



Assurance on Extended External Reporting (EER): The IAASB Project to Develop Non-authoritative Guidance

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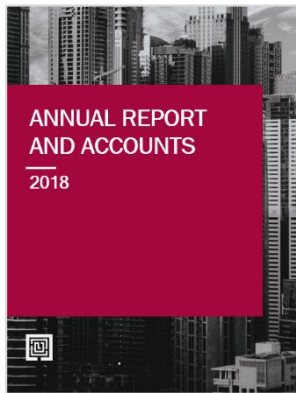
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Extended External Reporting

- ‘EER’ encompasses all forms of reporting which go beyond financial statement reporting



- EER is often

more diverse

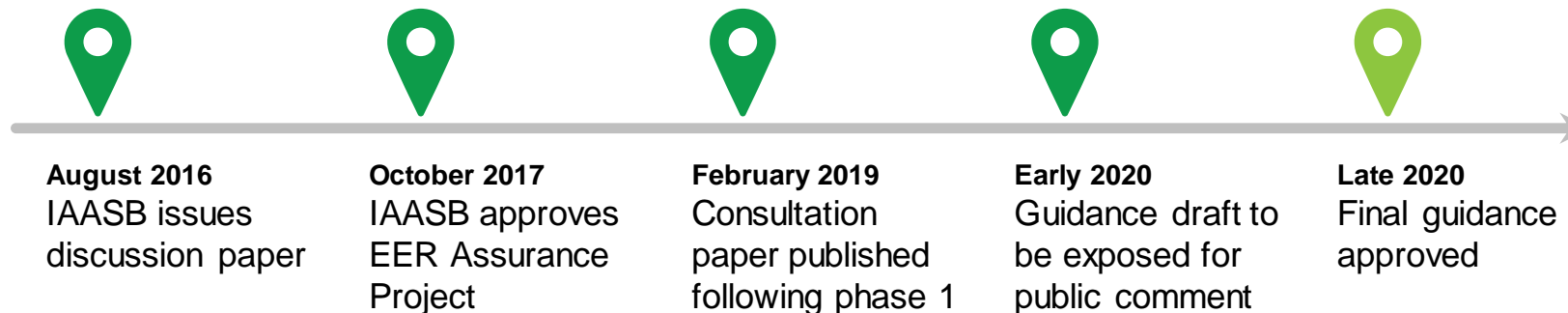
more subjective, more qualitative, more future-oriented

less mature

than financial statements and broader financial reporting, causing assurance practitioners to see it as being more challenging to assure.

EER Project - Background

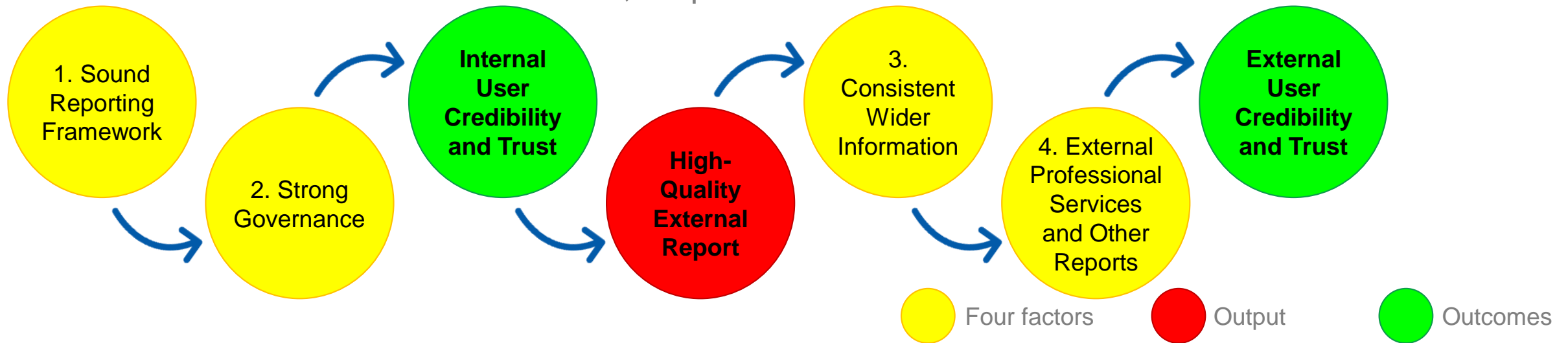
- Project objective
 - Enable more consistent and appropriate application of ISAE 3000 (Revised) (the “Standard”) to EER
 - Greater trust in assurance reports and greater confidence in EER reports by users of EER
- IAASB plans to achieve this by developing non-authoritative guidance in applying the Standard
 - Guidance is being developed in two phases to address ten key challenges in applying the Standard in an EER assurance engagement, identified in the discussion paper issued by the IAASB in 2016
- Phase 1 Consultation Paper released February 2019 – comment period closed June 21, 2019
- Phase 2 commenced and a draft of the complete guidance is on the December IAASB agenda



