6 July 2020

Lyn Provost
Chair of the Extended External Reporting Taskforce
c/o International Auditing and Assurance Standards Board
International Federation of Accountants
529 5th Avenue, 6th Floor
New York, New York 10017 USA

Dear Lyn,

AUASB Submission on the IAASB’s Consultation Paper: Proposed Non-Authoritative Guidance Extended External Reporting (EER) Assurance

The Australian Auditing and Assurance Standards Board (AUASB) is pleased to have the opportunity to comment on the IAASB’s Consultation paper: Proposed Non-Authoritative Guidance Extended External Reporting (EER) Assurance.

The AUASB commends the IAASB’s initiative to issue non-authoritative guidance to address the key challenges that EER assurance practitioners face. This is an important and evolving area of practice and it is timely for the guidance to be released to promote more robust and consistent practice around the world.

The Australian perspective

In Australia, EER continues to gain momentum in a voluntary market coupled with some form of assurance on this type of reporting. The Australian Stock Exchange (ASX) Governance Principles and Recommendations, revised in February 2019, now support the need for listed entities to have appropriate processes to verify the integrity of all corporate periodic reports to external stakeholders, and, as such, adequate credibility enhancing mechanisms in place to ensure that this occurs. An identified key credibility enhancing mechanism is external assurance provided by an appropriately qualified assurance provider. These initiatives are consistent with the direction being adopted internationally. Current academic research also supports the view that such credibility enhancing techniques are beneficial to market participants.

Improving auditing and assurance practice in EER is a strategic objective for the AUASB towards meeting our vision of building stakeholder confidence in the Australian economy and capital markets, through enhancing the credibility of external reporting. The AUASB also recognises the increasing importance of non-financial information, presented via EER, to meet report users’ needs. The AUASB continues to be very active in this area, including through our representation on the IAASB Project Advisory Panel (PAP) to the EER Taskforce through Jo Cain (current AUASB Member) and Nick Ridehalgh (stakeholder in our jurisdiction), and as such considers it a priority for the IAASB to finalise and issue the non-authoritative guidance.

The AUASB congratulates the IAASB on the momentum established in developing this Guidance and encourages its prompt release. There will no doubt be something useful in this comprehensive Guidance for all practitioners in EER assurance, in the same way that there will no doubt be gaps and areas for improvement identified through implementation. To this end, we encourage tight monitoring of practitioner experience in implementing this Guidance across the globe, with a view to further enhancing it once it has been properly “tried and tested”.

In conjunction with the New Zealand Auditing and Assurance Standards Board (NZAuASB), the AUASB undertook a survey of assurance practitioners to gather views on:

- The types of credibility enhancing techniques being utilised for EER in the marketplace; and
- To understand how innovation is being applied by practitioners.
The survey confirmed that the majority of EER assurance engagements remain voluntary, predominantly providing limited assurance (83% of such engagements). Approximately 70% of Australian practitioners indicated that they perform assurance readiness or maturity assessments prior to undertaking any assurance. The AUASB has taken this evidence into account when responding to this draft IAASB EER Assurance Guidance.

In formulating this response, the AUASB undertook a virtual outreach event, in conjunction with the NZAuASB, Deakin University and the Business Reporting Leaders Forum (BRLF) to seek feedback from assurance practitioners, Report preparers, regulators, academics and investors. This outreach was well subscribed (over 50) and dynamic, with a highly engaged and representative sample of stakeholders providing useful feedback that has been integrated into this response.

Overarching comments

The AUASB supports the release of this EER Assurance Guidance to promote a more robust approach to EER assurance and greater consistency in practice. We commend the IAASB’s leadership and the inclusive approach taken via the IAASB EER PAP. Our outreach confirmed that practitioners expect the guidance to be useful in practice, in particular the value of the examples integrated into both the guidance and supplementary material. Our response consists of suggestions to refine and improve the draft, with the key improvements summarised below and further detail provided in response to the questions:

Structure

The guidance has become lengthy and quite complex. The AUASB appreciates the extensive challenges addressed, however, in consultation with our key stakeholders, we encourage the IAASB to re-organise and streamline the document prior to issue in order to optimise the likelihood of widespread international adoption and use:

- **Electronic Form and Hyperlinks to aid navigation**: To reduce the length of the document and repetition of ISAE 3000 (Revised) requirements and aid usability, a suitable technology solution is strongly recommended. This could include an electronic version, where the user is able to navigate the entire guidance to access a specific challenge or chapter, as required. In addition, this could include hyperlinks to individual chapters, specific examples in Supplement B and the requirements of ISAE 3000 (Revised) and other relevant standards. This would ensure that the guidance is accessible to all assurance practitioners and significantly enhance its usability.

