



**ASOCIACION INTERAMERICANA DE CONTABILIDAD
INTERAMERICAN ACCOUNTING ASSOCIATION
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

San Juan, Puerto Rico, Jun 19th, 2019

Members of the Board

International Auditing and Assurance Standards Board (IAASB).

529 5th Avenue, 6th Floor

New York, New York 10017

REF: Extended External Reporting (EER) Assurance

Dear Members of the Board,

The Inter-American Accounting Association (IAA) (AIC – in Spanish), welcomes the opportunity to comment on the Exposure Draft **Extended External Reporting (EER) Assurance**

This reply summarizes the views of different member countries of the IAA, according to the following due process:

Due process:

The Draft was submitted to the different IAA member, the Inter-American Technical Commissions (ITC) and the Sponsor Organizations (SO); hence all members had the opportunity to participate in the discussion of the Draft.

All comments received from the ITC and SO, were compared and discussed, before preparing a reply which has been approved upon by all members

General comments:

We decisively support the IAASB initiative on this important issue, considering the educational issue as fundamental in the formation and exercise of the accounting and auditing professional.

If you have any questions about our comments, please do not hesitate to contact us.

Sincerely,

Cornelio Porrás Cuellar
PRESIDENT



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Comment Letter of the Interamerican Accounting Association- IAA on the document for public discussion referred to; “Extended External Reporting (EER) Assurance”

We have answered the questions of the document in accordance with the provided instructions. Please see our answers and related comments below.

Specific ‘Significant Matters’ Highlighted for Respondent Consideration

1) Q. *Does the draft guidance adequately address the challenges for practitioners that have been identified as within the scope of the draft guidance developed in phase 1? If not, where and how should it be improved?*

A. Yes, we consider that it adequately addresses the commitments and, in our opinion, practical examples should be expanded on issues such as materiality, affirmations, and future-oriented information, as well as examples with each type of Report.

2) Q. *Is the draft guidance clear and easy to understand, including through the use of examples and diagrams, and the way terminology is used? If not, where and how should it be improved??*

A. Yes, in our opinion the document is excellent, especially the examples and diagrams will make a difference in its application and for an adequate understanding of the purpose of the future guide.

Regarding the terminology, expanded with reference to that contained in ISAE 3000 (Revised), we consider it is very appropriate to incorporation of new terms frequently used in the public activity of independent accountants. The new terms, we believe, will help familiarize the professionals with the new guide and the services covered with it.

We disagree with IAASB about "some concern" that such terms are not easy to understand and, in some cases, may be misleading. We reiterate, in our opinion, the terminology used will help in a decisive and positive way to the understanding of the guide and its purposes since it is extremely simple and accessible, at the same time accompanying the level of technical precision and coherence of all the IFAC standards.

3) Q. *Do you support the proposed structure of the draft guidance? If not, how could it be better structured?*

A. Yes, we support the structure in chapters that the document proposes, although, according to the production schedule of the guide, we are more or less halfway, however, it is already visible what would be the complete document because each chapter is sufficiently clear about what it will contain, which will greatly facilitate its understanding and subsequent application, however, will depend a lot on the final version for this expectation to be real. In particular, we hope that chapters 8 and 9, which will address the issue of materiality and chapter 13 to be referred to the assurance report, will be clear and contain many examples from real cases of the EER because they will help a lot in their rapid understanding and success of the guide.

4) Q. *Do you agree that the draft guidance does not contradict or conflict with the requirements or*



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application material of ISAE 3000 (Revised), and that the draft guidance does not introduce any new requirements?.

- A. Yes, we agree with both statements. We do not find any contradiction or conflict with the requirements or the application material of the current ISAE 3000 (revised), the guide does not eliminate or modify any aspect of the ISAE considered, nor do we find new requirements different from those already contained in the aforementioned ISAE .**
- 5) *Q. Do you agree with the way in which the draft guide covers issues that are not covered in ISAE 3000 (Revised)?*

- A. Yes, we agree. We found adequate harmony between the ISAE 3000 (Revised) and the draft guide. We share the IAASB's idea that the professional may need to rely on internal controls to ensure the existence of preconditions for agreeing to engage with the EER. In all the services provided by an accountant in public activity, as an independent professional, it requires a solid internal control of the entity (preparer of the information) before accepting an assignment.**
- 6) *Q. Do you agree that the additional papers contain further helpful information and that they should be published alongside the non- authoritative guidance document?*

Yes, we agree. The two additional documents contain extraordinarily illustrative supplementary information that undoubtedly will help all the parties for an adequate understanding of both the nature of the service and the purpose, scope and content.

The first document called "Antecedents and contextual information on the understanding of how the information of the subject translates into the measurement or evaluation of elements of the subject against the criteria" is specially intended for professionals to provide context in the application of the guide, if it is maintained in the final approved document.

For its part, document 2 called in the draft guide as "Model of four key factors for credibility and trust in relation to the EER is how to achieve credibility and confidence in relation to external reports extended. The four proposed factors are extremely important to be taken into account by EER issuers, as well as for preparers and users, so its use will significantly help the success of the project.

For the reasons indicated in the response of P6), we agree that both documents should be published together with the definitive guide, once approved.

Request for General Comments

- 7) *Q. In addition to the requests for specific comments above, the IAASB is also seeking comments on the matters set out below:*

- a) *Q. Stakeholder Perspectives—Respondents representing stakeholders such as preparers (including smaller entities) of EER reports, users of EER reports, and public sector entities are asked to comment on the questions above from their perspective.*

A. As independent professionals in the practice of audit services, users of the IFAC norms, from our perspective, we understand that the project opens a new work opportunity, on the one hand, and on the other, will superlatively increase the role of the public accountant in public activity, which in turn will elevate the consideration towards professionals, in addition to increasing the quality of the service for the users who hire them.

- b) *Q. Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to*



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comment, in particular, on any foreseeable difficulties in using the draft guidance in a developing nation environment.

- A. **As discussed in c) below, developing countries have so many difficulties to properly adopt the international standards issued by IFAC through their different Councils mainly for the translation problem, we mention that the International Financial Reporting Standards do not raise Any inconvenience in this aspect because the IFRS Foundation has its own translation. This difficulty that these developing nations have is complemented by the difficulty involved in having access to the current IFAC regulations, although it is true that the issuer of the standards is available on the website, it must be taken into account that several of these Countries do not have sufficient and easy access to the website, added to the complexity of finding the standard that the user requires on the page. Aiming for a more universal application, IFAC must make every effort to facilitate access to its standards, especially to developing countries.es.**
- c) Q. *Translation—Recognizing that many respondents may intend to translate the final guidance for adoption in their own environments, the IAASB welcomes comments on potential translation issues.*
- A. **Possibly the biggest problem that the users of the IAASB standards have is the translation into a language different from the one of origin (English), in particular Spanish presents discrepancies between translations made by different jurisdictions, since in this language there are several translators, which generates different interpretation from one jurisdiction to another, conspiring against the high quality of all the standards issued by the different IFAC Councils. We believe that a great solution to this problem could occur through a unique translation carried out by IFAC through an internal organization, for which it could constitute an official translation committee for the different languages.**