: Obtaining Evidence

Chapter 8 provides guidance on determining how much evidence is enough in an EER assurance engagement, and sets out considerations for practitioners on what evidence and procedures may be needed, and to evaluate evidence obtained. While Supplement B to the Guidance illustrates practitioner's considerations in obtaining evidence in a limited assurance engagement (Example 7) and a reasonable assurance engagement (Example 9), the Guidance and examples in Supplement B do not distinguish how evidence could be different between the two types of assurance. We suggest adding clarification or illustration in this area.

In addition, we note that an EER report may be presented in various innovative formats as opposed to a traditional, printed report e.g. interactive web-based EER report. We suggest the IAASB provides guidance in this regard, for example, areas that a practitioner should consider when providing assurance on an interactive web-based EER report.

IDW - Institut der Wirtschaftsprüfer

Chapter 8: Obtaining Evidence

274. In line with our comment on paragraph 203 of the guidance, the reference to internal control should be changed to read "entity's internal control over the preparation of the subject matter information relevant to the engagement".

279. We do not see how the reference in paragraphs 63 to 64 in the Framework actually supports the assertions made in this paragraph.

284. Most of the considerations addressed in the boxes B and C following this paragraph appear to be useful. However, the considerations in box A appear to us to be overdone. In relation to box A, it is unclear to us why practitioners would seek to undertake the considerations in (a). In line with our overall comments on chapter 7 on the guidance on assertions, the considerations in (b) and the use of assertions therein for the identification of risks of material misstatement appear to us to be designed for reasonable – but not limited – assurance engagements. The same applies to (c), (d) and the wording of (e). We suggest that these items in box A noted be reconsidered and redrafted.

Boxes B and C, (f) and (m), respectively, appear to be dealing with documentation – not obtaining evidence – and therefore should not be addressed in this chapter of the guidance. We suggest they be deleted.

287. We believe that this section on performance materiality up to paragraph 298 of the guidance ought to be placed into the chapter on materiality, since materiality is addressed in paragraph 44 of the standard and the application material thereto in paragraph A98 of the standard addresses the concept of performance materiality (even though it is not addressed by name).

290. We note the use of the term “assess” at variance with the IAASB Glossary of Terms: it should be changed to “evaluate”.

295. This paragraph states that performance materiality is not explicitly addressed in the standard. That is untrue: the concept is explicitly addressed in paragraph A98 of the standard even though the term “performance materiality is not used.

298. In the last sentence, the word “in” should be deleted.

NZAASB - New Zealand Auditing and Assurance Standards Board

Chapter 8 sets out considerations that may be used by a practitioner when considering what evidence is needed and how to obtain it for any assurance engagement. The explanation for inclusion of this generic material is that this provides context to the later chapters on qualitative and future-oriented information.

The NZAuASB considers that in order to shorten and engage more directly with the user, that this more contextual material may be better dealt with in supplementary material. The NZAuASB encourages the IAASB to include EER specific context and examples within this guidance. (i.e. there is no specific public interest that is served by including generic contextual information in this location). Examples that focus on risk assessment as the determination for the level of work to be performed together with further clarification or examples on what this means for evidence for both limited and reasonable assurance engagements would be most useful.

Paragraphs 279-281 are particularly helpful in addressing the challenge of considering the concepts of limited and reasonable assurance in EER engagements. This may also need to be supported by longer form reporting to help users understand what the differences are and what the assurance engagement covered.

We suggest restructuring the considerations in paragraph 284 under the concept of risk assessment to help with the design of the assurance procedures to obtain sufficient appropriate evidence. Obtaining evidence to support narrative reporting is a key challenge in EER engagements. The NZAuASB considers that highlighting this challenge at appropriate stages in the EER engagement, and in particular in this chapter, may be more useful than having a separate chapter (as is currently located in Chapter 11). The example on page 149 would work better in the evidence chapter. The NZAuASB also recommends the addition of examples from paragraph 287 onwards to demonstrate addressing aggregation risk in an EER Assurance engagement Paragraphs 294-298 referencing performance materiality are important aspects to cover in the context of an EER engagement and may be better positioned in Chapter 9: Considering the Materiality of Misstatements.

3. Accounting Firms

DTT - Deloitte Touche Tohmatsu Limited

Chapter 8 (Obtaining evidence) summarizes the practical challenges with regards to EER assurance engagements. These challenges, however, cannot be overcome through guidance on ISAE 3000 (Revised) alone, but through clarifying that directors have a duty to ensure there is an appropriate basis and justification for individual disclosures. This means these disclosures have to be supported by adequate evidence to justify making them.