- **Relocation of Chapter 6 Considering the Entity’s Process to identify Reporting Topics to the start**: While our stakeholders unanimously found this chapter useful in setting the context for EER assurance, with diagram 8 reinforcing the connectivity between the assurance practitioner and the preparer’s roles, concerns were consistently raised about the placement of this chapter. The AUASB is of the view that the reporting entity needs to perform the necessary thinking on EER subject matter and consider other credibility enhancing steps before engaging an independent assurance practitioner to opine on its EER report. Hence, both EER preparers and assurance practitioners would utilise the content of Chapter 6 prior to determining the assurance scope. With this in mind, the AUASB suggests that Chapter 6 would be better placed before Chapter 3: Determining Preconditions and Agreeing the Scope.

- **Reasonable versus Limited Assurance**: Although assurance practitioners acknowledge coverage of the scope and differences between reasonable and limited assurance in ISAE 3000 (Revised), they also acknowledge that this remains an area of much confusion with respect to EER. Hence, the AUASB encourages the IAASB to provide further clarity on the differences between the two types of engagements within the guidance. Specifically, more guidance on whether or not there is an expected
difference in work effort between the two engagements to determine the suitability of criteria (Chapter 4) would be beneficial. Examples that focus on risk assessment as the determination for the level of work to be performed could add value for practitioners, alongside what this means for obtaining evidence for both limited and reasonable assurance engagements (Chapter 8). This would require further clarity in the content in both the main body of the guidance and linkage to relevant examples in the supplementary material.

- **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 as part of the assurance engagement. 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.

**Terminology**

The AUASB recommends simplification of the terminology used in the guidance, such that it is more specific to EER. This would improve accessibility for assurance practitioners and preparers and go a long way to more practical and user-friendly guidance. Plain English is encouraged and a “road test” of the language and terminology suggested prior to release, involving a Plain English specialist/proof-reader (as may already be the IAASB’s intention) and a relatively inexperienced EER assurance practitioner. The use of plain English would also assist in the translation of the guidance to other languages and help to promote adoption in other jurisdictions.

**Promotion of EER assurance**

In line with our vision and strategic objectives as a standard-setter, the AUASB continues to encourage the IAASB not to establish too high a hurdle for the uptake of assurance on EER. It remains important to encourage assurance in this evolving area to enhance credibility and trust of EER, without the assurance process becoming a barrier to the further development of EER.

The AUASB’s detailed responses to the specific questions asked in the discussion paper are included in this letter as Attachment 1, however the points made above constitute a key part of our feedback.

Both Jo Cain and I have been closely involved in the outreach for this submission, to our key stakeholders and our Australian Board Members, and the subsequent development of this submission with Marina Michaelides of the AUASB’s Technical Group. Should you have any queries regarding this submission, please do not hesitate to contact Marina on mmichaelides@auasb.gov.au

Yours sincerely,

Roger Simnett
AUASB Chair
SUBMISSION OF THE AUSTRALIAN AUDITING AND ASSURANCE STANDARDS BOARD

IAASB Consultation Paper – Proposed Non-Authoritative Guidance Extended External Reporting (EER) Assurance

Q1. Does the draft Guidance adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance? If not, where and how should it be improved to better serve the public interest in EER assurance engagements.

Overall, the AUASB considers that all sections and chapters will serve the public interest by promoting consistency in practice. Our response to Q1, including where and how the guidance should be improved to better serve the public interest in EER assurance engagements, has been presented in accordance with the current structure of the guidance.

