



**Extended External Reporting (EER) Assurance
IAASB Consultation Paper (February 2019)
Consultation Paper February 2019
Comments due: June 21, 2019**

Section 4 Request for Comments

- The following is a summary of the questions for respondents with specific 'significant matters' highlighted for respondent consideration, along with a request for general comments.

Questions to Respondents

| Question | Specific 'Significant Matters' Highlighted for Respondent Consideration <small>References are to paragraphs in Section 3 above.</small> | Comments |
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| <p>Q1) Does the draft guidance adequately address the challenges for practitioners that have been identified as within the scope of the draft guidance developed in phase 1? If not, where and how should it be improved?</p> | <p>Paragraphs 9-15 (scope of draft guidance) Paragraph 25 (preconditions and the system of internal control) Paragraph 29 (suitability of criteria) Paragraph 33 ('materiality processes') Paragraph 35 (materiality of misstatements) Paragraph 40 (assertions) Paragraph 41 (narrative and future-oriented information)</p> | <p>We consider that it adequately addresses the challenges and, in our opinion, we would have to expand the practical examples on issues such as materiality, affirmations, and future-oriented information, as well as we think it is appropriate to identify these examples with each type of report.</p> <p>We add comments on each related paragraph:</p> <p>Paragraph 9 to 15 1. Appropriately delimit the scope of an EER. If the content cannot be defined with precision, it is difficult to establish specific criteria to contrast the information with a standard meter. 2. In that sense, it cannot be any kind of information. Regardless of whether it is quantitative or qualitative information, if the issuance of an assurance report is sought, it is key to have the definition of one or more areas that allow the definition of the scope of the tasks of the practitioners and with it, the required qualifications of your work team. For example, if it is information referring to the future (of the type of projected states) it will probably require the participation of economists and actuaries.</p> |



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| | | <p>3. Some of the issues that may be involved have not yet been developed or have been partially done, such as chapters 3, 4, 9 and 10 Paragraph 25 Governance and Internal Control are not synonymous nor understand the same concepts, so the Guide should not treat them equally. The detail of section 71 seems scarce for governance issues. Paragraph 29 We consider it convenient to clarify about the type of statements referred to in the guide classified by types of reports to which it refers</p> |
| <p>Q2) Is the draft guidance clear and easy to understand, including through the use of examples and diagrams, and the way terminology is used? If not, where and how should it be improved?</p> | <p>Paragraphs 16-17 (examples, diagrams and terminology) Paragraph 34 (term 'materiality process') Paragraphs 37 and 40 (assertions)</p> | <p>We consider that it adequately addresses the challenges and, in our opinion, we would have to expand the practical examples on issues such as materiality, affirmations, and future-oriented information, as well as we think it is appropriate to identify these examples with each type of Report.</p> <p>We add comments on each related paragraph:</p> <p>Paragraph 9 to 15</p> <p>1. Adequately delimit the space of an EER. If the content can not be defined with precision, it is difficult to establish specific criteria to contrast the information with a standard meter.</p> <p>2. In that sense, it can not be any kind of information. Regardless of whether it is quantitative or qualitative information, if the issuance of an assurance report is sought, it is key to have the definition of one or more areas that allow the definition of the scope of the tasks of the practicing professional and with it, the required qualifications of your work team.</p> <p>For example, if it is information referring to the future (of the type of projected states) it will probably require the</p> |



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| | | <p>participation of economists and actuaries.</p> <p>3. Some of the issues that may be involved have not yet been developed or have been partially done, such as chapters 3, 4, 9 and 10</p> <p>Paragraph 25</p> <p>Governance and Internal Control are not synonymous nor understand the same concepts, so the Guide should not treat them equally. The detail of section 71 seems scarce for governance issues.</p> <p>Paragraph 29</p> <p>We consider it convenient to clarify about the type of affirmations referred to in the guide classified by types of reports to which it refers</p> |
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| Q3) Do you support the proposed structure of the draft guidance? If not, how could it be better structured? | Paragraph 18 (structure) | We agree with the structure. |
| Q4) Do you agree that the draft guidance does not contradict or conflict with the requirements or application material of ISAE 3000 (Revised), and that the draft guidance does not introduce any new requirements? | Paragraphs 19-21 (relationship with ISAE 3000 (Revised)) Paragraphs 24 and 26 (linking preconditions and the system of internal control) Paragraph 36 (assertions) | We have not identified any contradiction or point of conflict with the established of ISAE 3000 (Revised). |
| Q5) Do you agree with the way that the draft guidance covers matters that are not addressed in ISAE 3000 (Revised)? | Paragraphs 19-21 (matters not addressed in ISAE 3000 (Revised) and including details on the preparer's role and 'materiality processes') Paragraphs 24 and 26 (linking preconditions and the system of internal control) Paragraph 36 (assertions) | We believe that the Consultation-Paper carries out an adequate treatment on the topic Internal Control, although it does it out of the proper context. The issue of Internal Control should be analyzed in the context of the risk approach. Making a parallel with international auditing standards, ISA 315 does so. The knowledge of the Internal Control and the weaknesses that this may have can be useful for the accountants who carry out an assurance assignment since it would allow them to know inherent risks or control. Consequently, we believe that the Consultation-Paper should comprehensively analyze the issue of identifying and assessing the risks of material misstatement through knowledge of the entity and its environment (including the issue of |



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| | | internal control) and the response to assessed risks. It would also help that the Consultation-Paper remember and clarify that, although the ISAs and ISRE have been drafted for audits and reviews of historical financial information, respectively, and are not applicable to other assurance assignments, they can, nevertheless, provide guidance in relation to the process of the assignment in general to professionals who perform an assurance assignment in accordance with the ISA. |
| Q6) Do you agree that the additional papers contain further helpful information and that they should be published alongside the non-authoritative guidance document? | Paragraphs 42-45 (additional papers) | We agree. The information is useful and should be published along with the document. |

Request for General Comments

Q7)

In addition to the requests for specific comments above, the IAASB is also seeking comments on the matters set out below:

- a) Stakeholder Perspectives—Respondents representing stakeholders such as preparers (including smaller entities) of EER reports, users of EER reports, and public sector entities are asked to comment on the questions above from their perspective.
- b) Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment, in particular, on any foreseeable difficulties in using the draft guidance in a developing nation environment.
- c) Translation—Recognizing that many respondents may intend to translate the final guidance for adoption in their own environments, the IAASB welcomes comments on potential translation issues.



Respuesta c)

Some of the expressions with which we have difficulty in the translation are the following:

- direct engagement: The translation is difficult because it is not understood what it is. The official translation of the ISAE 3000 (R) is "engagement consisting of a direct report"

- assurance engagement: The translation is an assurance engagement, but when it is followed of "reasonable" or "limited" is translated as security engagement.

- intended users: the current official translation is "users to whom the report is intended", but

this was varying through the different translations. The ideal would be to have a clear definition in English of the scope of the term (referred to intended)

"Maturity: The ideal would be to have a clear definition in English of the scope of the term