Overall, Chapter 8 seems to fairly outline issues practitioners might face in practice, without providing much help or guidance on how to solve these. This is perhaps not achievable in the draft guidance and should be resolved – as noted in our cover letter – through clarification of director duties to have an appropriate basis and justification for individual disclosures, which implies these disclosures have to be supported by adequate evidence to justify having made them. The prerequisite of adequate evidence for disclosures made implies that preparers need to have robust internal reporting systems and processes in place to identify relevant events and conditions, record the salient information about these events and conditions as evidence about them, and evaluate and summarize this information for the purposes of reporting. Such systems and processes need to be supported by appropriate internal controls over the reporting process to provide appropriate assurance that the disclosures made in the documents are sufficiently valid and reliable.

Pars. 273-276 discuss the challenges that practitioners may face when obtaining evidence. However, they do not include reference to the challenges presented by general data protection regulation (or similar local data privacy regulations) that may mean that selected evidence is not be readily available to the practitioner or the preparer may not wish to share it. It would be helpful if the guidance could include this challenge in this section.

GTI - Grant Thornton International Ltd

This chapter clearly sets out need for the practitioner to use professional judgment in determining when enough evidence has been obtained on which to form a conclusion; a framework with which to make such judgments is important and we believe the 'Considerations for the Practitioner' highlighted in the guidance are helpful in that respect. We are also of the view the guidance is helpful in setting out a spectrum that illustrates the shift from limited to reasonable assurance. We noted this chapter references two detailed and comprehensive illustrations in Supplement B. In addition to these illustrations, we believe this chapter would benefit from one or two short contrasting examples to illustrate the application of the practical considerations for the practitioner.

4. Public Sector Organizations

AGNZ - Auditor-General of New Zealand

The content of the tables on pages 121-123 should be reviewed and better consolidated and simplified. There are several bullets in certain tables that would belong better in other tables. Relying on third-party information is a prevalent and significant issue. As noted earlier, we recommend that the Guidance provide further information on the extent to which evidence needs to be gathered when relying on third-party information.

The discussion on aggregation risk seems to understate the importance of the practitioner also needing to make a qualitative assessment of individual misstatements. It is generally not possible to add misstatements

of different elements of EER reporting together, so a quantitative assessment at an aggregate level is generally not practical.

AGSA - Auditor-General of South African

Chapter 8: Obtaining evidence

3. Par 288 (b)(i) and 289 – please provide more context in which circumstances it will be appropriate to design procedures only to detect individually material misstatements. It is not a specific requirement or principle or requirement in the standards; i.e. it is rather a matter of designing procedures to address the risk identified and the higher the level of assurance required or in the case of risk requiring special audit consideration such as fraud risks, it will require specific procedures. Also consider clarification in both limited and reasonable assurance contexts.

5. Member Bodies and Other Professional Organizations

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

Some of the “Considerations for the Practitioner” sections could read like requirements and it may be inferred that the proposed Guidance requires more work effort than ISAE 3000 (eg paragraph 284). These sections often seem to expand on content in ISAE 3000, and yet remains theoretical (eg paragraph 71). We encourage a more practical discussion.

AICPA - The American Institute of Certified Public Accountants

Consider revising the title of Chapter 8 so that it reads “Obtaining Sufficient Appropriate Evidence.” Also, in paragraphs 271, 276, and elsewhere in Chapter 8, the focus appears to be on the quantity of evidence obtained. We believe the focus should be on whether sufficient appropriate evidence has been obtained.

- We question whether paragraphs 277–286 in Chapter 8 add much to the discussion of determining the sufficiency of evidence in EER assurance engagements, beyond what is already in ISAE 3000 (Revised). This discussion seems to be basic assurance guidance without much of an EER lens. The same is true of paragraphs 287–298 on addressing aggregation risk, with the exception of the addition of the term “aggregation risk.” With regard to that term, it seems odd to develop a new term in guidance that describes a process that is already described in the assurance literature. For that reason, what might be more useful would be examples of this process in the EER context.

The Guidance primarily addresses planning and reporting and contains very little on execution procedures. Practitioners would benefit from additional practical examples of inquiry, analytics, and substantive testing.

