

Denise Silva Ferreira Juvenal

rio1042370@terra.com.br

Accountant

Commentary individual

Rio de Janeiro / Brazil

The Technical Director

International Auditing and Assurance Standards Board's

Integrated Reporting Working Group.

International Federation of Accountants

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Integrated Reporting Working Group

Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements

I am Denise Juvenal this pleased to have the opportunity to comment on this consultation about Integrated Reporting Working Group Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements. This is my individual commentary for International Federation of Accountants – IFAC/IAASB.

Guide for Respondents

Questions Relating to the Discussion in this Section of the DP.

Credibility and Trust

Q1 – Section III describes factors that enhance the credibility of EER reports and engender user trust.

- a) Are there any other factors that need to be considered by the IAASB?**
- b) If so, what are they?**

No. There are not any other factors that need to be considered by the IAASB. However, I suggest for the Board's if agrees that elaborate for organizations rule or other parameter to consider the responsibility of information to attend the factors described by IAASB, because in this document need further explanation about organizations that were inspected by audit firms to attend regulators in specific areas.

Credibility and Trust

Q2 – Sections II and IV describe different types of professional services that are either currently performed or could be useful in enhancing credibility and trust.

a) Are there other types of professional services the IAASB needs to consider, that are, or may in future be, relevant in enhancing credibility and trust?

b) If so, what are they?

No, there are not other types of professional services the IAASB needs to consider that are, or may in future be, relevant in enhancing credibility and trust. So, I understand in this question happened the same question 1, that “I suggest for the Board’s if agrees that elaborate for organizations rule or other parameter to consider the responsibility of information to attend the factors described by IAASB, because in this document need further explanation about organizations that were inspected by audit firms to attend regulators in specific areas.”

Q3 – Paragraphs 23 – 26 of Section II describe the responsibilities of the auditor of the financial statements under ISA 720 (Revised) with respect to the other information included in the annual report.

a) Is this sufficient when EER information is included in the annual report; or

b) Is there a need for assurance or other professional services, or for further enhancement of the responsibilities of the financial statement audit to enhance credibility and trust when EER information is in the annual report?

In my opinion is not sufficient when paragraphs 23 – 26 of Section II describe the responsibilities of the auditor of the financial statements under ISA 720 (revised) with respect to the other information included in the annual report”, the principal aspect, that I have doubt if is sufficient letter “a” or “b”, because an organization that do not have obligation to inspection which procedures for monitoring the enforcement in relation this report. In my view, the reporting is useful for organizations and governments, so, is important explain the rules for organizations may have problems with regulators and own inspections.

Scope of the IAASB’s International Standards and Related Guidance

Q4 – Section IV describes the different types of engagements covered by the IAASB’s International Standards and Section V suggests that the most effective way to begin to address these challenges would be to explore guidance to support practitioners in applying the existing International Standards for EER assurance engagements.

a) Do you agree?

Yes, I agree.

b) If, so, should the IAASB also explore whether such guidance should be extended to assist practitioners in applying the requirements of any other International Standards (agreed-upon procedures or compilation engagements) and, if so, in what areas? (For assurance engagement, see Q6-7)

Yes, the IAASB should be also explore whether such guidance should be extended to assist practitioners in applying the requirements of any other International Standards (agreed-upon procedures or compilation engagements), and new aspect could be included public sector, because the CIPFA has a project for Integrated Reporting for Public Sector, in this case is important when limitation area include which aspects detailed by federal, state and local government to elaborate the reporting.

c) If you disagree, please provide the reasons why and describe what other action(s) you believe the IAASB should take.

None.

Q5 – The IAASB would like to understand the usefulness of subject-matter specific assurance standards. ISAE 3410, a subject matter specific standard for assurance engagements relating to Greenhouse Gas Statements, was issued in 2013.

a) Please indicate the extent to which assurance reports under ISAE 3410 engagements are being obtained, issued or used in practice by your organization.

None.

b) If not to any great extent, why not and what other form of pronouncement from the IAASB might be useful?

In my opinion the IAASB is correct in detailed the aspect about matter specific standard for assurance engagements relating to Greenhouse Gas Statement was issued in 2013. So, I understand that the governments have restrictions in specific laws, norms or rules.

