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Dear Mr Seidenstein,

**Proposed Non-Authoritative Guidance Extended External Reporting (EER) Assurance**

RSM International Limited, a worldwide network of independent audit, tax and consulting firms, appreciates the opportunity to comment on the IAASB's Proposed Non-Authoritative Guidance, Extended External Reporting (EER) Assurance.

We support the proposed guidance and consider that it enhances ISAE 3000 Revised – Assurance Engagements Other Than Audits or Reviews Of Historical Financial Information. However, the proposed guidance is very long and, in places, complex. The current length and the complexity in some of the detail may impact effective implementation. We encourage your continued focus in seeking to address these matters. The practical examples included are helpful and we encourage additional examples as noted in our response.

Our responses to the specific questions posed in the Explanatory Memorandum are attached. We would be pleased to discuss our views further with your staff. If you have any questions regarding our comments, please contact Steve Whitcher ([steve.whitcher@rsm.global](mailto:steve.whitcher@rsm.global)) or me at ([marion.hannon@rsm.global](mailto:marion.hannon@rsm.global)).



Yours sincerely,  
Marion Hannon  
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## Overall Questions

- 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 Does the draft Guidance adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance?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?**

The guidance is a significant step forward and will assist practitioners with the challenges that they face. However, in some places the guidance could be more practical. Our specific comments are as follows:

**Chapter 1:** Overall the chapter addresses the challenges of practitioners and we support the emphasis on the requirements of ISQC 1 in ensuring quality.

**Chapter 2:** We welcome the guidance on professional judgement and scepticism. The description in paragraph 53 on opportunity for management bias is useful and we suggest including indicators of management bias in relation to assurance engagements. Diagram 4 is complex and makes reference to obtaining more evidence and looking for other sources of information. We believe that the nature, of the evidence obtained i.e. corroborative or contradictory could also be considered. Narrative information in EER may be more subjective and variable and therefore may be more susceptible to bias.

The description in paragraph 57 and 58 of external and internal factors that impede professional scepticism are helpful. However, it could also be noted that such factors should not wholly prevent a practitioner from challenging management assumptions. The guidance should include situations where a practitioner is prevented from obtaining sufficient and appropriate audit evidence, such that resignation or non-acceptance of an engagement could be considered.

**Chapter 3:** Diagram 5 is complex and difficult to follow. In addition, it appears that many of the paragraphs within chapter 3 are a repetition of ISAE 3000 and perhaps these could be dealt with by cross referencing and/or hyperlinks.

When agreeing the scope of the engagement, a practitioner needs to consider excluding information which can be manipulated, altered or changed, e.g. information held on an intranet or on an external website which can be updated with no audit trail. This is a particular concern with forward looking information. It may be helpful to link these procedures to chapter 5 paragraphs 192 and 194 which make reference to evolving technologies used to record, process and report EER information.

**Chapter 4:** This chapter provides useful insights into determination of the suitability and availability of criteria; diagram 6 is particularly useful. We believe that this chapter would additionally benefit from more practical examples around the process for developing criteria. In circumstances where criteria are not determined by a particular framework and the entity develops its own criteria, illustrations of practical considerations that should be taken into account by the practitioner could be included.

**Chapter 5:** We believe this chapter adequately addresses previous gaps in the EER reporting process, in particular paragraphs 200, 207 and 208. We appreciate the additional guidance around establishing reporting processes, controls and oversight so that those charged with governance are available to establish that the EER report has been produced in accordance with a sound EER framework. Elements which are broader such as environmental and social impact

may not be embedded in the entity's strategic and operational process, therefore illustrations of how a practitioner can address such instances would be useful.

Paragraphs 209 and 210 appropriately address scalability and maturity of reporting systems, controls and oversight.

**Chapter 6:** We believe this chapter sufficiently addresses reporting topics for inclusion in the EER report. The diagrams used are clear and the examples used are useful.

**Chapter 7:** We believe that this chapter is very useful as the criteria are related to assertions, providing the practitioner with practical guidance regarding the qualitative aspects. We welcome the explanations of assertions in paragraphs 264-265 of the guidance because the concept and application of assertions may be less intuitive for practitioners who are not financial auditors.

**Chapter 8:** We believe that this chapter provides useful guidance regarding obtaining evidence. In addition, paragraphs 281 and 282 could be linked to chapter 2 professional scepticism as reference is made regarding the persuasiveness of audit evidence.

**Chapter 9:** Diagram 10 is a useful representation of the practitioner's responsibilities in relation to identified misstatements.

Paragraph 312 describes aggregation of misstatements for non-numerical misstatements. It would be beneficial to include a practical illustration as to how aggregation of misstatements and the concept of clearly trivial can be applied to qualitative information, in particular where that information is forward looking.

**Chapter 10:** This chapter is helpful in providing guidance regarding the preparation of the assurance report, in particular the examples are useful.

**Chapter 11:** This chapter provides useful guidance and examples on the suitability of criteria for qualitative information.

Paragraph 391 refers to the challenge in obtaining evidence about qualitative information and the consideration of obtaining evidence through tests of controls. It would be useful to include an illustrative example of controls which might be in place over qualitative information and the practical considerations that the practitioner could consider.

We believe that more practical application is needed for the assessment of the qualitative aspects in respect of paragraphs 400-405. This could include factors that a competent practitioner other than a professional accountant could consider in assessing whether a misstatement in qualitative information is clearly trivial.

**2. Is the draft Guidance structured in a way that is easy for practitioners to understand and use in performing EER assurance engagements? If not, where and how should it be improved to better serve the public interest in EER assurance engagements?**

The draft guidance is easy to understand and the form and structure as suggested in paragraph 18 are appropriate. The diagrams are generally well presented. The guidance is, though, very long and this may deter practitioners from using it.

We welcome the suggestion of using hyperlinks between ISAE 3000, the guidance and the supplements to enable easier navigation between the various standalone documents and we believe that it would also assist conciseness.

**Supplements**

Supplement B could include practical implications covering a balance of frameworks including public sector.

**Translation**

Apart from any impact that the length and complexity may have on translation, we have no other comments.