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Via internet

IAASB  
529 Fifth Avenue  
New York, NY 10017

Dear IAASB,

### **Extended External Reporting (EER) Assurance**

Our response on the March 2020 Proposed Non-Authoritative Guidance is below:

#### **General comments**

The guidance is clearly articulated and recognizes that EER for most organizations is in a developmental stage.

The guidance recognizes there will be variation in how EER information is presented in reports subject to assurance and that presentation methods and content will likely change over time as EER reporting by an organization matures.

The guidance is useful for the public sector and has some public sector examples and circumstances. We note that IAASB should consider how the EER guidance may be evolved in the future and how additional guidance would be provided. The guidance is quite long already and would become longer and more complex if more frameworks or sectors or assurance topics were included. At some stage, splitting the guidance into a series of stand-alone but related documents, perhaps by framework or sector or assurance topic (e.g. chapters of the present guidance), may make it more accessible, relevant, maintainable and usable.

#### **Overall questions**

##### Chapter 3

Question 1: Does the draft Guidance adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance?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?

In Chapter 3, paragraphs 87-93, the guidance on considering a proposed perimeter of the subject matter that increases progressively from period to period is sound. It recognizes that where an entity's governance and controls over EER are in the process of developing the preparer may not have a reasonable basis for reporting on all aspects of the underlying subject matters or for all the information in the EER report.

We suggest that the guidance should also indicate:

- that progress on progressive reporting be reviewed annually by the practitioner during the planning stage of an existing engagement or when there are major changes in management
- if the entity is falling behind in plans to progressively increase subject matter to be assured, the practitioner should consider the impact on the decision of whether to continue to undertake the engagement

## Chapter 5

Question 1: Does the draft Guidance adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance?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?

In chapter 5, paragraphs 195-199, the guidance on understanding the entity's system of internal control is sound. The graphic illustrating the components of systems of internal control is very helpful in communicating the components as well as management responsibility and oversight for these systems.

We suggest that the guidance should emphasize likely by way of an engagement letter that management agrees to provide:

- documentation of the components of the system of internal control
- evidence of management oversight of the data subject to assurance by the practitioner prior to the commencement of the assurance engagement

The intent is that entity management and staff clearly understand their responsibility for preparing data in accordance with stated criteria. This is particularly important when entity management and staff are from non-financial backgrounds and may not be familiar with requirements for reasonable and limited assurance.

## Chapter 6

Question 1: 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?

Chapter 6 paragraph 243 includes considerations of interest in EER. It focuses mainly on private sector considerations. It would be useful to include some public sector considerations, e.g.:

- changes to surplus/deficit
- performance in key sectors such as health care – for example wait list times for major surgeries
- performance on strategic priorities or key initiatives included in public business plans

## Chapter 10

Question 1: 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?

Chapter 10, paragraph 374 provides guidance on identifying circumstances where parts of the EER report are subject to different levels of assurance by clear identification of levels of assurance with an identifying mark or differential presentation in a table. It would also be useful:

- to indicate that such differential identification would be useful if EER information is also included in a report with other information such as financial information that has been subject to reasonable or limited assurance
- for the practitioner to be alert for indications that informed readers (such as audit committee members) of such reports do not understand the different levels of assurance and take appropriate action going forward to minimize unwarranted association

We have no responses to Question 2 for any of the material.

Thank you for the opportunity to comment.

Sincerely,

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