Introduction:

The purpose of Diagram 1 is to provide much-needed connectivity between the stages of an assurance engagement, the requirements of ISAE 3000 and the chapters of this guidance. To assist with usability of Diagram 1 the AUASB suggests the following improvements, which effectively represent a re-structuring of the diagram to enhance the likelihood of its use:

- Present it vertically with the stages of an EER assurance engagement clearly laid out on the left hand column of a 3-column table:
  - Column 1: EER Assurance Process Step-by-Step
  - Column 2: Guidance Chapter and Specific Examples
  - Column 3: ISAE 3000 Requirements with Hyperlinks

To further enhance the flow of the guidance, the AUASB suggest reproducing the relevant rows from the table at the start of each chapter.

With regard to the section headed Nature of EER and Meaning of ‘EER Information’ and ‘EER Report’, the AUASB suggests replacing the word “consequences” in paragraph 5 as this points to risk rather the intended meaning. Words such as “impacts”, “value created” and “performance” are more commonly used in EER. For example, the first sentence could read: “EER encapsulates many different types of reporting that provide information about the financial and non-financial impacts of an entity’s activities.”

Whilst the AUASB commends the IAASB for its work to make the guidance framework neutral, reference to relevant frameworks would be useful to assurance practitioners and are conspicuous by their absence. For example, paragraph 7 would be more comprehensive and well-rounded through the mention of a range of reporting frameworks that a preparer may use, especially those at an international level, such as the GRI, the IIRC <IR> Framework and more.

The AUASB appreciates that the provision of hyperlinks to example EERs is fraught with challenges. However, perhaps a diplomatic way to provide assurance practitioners with a source of example EERs would be to provide hyperlinks to a number of reporting awards that include EER from around the world. Such as the Corporate Register Reporting Awards (CRRA) out of the UK and the Australasian Reporting Awards (ARA) out of Australia.
Chapter 1: Applying Appropriate Competence and Capabilities

This chapter is extremely useful as it recognises the practical need to combine assurance expertise with subject matter experts to effectively challenge management. Multi-disciplinary assurance teams are becoming increasingly common. On complex EER engagements, there may be a need for multidisciplinary teams as well as an increased use of the work of experts.

The AUASB recommends additional guidance to elaborate on what constitutes a practitioner expert. The use of Plain English terminology may help to clarify this chapter, avoiding switching between terms such as “practitioner expert” and “subject matter expert”, rather using simpler terms to explain who team members are and who experts are.

The use of terminology such as “engagement partner” may be too narrow in the context of EER. A more encompassing term, such as “engagement leader” may better reflect how assurance practitioners structure their business, not limiting this to a traditional Big 4 structure.

The guidance highlights useful factors to determine the extent of use of an expert and how an expert is used, together with practical examples of consideration of a team’s collective competence. A key challenge for the practitioner will be identifying the appropriate experts needed, hence additional examples of the factors to consider in this regard would be especially helpful.

Chapter 2: Exercising Professional Scepticism and Professional Judgement

The AUASB considers the exercise of professional scepticism and professional judgement to be of particular importance to EER assurance, however Chapter 2 is not currently EER-specific. To address this, the AUASB would suggest making this Chapter more EER specific and moving any relatively broad, contextual information to Supplement A.

As a way to reduce the overall length of the guidance document, the AUASB suggests a one-page summary of this chapter (to remind assurance practitioners of its importance, coupled with some EER-specific examples), perhaps in a visual/tabular format, with hyperlinks to the latest research. This would assist in addressing the universal comment on length received from our stakeholders, and, as we understand it, from the majority of other jurisdictions. It is suggested that this summary includes at least one example for each of professional scepticism and professional judgement for accessibility.

One final, less significant suggestion, is to cover professional judgement first, as this concept is more likely to be familiar to the EER assurance practitioner.

Chapter 3: Determining Preconditions and Agreeing the Scope

The AUASB continues to believe that Chapter 3, together with the detailed examples on preconditions in the supplementary material, will be very useful in practice. The guidance related to the work effort required, independence considerations and responses where the preconditions are not met will be especially helpful.