Assirevi

As regard paragraph 271, the Chapter refers explicitly to the existing standard ISAE 3000 Revised (S.48L / R-60): it would be useful to introduce further examples of limited versus reasonable assurance evidence required for EER reporting information, in addition to the examples included in supplement B

No comment on structure.

CPAA - CPA Australia

Reasonable vs limited assurance: The Guidance in Chapter 8 highlights the difference between the nature of procedures and the evidence required to reach reasonable assurance as opposed to limited assurance. This difference can be particularly challenging for practitioners to determine and may need an example to fully illustrate (see paragraphs 100-101). The level of meaningful assurance in a limited assurance engagement ranging from “just above ‘clearly inconsequential’ to just below what would be meaningful in a reasonable assurance” engagement does not provide sufficient clarity. Describing limited assurance as a range is unhelpful to practitioners and users alike and does not allow comparability between assurance reports for different entities. Users cannot be expected to understand the level of assurance provided by reading a description of the procedures conducted, especially in these areas of reporting which are still emerging and evolving, and are not as well understood as more established frameworks, such as financial reporting. Contrary to the statement in paragraph 345, the level of assurance cannot be well understood from an “informative summary of the procedures performed”. This is because the adequacy of those procedures in reducing the risk of material misstatement will depend on the assessed risks, which are not shared in the assurance report. It would be more practical to state in plain English the level of assurance which practitioners are seeking to achieve, such as “moderate”, and then articulating what work effort that may require.

FAR - Institute for the Accountancy Profession in Sweden

It is unclear if the guidance under chapter 8 is to be used for future oriented information, clearer reference to chapter 12 would be beneficial.

ISCA - Institute of Singapore Chartered Accountants

Obtaining evidence commensurate to level of assurance

We appreciate that, as mentioned in paragraph 15 of Appendix 2, the Guidance includes considerations for the practitioner on the differential requirements for limited and reasonable assurance, in response to comments received for Phase 1 of the CP.

Paragraph 15 of Appendix 2 also sets apart the question of “how much evidence is enough” as an area specially addressed. Notwithstanding that obtaining evidence requires the application of professional skepticism and professional judgment, Chapter 8 does not provide sufficient guidance on obtaining evidence with enough collective persuasiveness to reduce engagement risk as appropriate.

We understand that it is intended for Supplement B of the Guidance to provide examples of how much may be enough evidence in the different circumstances. Each example is identified either as a limited or reasonable assurance engagement. We would like to recommend the inclusion of an additional example on the differences in the extent of audit evidence required for both levels of assurance if each of these is to be performed on the same subject matter information. This will provide a clearer understanding of the application of ISAE 3000 (Revised) in EER via meaningful comparison.

We note that different requirements for both levels of assurances are not exclusive to the area of obtaining evidence. For example, the Guidance also highlights that the practitioner is required to obtain an understanding of internal controls over the subject matter information in a reasonable assurance engagement but not necessarily so in a limited assurance engagement. It will be useful to illustrate comprehensively in the suggested example, all different requirements in applying ISAE 3000 (Revised) for limited and reasonable assurance engagements in every stage of an EER assurance engagement.

We also like to propose for this example to be made in the context of sustainability reporting as it is currently one of the most common types of EER. Examples could be drawn from occupational health and safety indicators or environmental indicators like effluents, emissions, etc.

Obtaining evidence from analytical reviews for limited assurance

We would also like to highlight that analytical review is an important procedure for limited assurance. The Guidance should set out considerations when performing analytical reviews on EER assurance engagements, especially for subject matter information that is largely qualitative. There should also be clarification over whether analytical reviews should be performed on qualitative information and if yes, how to.

08.1.4 Q1 - Other comments and recommendations

3. Accounting Firms

RSMI - RSM International Limited

In addition, paragraphs 281 and 282 could be linked to chapter 2 professional scepticism as reference is made regarding the persuasiveness of audit evidence.

5. Member Bodies and Other Professional Organizations

BICA - Botswana Institute of Chartered Accountants

Draft Guidance paragraph 284 a(iii) last but one word should be corrected to read 'another'.

SAICA - South African Institute of Chartered Accountants

Editorial change:

Paragraph 271 (second sentence): "...It also sets out considerations for practitioners..."

08.1.5 Q1 - No comment

2. National Auditing Standard Setters

JICPA - Japanese 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

AE - Accountancy Europe

No comment

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

IIRC - International Integrated Reporting Council

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

MIA - Malaysian Institute of Accountants

No comment

MICPA - Malaysian Institute of Certified Public Accountants

No comment for this 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

08.2.1 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

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

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

None

08.2.3 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

AUASB - Australian Auditing and Assurance Standards Board

Chapter 11: Addressing Qualitative EER Information:

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.