Supplements to the Guidance

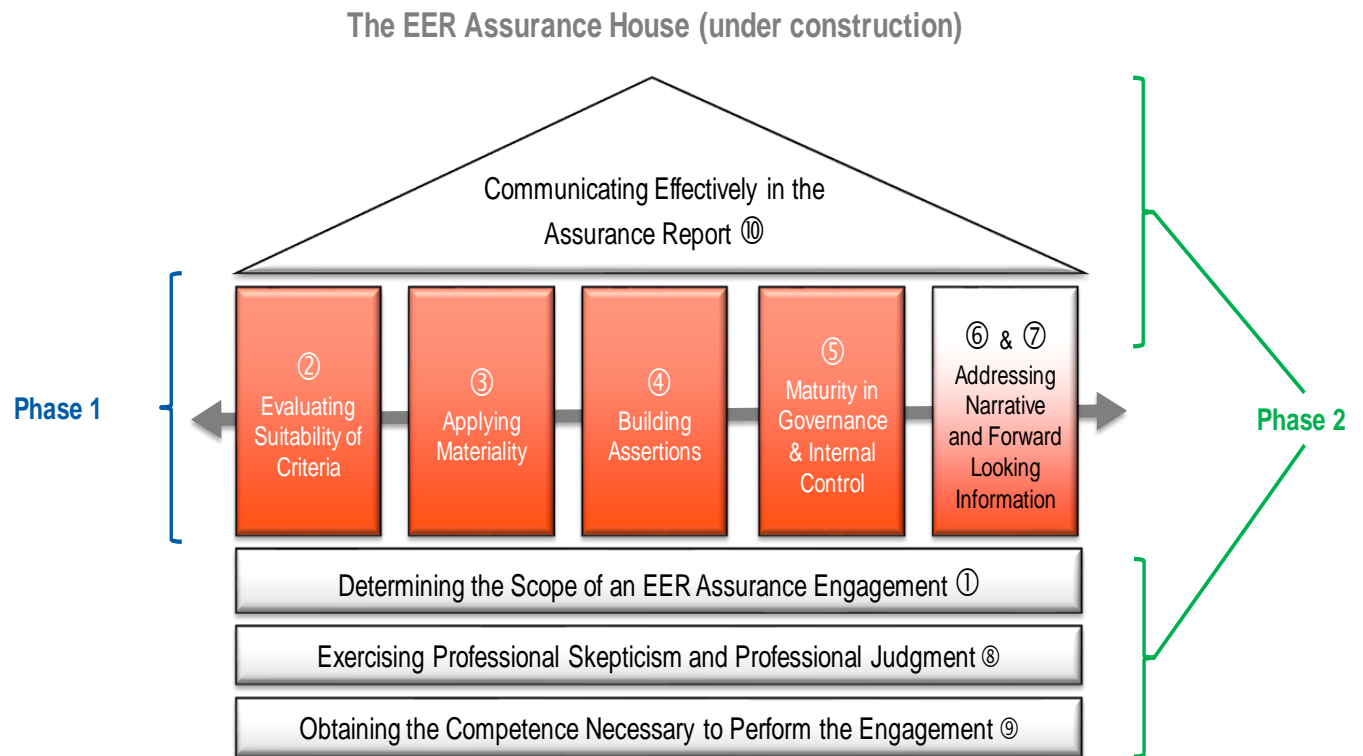


- Two Papers were included in the 2019 Consultation Paper in addition to the Phase 1 draft guidance
 - Background and Contextual Information (an updated and extended draft is to be published with the draft Combined Guidance)
 - Four Key Factor Model for Credibility and Trust (first presented in 2016 discussion paper, which will be published with the final guidance)
- An additional Supplement containing longer or more complex examples will also be issued with the draft Combined Guidance, for public comment



Scope of Guidance











- Final Guidance will not address all aspects of an EER assurance engagement, only those aspects related to the ten key challenges identified
- The Phase 1 Draft Guidance addressed:
 - Challenges ② to ⑤
 - Challenges ⑥ and ⑦ insofar as they related to areas ② to ⑤
- The Combined Draft Guidance will also address:
 - Challenges ⑥ and ⑦ insofar as they relate to Obtaining Evidence
 - Challenges ① and ⑧ to ⑩



Relationship of Draft Non-authoritative Guidance to ISAE 3000

- Guidance is ‘framework-neutral’
 - Can be applied to EER reports prepared using any EER framework, or entity-developed criteria
- Guidance is ‘principle-based’
 - Examples illustrate application of the principles for specific types of EER reports
- Guidance does not add any requirements and does not remove or change any of the requirements or application material in the Standard
- Guidance does supplement requirements or application material in the Standard in some areas and does cover some matters not addressed in the Standard, such as:
 - How to consider an ‘entity’s process to identify reporting topics’, which is often referred to as a ‘materiality process’
 - Whether or how to use assertions
- Guidance does introduce some supplementary terms in addressing the challenges

How the Guidance is Being Structured

Quality Control (31-36)								
Ethical Requirements (20)								
Competence (31(b)-(c), 32 (a), 39, 52(a), 53)						Chapter 2 Applying Appropriate Skills		
Professional Judgment and Professional Skepticism (37-38)					Chapter 3 Exercising Professional Skepticism and Professional Judgment			
Conduct of Assurance Engagement	Acceptance and Continuance	Planning (40, 42-43)		Procedures to Obtain Sufficient Appropriate Evidence			Forming the Assurance Conclusion	Preparing the Assurance Report, and Other Communications
		Understanding the Engagement Circumstances and the Likelihood or Risks of Material Misstatement		Design	Performance	Other		
(14-19)	(21-30)	(41, 44 (a), 45, 46 L/R, 47 L/R)		(48 L/R (a))	(48 L/R (b), 49, 50-51)	(52 -63)	(44 (b), 64-66)	(67-70, 71-77, 78)
		 						
	Ch 4 <i>Determining Preconditions and Agreeing the Scope</i>	Ch 5 <i>Determining the Suitability of Criteria</i>	Ch 6 <i>Considering the System of Internal Control Relevant to Preparation of the EER Report</i>	Ch 8 <i>Obtaining Evidence</i>				Ch 11 <i>Communicating Effectively in the Assurance Report</i>
		 						
		Ch 7 <i>Considering the Entity's Process to Identify Reporting Topics</i>		Ch 9 <i>Using Assertions</i>			Ch 10 <i>Considering the Materiality of Misstatements</i>	
	Ch 12, 13 <i>Narrative and Future-Oriented Information</i>							
Documentation (79-83)								

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