A lack of maturity in EER preparation may represent a key challenge for an assurance practitioner. Hence, the AUASB recommends relocating Chapter 6 on Considering the Entity’s Process for Determining Reporting Topics to appear directly before this chapter, to provide some essential context prior to determining the assurance scope. The AUASB suggests that this change would more appropriately reflect the balance of responsibility between a preparer and the assurance practitioner in determining the scope and ensuring that the preconditions for assurance are met. There may be other assurance readiness work that could assist preparers develop their own internal credibility enhancing techniques before seeking an
assurance engagement. As currently ordered, the guidance may imply a higher threshold or work effort for a practitioner than that required for an audit of financial statements and might create a barrier to assurance. Re-ordering the guidance as suggested might more appropriately shift the weight of getting ready back on the preparer and not imply that the assurance practitioner’s role is to get the preparer ready for assurance.

Placing Chapter 6 ahead of this chapter in the guidance, would also facilitate the link between reporting topics as a focus in determining the scope of assurance, i.e. it is important that the assurance focuses on the material issues and related datasets and information. This links to the concept of a rolling program of material issues as a basis for EER assurance.

The AUASB has heard from a number of practitioners undertaking “assurance readiness engagements” or “maturity assessments” coupled with our survey of Australian EER assurance practitioners, to which approximately 70% of respondents indicated that they perform assurance readiness or maturity assessments prior to undertaking any assurance. Whilst there is some coverage of these approaches in paragraphs 104, 107 (b) and 108, the AUASB considers that an upfront subsection on this type of work, as was included in the Phase 1 EER guidance under “Assurance Readiness Engagements and ‘Maturity Assessments’” (paragraphs 50-54), would continue to add value for an EER assurance practitioner navigating preconditions and scope.

The AUASB considers that Diagram 5 Acceptance and Continuance Considerations is overly complex. A flowchart may communicate the concepts more effectively alongside the questions on pages 75 and 76, as a visual walk through the process.

Chapter 4: Determining the Suitability and Availability of Criteria

The AUASB considers that this chapter will serve the public interest by promoting consistency in practice, as the suitability and availability of criteria represents a top priority to our stakeholders. The use of examples is especially helpful, as are paragraphs 124, 142-43, 165 and 179.

Determining the suitability of the criteria and considering the entity’s process to identify reporting topics are preconditions for acceptance and it is recommended that Diagram 1 reflects this accordingly.

The AUASB commends the IAASB for the comprehensive way in which the characteristics of suitable criteria are presented, in particular in the integration of examples.

Chapter 5: Considering the System of Internal Control

This chapter highlights the challenges where governance and internal control lack maturity. i.e., acceptance issues or barriers to the practitioner obtaining sufficient appropriate evidence. However, the AUASB considers that the chapter may be overly detailed and could be streamlined.

The content of the chapter seems relatively narrow in focus on the system of internal controls, rather than the broader need for maturity of thinking. There seems to be an over emphasis on the processes and system of internal controls, over and above the importance for a broader concept of maturity of thinking or “integrated thinking” in preparing to report which extends to many forms of EER. Maturity of thinking is a key aspect to be addressed by the governance and management oversight piece.

Enhanced coverage of “assurance readiness” engagements and “maturity assessments” is also suggested in this chapter, as a review of the system of internal control may represent an early consideration for assurance practitioners.
Internal data verification represents an important consideration for EER assurance practitioners and the AUASB suggests considering the following points for coverage in this chapter:

- There is a key role for managers to sign off the accuracy and completeness of data reported internally, and potentially then externally, within the system of internal control.
- This internal verification process can often be lacking, hence drawing out this potential challenge for assurance practitioners would add value.
- For example, has a manager signed off data that differs by more than 10% from the previous year, whilst little change to activities or the operating environment has occurred?
- If questions have not been asked, then an assurance practitioner may question the substance of the sign-off process, exercising professional scepticism.

The AUASB also recommends that paragraph 208 (within the section on Governance and Oversight) is moved to before paragraph 207 on Control Activities. The approval of the criteria is also recommended for inclusion in the list of considerations in paragraph 208. Paragraphs 195-199 are not EER-specific and could be condensed into two paragraphs that list the components and summarise the idea that the level of sophistication may vary with the size and complexity of the reporting entity.

**Chapter 6: Considering the Entity’s Process to Identify Reporting Topics**

The AUASB and our stakeholders agree that Chapter 6, together with Diagram 8, is a most useful starting point to assist users to navigate the guidance and undertake a deeper dive into other relevant chapters, as appropriate.