The AUASB suggests, to reduce the length of the guidance, that the generic material in Chapter 8 that sets out the practitioner's considerations as to what evidence is needed and how to obtain it for any assurance engagement be relocated to the supplementary material. The AUASB encourages the IAASB to include EER-specific context and examples within this guidance. Examples that focus on risk assessment as the determination for the level of work to be performed, together with further clarification or examples on what this means for evidence for both limited and reasonable assurance engagements, would be most useful. This chapter in particular would benefit from hyperlinks to ISAE 3000 requirements.

The AUASB and our key stakeholders request that the IAASB considers restructuring the considerations in paragraph 284 under the concept of risk assessment to help with the design of the assurance procedures to obtain sufficient appropriate evidence.

The AUASB recommends the addition of examples from paragraph 287 onwards to better demonstrate addressing aggregation risk in an EER assurance engagement.

Paragraphs 294 to 298 reference performance materiality, which is important to cover in the context of an EER engagement and may be better positioned in Chapter 9 Considering the Materiality of Misstatements.

CAASB - Canadian Auditing and Assurance Standards Board

See our response to question 1 above. We believe the guidance in this Chapter should address and differentiate between the nature, timing and extent of procedures performed in a limited versus reasonable assurance engagement.

NZAASB - New Zealand Auditing and Assurance Standards Board

Chapter 8 sets out considerations that may be used by a practitioner when considering what evidence is needed and how to obtain it for any assurance engagement. The explanation for inclusion of this generic material is that this provides context to the later chapters on qualitative and future-oriented information.

The NZAuASB considers that in order to shorten and engage more directly with the user, that this more contextual material may be better dealt with in supplementary material. The NZAuASB encourages the IAASB to include EER specific context and examples within this guidance. (i.e. there is no specific public interest that is served by including generic contextual information in this location). Examples that focus on risk assessment as the determination for the level of work to be performed together with further clarification or examples on what this means for evidence for both limited and reasonable assurance engagements would be most useful.

Paragraphs 294-298 referencing performance materiality are important aspects to cover in the context of an EER engagement and may be better positioned in Chapter 9: Considering the Materiality of Misstatements.

We suggest restructuring the considerations in paragraph 284 under the concept of risk assessment to help with the design of the assurance procedures to obtain sufficient appropriate evidence. Obtaining evidence to support narrative reporting is a key challenge in EER engagements. The NZAuASB considers that highlighting this challenge at appropriate stages in the EER engagement, and in particular in this chapter, may be more useful than having a separate chapter (as is currently located in Chapter 11). The example on page 149 would work better in the evidence chapter.

3. Accounting Firms

DTT - Deloitte Touche Tohmatsu Limited

Par. 280 covers obtaining evidence in reasonable respectively limited assurance engagements. References to the relevant paragraphs in the Standard, i.e., paragraph 12, A3, could be included.

Par. 284 includes a table with considerations for the practitioner regarding obtaining evidence. The table is valuable but contains a great deal of information that could be hard for practitioners to use given its length and format. DTTL suggests breaking it down by sub-theme or goal. For example, in the first section (A) we recommend having a separate section for evidence related to risk assessment procedures related to the underlying subject matter and subject matter information and address some of these considerations there. Also, providing linkage to the evidence obtained as part of engagement acceptance procedures performed by the practitioner would be helpful.

PwC - PriceWaterhouseCoopers

Paragraphs 114-119 – While also representing conceptual material, these paragraphs, like paragraphs 43-62, read more like guidance. Again, to the extent that this is considered necessary guidance, it should be incorporated into the main guidance.

See comments on Part II of Supplement A in Appendix 2 (Paragraphs 114-119).

5. Member Bodies and Other Professional Organizations

SAICA - South African Institute of Chartered Accountants

This chapter includes a detailed discussion on performance materiality. SAICA is of the view that this discussion should be included in Chapter 9: Considering the materiality of misstatements. This is in line with the flow of the standards relating to audit engagements where ISA 320, Materiality in planning and performing the audit, contains a comprehensive discussion on both planning and performance materiality. Chapter 9 should, therefore, be the section which constitutes a detailed discussion on all aspects relating to materiality.

08.2.4 Q2 - Other comments and recommendations

None

08.2.5 Q2 - No comment

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 point to report

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

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

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.