



Grant Thornton

International Auditing and Assurance Standards Board
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June 17, 2019

Via IAASB website at www.iaasb.org

Dear Board Members and Staff:

Grant Thornton International Ltd appreciates the opportunity to provide input on the International Auditing and Assurance Standard Board's (IAASB) Extended External Reporting (EER) Assurance Consultation Paper.

We are supportive of the IAASB's project to publish guidance on EER and welcome the opportunity to comment on the first phase of that project.

We note that this project is the IAASB's response to comments received on the discussion paper issued in 2016, Supporting Credibility and Trust in Emerging Forms of External Reporting. Given the proposed timeline through to completion of the project, we recommend that the IAASB consider performing outreach to confirm that the challenges being considered by this project remain challenges in practice and that additional challenges have not been identified on which it would be beneficial to provide guidance. We note that this would be consistent with the Framework of Activities proposed in the recent Proposed Strategy Consultation Paper, which provides for further understanding of issues and challenges identified. We would suggest that this would take the form of targeted outreach with experts in this field; and with organisations, such as the International Integrated Reporting Council, that have developed or are in the process of developing frameworks for forms of reporting, other than financial reporting.

Overall, we support the guidance proposed, including the use of diagrams and examples, and given the volume of guidance being drafted, the organisation of this guidance by chapter. However, we do have the following observations:

- The discussion of the form and content of the guidance highlights that the proposed guidance covers matters that are not addressed in ISAE 3000 (Revised),¹ including the introduction of a 'materiality process.' Consideration should be given to amending ISAE 3000 (Revised) for such matters. If they are considered to be sufficiently important to be included in the proposed guidance, including them in ISAE 3000 (Revised) will promote consistency of application

¹ ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

- A number of the examples are based on greenhouse gases, which is subject to its own assurance standard, ISAE 3410.² It is not clear if this guidance is referring to reports other than those issued under ISAE 3410. As such, we would recommend that if it does in fact relate to other reports this is clarified in the proposed guidance, or if it does not relate to other reports, alternative examples are used.
- The proposed guidance includes repetition of information from ISAE 3000 (Revised). For example, Chapter 2 either repeats or summarizes paragraphs from ISAE 3000 (Revised). We would recommend that wherever possible, such repetition is removed. However, if based on feedback received this chapter is retained, we would suggest that it is made clear that the paragraph references included in this chapter refer to paragraphs in ISAE 3000 (Revised) and not paragraphs in the draft guidance. This is an instance where the interchangeable use of 'ISAE 3000 (Revised)' and 'the standard' becomes confusing.
- The proposed guidance is focused on a controls-based approach to performing reviews. We would recommend that examples of substantive procedures are also included.
- Terminology – we note the introduction of new terminology, examples of which are included in chapter 1 of the proposed guidance, which are noted as being analogous to existing terminology. We would recommend, where possible, that terminology remains consistent with that already developed and understood.
- Assertions – we note that the examples of assertions provided in paragraph 177 are largely consistent with those in ISA 315 (Revised),³ however, we note two new assertions of 'free from error' and 'connectivity' being suggested as assertions related to the required 'reliability' characteristic of suitable criteria. We are not clear of the meaning of these proposed assertions. Further, we are of the view that nine proposed assertions are too many and recommend that the assertions remain consistent with those used in financial statement audits.
- Paragraph 46 includes a diagram of the preconditions for an assurance engagement, which is based on paragraph 24 of ISAE 3000 (Revised). This diagram is hard to follow. It further includes what appears to be a decision of 'is the process to prepare report (system of internal control) adequate.' This would suggest that a 'yes' or 'no' response is required, neither of which is included in the diagram. It is also not clear what the implications of each of the responses would be. We would suggest either deleting or revising this diagram.
- Paragraph 50 introduces the concept of an 'assurance readiness engagement' and paragraph 52 a 'maturity assessment engagement.' Whilst we understand the purpose of performing such an analysis, we are of the view that it would be beneficial to elaborate further on what procedures may be expected in such an engagement and the type of report or other deliverable that would be the expected outcome.
- Paragraph 69 includes discussion of information from external information sources. In practice, we are finding that the use of external information sources in this area is growing, as more entities outsource the preparation of the data on which the report is being provided. Specific guidance on the responsibilities of the practitioner, and also for the entity outsourcing the work, regarding such external information would be helpful.

² ISAE 3410, *Assurance Engagement on Greenhouse Gas Statements*

³ ISA 315 (Revised), *Understanding the Entity and Its Environment*

- An example is provided under paragraph 82 to illustrate terms from non-financial statement reporting. The example itself notes that the criteria may need to be more specific in order to be suitable. We would recommend that such specificity is provided, or if this is not possible an alternative example be used.

We would be pleased to discuss our comments with you. If you have any questions, please contact Sara Ashton at sara.hm.ashton@uk.gt.com or at +1 646 825 8468.

Sincerely,

A handwritten signature in black ink, appearing to be 'AN', written in a cursive style.

Antony Nettleton
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Grant Thornton International Ltd