As already highlighted, the AUASB’s stakeholders unanimously found this chapter useful in setting the context for EER assurance, with Diagram 8 reinforcing the connectivity between the assurance practitioner and the preparer’s roles. The AUASB is of the view that the reporting entity needs to perform the necessary thinking on EER subject matter and consider other credibility enhancing steps before engaging an independent assurance practitioner to opine on its Report. Hence, both EER preparers and assurance practitioners will utilise the content of Chapter 6 prior to determining the assurance scope. With this in mind, the AUASB suggests that Chapter 6 would be better placed before Chapter 3: Determining Preconditions and Agreeing the Scope.

In practice, credibility is built up over time, requiring substantial process work by the preparer to engage with its stakeholders, collate feedback and develop data points and controls before seeking independent assurance. It is important that the reporting entity has performed the necessary thinking on the EER subject matter and considered and advanced other credibility enhancing steps prior to seeking to engage an independent practitioner to opine on the Report. Re-ordering Chapter 6 within the guidance document may help to overcome the real challenge that practitioners face, playing the role of educator to the preparer.

During our outreach, we introduced the guidance using Diagram 6 to more effectively engage with a broader stakeholder group. This Diagram helped the different stakeholder groups present to understand the roadmap and role of the preparer in getting ready for an assurance engagement. If the entity is not ready for assurance, it may be that the practitioner can assist with other services, as explored in paragraph 107. These options, however, are buried too deep in the guidance and would more usefully be positioned up front and considered before, not within, the assurance process.

The AUASB understands and broadly supports the rationale behind the change in terminology to “the entity’s process to identify reporting topics” from the entity’s “materiality process”. We appreciate that this change has been made to avoid unnecessary confusion with the way in which assurance practitioners think
about the term “materiality”. This new language was also broadly supported by the stakeholders during outreach.

The AUASB and some stakeholders consider that the language used in this chapter remains overly complex and confusing, especially when referring to the “entity’s development of criteria to identify reporting topics”. Stakeholders also raised this as confusing, highlighting confusion in the examples in paragraph 221, which seem to mix criteria around reporting topics (including relevance to stakeholders and material risks with more specific indicators in example 2). We consider that this is better articulated in the covering memo, where it is clearer that the process to identify reporting topics may be needed where the EER framework in itself does not result in suitable criteria i.e. the “process to identify reporting topics” is how the preparer goes about developing the criteria further. The idea that all of these layers form part of the criteria may assist.

We find the use “of criteria to identify reporting topics” confusing as it is unclear how the process differs from the criteria. It implies that there is a need for “separate” criteria to identify reporting topics where we understand that this is only one part of whether the criteria are suitable. This concept is described clearly in the first sentence of paragraph 220, however we encourage the IAASB to consider a different way to describe the “criteria to identify reporting topics” in the last sentence.

**Chapter 7: Using Assertions**

The AUASB encourages the IAASB to be specific about what an assertion is (rather than stating what it isn’t or referring to other information sources on assertions) and provide specific EER examples. This terminology may be new to some EER assurance practitioners, hence clarity is critical from the outset of this chapter re: what is being discussed.

**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.*
Chapter 9: Considering the Materiality of Misstatements:
In the AUASB’s view, this chapter provides clarity on materiality relating to a certain threshold and/or influencing the decisions of key stakeholders, an issue raised with respect to the naming of Chapter 6.

Chapter 10: Preparing the Assurance Report:

The AUASB considers this chapter to be disproportionately long compared to a number of the other chapters. Flowing a typical example Assurance Report for publication in an EER through this chapter may help to reduce the length and condense the guidance under the “Assurance Report Content” paragraphs 340 to 375, which could also be linked to ISAE 3000. Highlighting or colour-coding could be used to identify how parts of the Assurance Report relate to the guidance in this chapter. This could aid the flow of the chapter and avoid confusion for practitioners regarding what an Assurance Report should typically include, alongside its potential structure.

Actual examples of Assurance Reports published in EERs would add value and are typically relatively succinct.

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.

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.

