



IAASB
International Auditing and Assurance
Standards Board

Stockholm 11 June 2019

Consultation Paper Extended External Reporting Assurance (EER)

FAR, the institute for the Accountancy Profession in Sweden, is responding to the IAASB's invitation to comment on the Consultation Paper Extended External Reporting Assurance (EER). Overall, FAR supports the guidance proposed. Please find FAR's comments below.

General comments

- FAR welcomes the initiative to establish a guide for Extended External Reporting. Sweden has had a guidance for auditors for Non-financial assurance since the middle of 2000. As the establishment of ISAE 3000 and the standard has become more known internationally, the Swedish guidance has been made into a shorter document, complementing ISAE 3000 and similar standards for non-financial assurance. FAR's experience is that an extensive guidance is quite difficult to navigate. FAR believes that it will be difficult for a non-audit professional outside the Sustainability sphere to fully understand the document and for an initiated Sustainability auditor there is limited new information. FAR believes that it would be beneficial to more clearly define the intended user and then adopt the content of the document accordingly. FAR's recommendation is to evaluate a shortening of the document.
- FAR understands that this is only a guide for Extended External Reporting, however it is unclear for FAR how this guide is expected to be treated in relation to already established frameworks for Assurance engagements. FAR believes that a description of the Hierarchy of the Guide in relation to other Assurance frameworks would be beneficial to the user. In section 3-1 it is stated that the scope of the document is applying specific areas of ISAE 3000. FAR believes that if the audience is the Audit profession any information already stated in ISAE 3000 could be removed unless there is a need for clarification. As it is now there are quite a number of areas of repetition from ISAE 3000. In addition, FAR has identified a number of areas of repetition within the Guide e.g. Materiality process.

Introduction to the Guide

- FAR acknowledges that the consultation paper is not the final guide, however FAR has not been able to identify any section with definitions. FAR believes that it would be beneficial to include such a section, including e.g. Stakeholder, Stakeholder-dialogue, Statutory

Sustainability report, Sustainability report, Materiality analysis, Indicator, Criteria. The level of detail should depend on the expected audience of the Guide.

- FAR believes that the wording “Extended External Reporting” might be confusing for the Audit profession. There are already established forms of wording in the profession e.g. ESG/CSR/Sustainability reporting.
- FAR would expect that a guidance that is specifically to instruct the audit profession on ISAE 3000 and within the sustainability area would also refer to ISAE 3410. Has the consultation taken ISAE 3410 into consideration? If so, FAR recommends that the guide also makes reference to this standard. In addition, on climate-related matters FAR believes that under 149 (f) the example could be complemented with Climate Change-related financial disclosure.

Assurance strategy

- Inherent risk related to sustainability information differs from inherent risk related to financial information. FAR therefore recommends a separate section related to inherent risks is included in the Guide.
- With regard to assurance strategy, the guidance is focused on a control-based review approach. FAR’s experience is that the control environment is often less mature for the sustainability information than for financial information. FAR therefore recommends that guidance on substantive based procedures related to sustainability items is to be included.

Other comments

- FAR notes a lack of guidance on “new technology” i.e. how the auditor should act when the reporting is in web-format or in different places e.g. Annual report and separate report.
- In FAR’s experience there are instances when the practitioner performing the sustainability assurance engagement is not the same as the auditor, or audit firm, performing the financial statement audit. FAR believes that an agreement shall be reached with the client whereby information exchange between the various practitioners is permitted. FAR furthermore recommends that this should be confirmed in writing by the client in an engagement letter. As this is not regulated in the same way as for Financial Statement audits, FAR believes that it could be beneficial to acknowledge this in the Guide.

FAR



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