This subject is complex and depends of internal political structure in the organizations, the IAASB/IFAC needs to work together key International Regulators, as for example: International Financial Reporting Standards – IFRS, International Public Sector Accounting Standards Board – IPSASB’s, International Valuation Standards Council - IVSC and The International Organization of Securities Commissions - IOSCO to verify if around the world the Greenhouse Gas Statement there is general laws or specific rules for organizations.

Q6 – Section V suggests it may be too early to develop a subject-matter specific assurance engagement standard on EER or particular EER frameworks due to the

current stage of development of EER frameworks and related standards. Do you agree or disagree and why?

In my opinion, I think that depends of structure of organization, if I consider large structure due to the current stage of development of EER frameworks and related standards.

Ten key Challenges in Relation to EER Assurance Engagements

Q7 – Section IV describes assurance engagements and the Ten Key Challenges we have identified in addressing EER in such engagements (see box below) and suggests that the most effective way to begin to address these challenges would be to explore guidance to support practitioners in applying the IAASB’s existing International Standards to EER assurance engagements.

a) Do you agree with our analysis of the key challenges?

Yes, I agree with your analysis of the key challenges.

b) For each challenge in Section V, do you agree that guidance may be helpful in addressing the challenge?

Yes, I agree that guidance may be helpful in addressing the challenge for each in Section IV.

c) If so, what priority should the IAASB give to addressing each key challenge and why?

The priority the IAASB should give to addressing each key challenge, in my view as follows:

1. Scoping EER assurance engagements;
2. Maturity of governance and internal control processes;
3. Professional skepticism and professional judgment;
4. Competence of practitioners performing the engagement;
5. Form of the assurance report;
6. Suitability of criteria;
7. Materiality;
8. Building assertions in planning and performing the engagement;
9. Narrative information; and
10. Future-oriented information.

d) If not, why and describe any other actions that you believe the IAASB should take.

None.

e) Are there any other key challenges that need to be addressed by the IAASB's International Standards or new guidance and, if so, what are they, and why?

No. There are not any other key challenges that need to be addressed by the IAASB's or new guidance.

Potential Demand for Assurance Engagements and Other Professional Services
Q8 – The IAASB wishes to understand the impact on potential demand for assurance engagements, if the Ten Key Challenges we have identified can be addressed appropriately, and in particular whether:

- **Doing so would enhance the usefulness of EER assurance engagements for users**
- **Such demand would come from internal or external users or both**
- **There are barriers to such demand and alternative approaches should be considered.**

a) Do you believe that there is likely to be substantial user demand for EER assurance engagements if the key challenges can be appropriately addressed?

No. I do not believe that there is likely to be substantial user demand for EER assurance engagements if the key challenges can be appropriately addressed.

b) If so, do you believe such demand:

- i. Will come from internal or external or both?**
- ii. Will lead to more EER assurance engagements being obtained voluntarily or that this outcome would require legal or regulatory requirements?**

None.

c) If not, is your reasoning that:

i EER frameworks and governance will first need to mature further?

I think that EER frameworks and governance will first need to mature further in relation the problems and situations that organizations can have for application this statement by sector, for this is important contact to International Regulators for each area, as banks, industries, services, etc.

ii Users would prefer other type(s) of professional services or external inputs (if so, what type(s) – see box below for examples of possible types)?

I understand that users would prefer other type(s) of professional services or external inputs if elaborated strategic planning in the organization, because they have mechanisms of internal control. If IAASB's knows which mechanism the sectors have is

not complex finalized the aspects about choose professional services or external inputs with high quality.

iii There are cost-benefit or other reasons (please explain)?

Yes, there are cost-benefit for organization, the reporting must represent the real situation of results, the high quality of services is very important to demonstrate the performance assessment and investment of organization.

- **Further enhanced responsibilities for financial statement auditors under ISA 720?**
- **Agreed-upon procedures reports?**
- **Compilation reports?**
- **Other types of professional services or other external inputs (please indicate what type of service or input and whether you believe the IAASB should consider developing related standards or guidance)?**

Other

Q9 – The IAASB would like to understand stakeholder views on areas where the IAASB should be collaborating with other organizations in relations to EER reporting.

For which actions would collaboration with, or actions by, other organizations also be needed?

Other organizations also be needed with governments to attend the structure of new governance.

Thank you for opportunity for comments this proposal, if you have questions do not hesitate contact to me, rio1042370@terra.com.br.

Yours,

Denise Silva Ferreira Juvenal

rio1042370@terra.com.br

5521993493961