Chapter 12: Addressing Future-Oriented EER Information:

The AUASB suggests stronger linkages to example evidence and assurance processes throughout this chapter, with more examples of statements that can be assured and why, alongside some that cannot be assured and why not.

Q2. 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?

The guidance has become lengthy and quite complex. The AUASB appreciates the extensive challenges addressed, however, in consultation with our key stakeholders, we encourage the IAASB to re-organise and streamline the document prior to issue in order to optimise the likelihood of widespread international adoption and use:
- **Electronic Form and Hyperlinks to aid navigation**: To reduce the length of the document and repetition of ISAE 3000 (Revised) requirements and aid usability, a suitable technology solution is strongly recommended. This could include an electronic version, where the user is able to navigate the entire guidance to access a specific challenge or chapter, as required. In addition, this could include hyperlinks to individual chapters, specific examples in Supplement B and the requirements of ISAE 3000 (Revised) and other relevant standards. This would ensure that the guidance is accessible to all assurance practitioners and significantly enhance its usability.

- **Relocation of Chapter 6 Considering the Entity’s Process to identify Reporting Topics to the start**: Our stakeholders unanimously found this chapter useful in setting the context for EER assurance, with Diagram 8 reinforcing the connectivity between the assurance practitioner and the preparer’s roles. The AUASB is of the view that the reporting entity needs to perform the necessary thinking on EER subject matter and consider other credibility enhancing steps before engaging an independent assurance practitioner to opine on its EER report. Hence, both EER preparers and assurance practitioners would utilise the content of Chapter 6 prior to determining the assurance scope. With this in mind, the AUASB suggests that Chapter 6 would be better placed before Chapter 3: *Determining Preconditions and Agreeing the Scope*.

- **Reasonable versus Limited Assurance**: Although assurance practitioners acknowledge coverage of the scope and differences between reasonable and limited assurance in ISAE 3000 (Revised), they also acknowledge that this remains an area of much confusion with respect to EER. Hence, the AUASB encourages the IAASB to provide further clarity on the differences between the two types of engagements within the guidance. Specifically, more guidance on whether or not there is an expected difference in work effort between the two engagements to determine the suitability of criteria (Chapter 4) would be beneficial. Examples that focus on risk assessment as the determination for the level of work to be performed could add value for practitioners, alongside what this means for obtaining evidence for both limited and reasonable assurance engagements (Chapter 8). This would require further clarity in the content in both the main body of the guidance and linkage to relevant examples in the supplementary material.

- **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.
Q3. Comments on Supplement A: Credibility and Trust Model and Background and Contextual Information

Whilst the AUASB considers the four key factor model for credibility and trust useful, published separately from the main body of the guidance document, we raise the issue of the IAASB aligning with a particular trust model of the many that are used in practice, for the same reasons that alignment with a particular reporting framework has been avoided.

Irrespective of the comment above, publishing this, and other information, separately in Supplement A helps to avoid confusion between guidance for the assurance practitioner and more contextual information. Our outreach with a broader range of stakeholders, including preparers and investors, supported the issue of Supplement A separately in this way.

Q4. Comments on Supplement B: Illustrative Examples

The AUASB considers that these examples will be very useful in practice. We also find that separately publishing the examples is a useful way of providing them without increasing the size of the main body of the guidance. Electronic links from each Chapter to the examples in Supplement B are recommended (and required to make the examples useful and available), especially where the example is illustrating a particular step or challenge in the EER assurance process. This will make the examples more accessible and user friendly.

During our outreach, key stakeholders identified the examples as the most useful part of the guidance and we commend the IAASB on the development of these mini case studies to illustrate the guidance.

The AUASB continues to suggest that the IAASB considers including an example or case study that works through each stage of the EER assurance engagement. It is the AUASB’s view that this would benefit assurance practitioners by illustrating how to navigate the whole assurance process and challenges for EER.

During outreach, our stakeholders also identified the need for further examples or the extension of existing examples, in the following areas of EER:

- Task Force on Climate-related Financial Disclosures (TCFD) disclosure (Supplement B: examples).
- Integrated Reporting <IR>, in particular:
  - The differing lenses of the <IR> Framework: multi-capitals, insiders looking out, intangibles and consequent assurance implications (Supplement B: examples).
  - 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.