EER Assurance

Project Update to the CAG
March 2019

March 6, 2019
Recap of September Update

• Progress report on the development of the phase 1 draft guidance – shared a first draft
• Presented key issues being considered by the Task Force
• Refer to ‘report back’ document for summary of points raised and Task Force responses
Agenda for Today

Conclusion of phase 1 → Introduction to phase 2
Progress Since September – Conclusion of Phase 1

- Further developed the draft guidance in response to feedback
- Global Discussion Events and Outreach Meetings
- IAASB December meeting and January teleconference
- Phase 1 consultation paper
Phase 2

The EER Assurance House (under construction)

- Challenges allocated to phase 1
- Challenges split between phase 1 and phase 2
- Challenges allocated to phase 2
Determining the Scope of an EER Assurance Engagement

• Wide variety in the scope of assurance engagements in practice
• Can be an entire report or only part(s) of an EER report
• Engagement acceptance considerations linked to ISAE 3000 (Revised) preconditions – particularly whether engagement has a rational purpose
• Limited and reasonable assurance
Communicating Effectively in the Assurance Report

• Summarizing the work performed
• Communicating scope and levels of assurance
• Managing expectation gaps
• Long vs. short form reports
Exercising Professional Skepticism and Professional Judgment

• Many aspects of EER that require judgment and skepticism – increased subjectivity and risk of management bias

• ‘Materiality processes’ a key area of judgment – risk of a preparer “cherry picking” what to include in the EER report and in the assurance scope

• Linked to the practitioner needing to have the necessary competence
Obtaining the Competence Necessary to Perform the Engagement

• Wide range of skills and experience required – assurance skills and detailed subject-matter knowledge
• Use of experts
• Role of engagement leader / assurance report signatory
• Quality control
Obtaining Audit Evidence in Respect of Narrative and Future-Oriented Information

• Identifying appropriate sources of evidence
• Linked to issues around the system of internal control considered in phase 1
CAG Representatives are asked:

a) whether they have comments on the initially identified aspects of guidance needed to address the phase 2 challenges;

b) whether they have identified any additional aspects of guidance which are needed to address the challenges; and

c) whether they have any comments on how these aspects of guidance should advise practitioners to address the challenges.
Next steps

• Phase 1 Consultation Paper
• Development of phase 2 guidance
  – Initial draft to be presented to IAASB in September
  – Exposure draft planned for early 2020