



Response to IAASB Proposed Non-Authoritative Guidance: Extended External Reporting (EER) Assurance

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INTRODUCTION

ICAS welcomes the opportunity to comment on the IAASB's Proposed Non-Authoritative Guidance on Extended External Reporting (EER) Assurance.

Our CA qualification is internationally recognised and respected. We are a professional body of over 22,000 members who work in the UK and in more than 100 countries around the world. Our members represent different sizes of accountancy practice, financial services, industry, the investment community and the public sector. Almost two thirds of our working membership work in business, many leading some of the UK's and the world's great companies.

Our Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

Any enquiries should be addressed to Anne Adrain, Head of Sustainability and Reporting,
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General comments

We commend the IAASB and the World Business Council for Sustainable Development (WBCSD) for taking the initiative to produce much needed guidance on the application of ISAE 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Information, in Extended External Reporting (EER) Assurance Engagements.

We are supportive of the initiative and the objective to enable greater consistency in the application of ISAE 3000 in the evolving area of external reporting.

We do have some concerns about the ability to apply ISAE 3000 to some EER Assurance Engagements as this standard was not designed with some of the emerging requirements and expectations around non-financial reporting in mind, hence the need for such lengthy accompanying guidance. We are not entirely convinced that the guidance will address all of these concerns and therefore the guidance may need to be an evolving document, enhanced by additional examples as these emerge. This will pose an additional time and resourcing burden on the IAASB and it is not clear to what extent this additional resource will be available for this project in the future.

Having said that, the examples provided are extremely useful and we believe that assurance providers will perceive them as helpful sources of reference.

We would also highlight that the guidance itself is very lengthy and therefore may not be the most accessible of documents. However, it may be possible to present it in a digitised, online format that simplifies the navigation process and enables users to reach specific sections quickly and easily. One further suggestion in relation to the examples is that these could be displayed by topic in order that a user can quickly identify and access the relevant example for their needs.

Our responses to the specific questions are listed in the section below.

Specific questions

Question 1

Does the draft guidance adequately address the challenges for practitioners that have been identified as within the scope of the guidance? If not, where and how should it be improved to better serve the public interest in EER assurance engagements?

Response 1

As stated in our general comments above, while the guidance has made some progress in addressing some of the challenges practitioners may face, we do not believe that it would be possible to predict all of these potential challenges and therefore further updates may be needed to the guidance over time.

One area where the guidance is currently lacking is in relation to assurance over internal processes. The guidance currently considers the internal control environment, however, it is silent on the processes from which some of the information reported will be derived. This is an unfortunate omission, as, specifically in relation to non-financial information, the process used to produce this information will be key to its reliability and credibility. We note that Section 5 of the guidance considers the internal control environment but does not include any expectation for the practitioner to assess or consider the process followed in the preparation of the information. We believe that the provision of assurance on such processes would be extremely valuable for users and key stakeholders.

Question 2

Is the draft guidance structured in a way that is easy for practitioners to understand and use in performing EER assurance engagements? If not, where and how should it be improved to better serve the public interest in EER assurance engagements?

Response 2

We have highlighted in our general comments above that we believe the guidance to be extremely lengthy. We believe that the smart use of technology could resolve this issue. We suggest that the guidance should be produced and presented in a digitised, online format that enables assurance providers to access the specific section of the guidance that is relevant for their purpose in order to address the accessibility and navigation issues.