
Project Title: Emerging External Reporting (EER)
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I. Background

1. Emerging forms of external reporting (EER) by entities increasingly provides additional information that goes beyond the traditional (financial statement) focus e.g. sustainability and <IR> reports. There are growing public and societal expectations that entities should provide EER reports in response to a demand for a broader information set, than is reflected in traditional financial statements and that such reports should be both relevant and reliable. Assurance on EER can support these public interest objectives by looking to understand and address the credibility and trust on EER.
2. The AUASB has committed in their strategic plan to influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting which encapsulates emerging forms of external reporting.
3. In February 2017 the AUASB made a submission to the IAASB on its discussion paper: *Supporting Credibility and Trust in Emerging Forms of External Reporting: The Key Challenges for Assurance Engagements*. This submission was developed through direct engagement and consultation with a representative sample of stakeholders. These included directors, assurance providers, regulators, professional accounting bodies, education bodies, reporters, preparers and report users in both Melbourne and Sydney.
4. Assurance engagements on subject matter that fall under the auspices of EER are currently conducted under ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, as well as other standards, such as AA1000 AccountAbility Assurance Standard (2008) (currently in revision for launch in late-2017). Where there are subject matter specific standards, e.g. ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, these are also applied.
5. There is an opportunity for the AUASB, potentially in partnership with other like-minded national standard setters, as well as in conjunction with IAASB initiatives, to respond to stakeholder feedback received in our most recent outreach by taking a leadership role with respect to assurance on EER. A pro-active approach is proposed to address some of the key gaps and challenges identified by stakeholders with respect to the credibility and trust over EER.

II. Scope

6. EER can encapsulate a broad range of Reports, including:
 - Integrated Reports (IR), referencing the International Integrated Reporting Council (IIRC) <IR> Framework.
 - Sustainability Reports, often referencing the Global Reporting Initiative (GRI) G4 Standards.
 - Specific subject matter information in Reports, including:
 - National Greenhouse and Energy Reporting (NGER)
 - Environmental, social and governance (ESG) issues
 - Service Performance Information (SPI)
 - Climate Change Disclosures (CCD): Climate Disclosure Project and Task Force for Climate Disclosures (TCFD)

It should be noted that, whilst the IAASB discussion paper took a framework-neutral approach to EER, particular attention was paid to the frameworks promoted globally by the IIRC, the GRI, and others established in response to legislative or stock exchange requirements in different jurisdictions. A combined approach to addressing credibility and trust in EER also featured, acknowledging the key role played by Audit and Risk Committees, management, internal and external audit.

Key challenges to the assurance practitioner with respect to EER as identified in recent outreach on the IAASB EER Discussion Paper include:

- scoping EER engagements and establishing suitable criteria;
- addressing materiality and implementing a robust materiality process;
- maturity of governance and controls over EER reporting systems;
- future-oriented information; and
- availability of assurance practitioners with appropriate subject matter expertise.

III. Project objectives, public interest benefits, link to corporate strategy and short, medium and long-term goals:

Project Objectives

7. The project objectives are for the AUASB to understand and address:
 - a) the gap in credibility and trust in EER in Australian capital markets; and
 - b) the key assurance challenge(s) with EER, as identified with our stakeholders and included in the AUASB submission to the IAASB.

Public interest benefits

8. The public interest benefits of this proposal:
 - a) improve credibility and trust in EER in Australian capital markets through high quality standards and guidance on other assurance and related professional services; and
 - b) contribute to the enhanced quality and consistency of practice throughout the world, and strengthen public confidence in the audit and assurance profession.

Link to Corporate Strategy:

9. Strategic objective 5 in the AASB and AUASB Strategy 2017-2021: Influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting.

IV. Links to relevant documents, not required reading – background information only:

AUASB submission to the IAASB on its discussion paper (2017): [Supporting Credibility and Trust in Emerging Forms of External Reporting: The Key Challenges for Assurance Engagements.](#)

V. Next Steps – Way forward from Roundtable:

10. Subsequent to the Sydney October 2017 roundtable, the AUASB technical group proposes the following short term steps (1 year):
 - a) IAASB EER Proposed Project Plan including funding for one full time resource through WBCSD was discussed at the IAASB meeting on 25 October 2017. The project plan to

progress the EER project to develop unauthoritative guidance on the key challenges for Assurance Engagements over EER was unanimously approved at the October IAASB meeting. AUASB Chair to discuss with IAASB IRWG Chair the AUASB ongoing involvement with the EER project.

- b) AUASB to play an active role on the IAASB EER Project by leading a Regional Stakeholder Roundtable in Phase 1 of the proposed guidance timeline in the 2nd half of 2018.
- c) Identify relevant academic research in this area and consider future needs through engagement with universities and other education providers.
- d) AUASB to continue to attend BLRF and IIRC meetings throughout the period.
- e) AUASB to take a lead role in a joint project between AUASB, AASB, ASIC and FRC to develop accounting and auditing guidance encouraging improved recognition and disclosures relating to the impact of climate change. The initial discussions on the scope of this project to take place in December 2017. Project plan to be brought to the AUASB March 2018 meeting.

11. AUASB technical group outreach activities to date (post Sydney roundtable):

- a) AUASB Chair participated in a CPA Australia Podcast on <IR> Research findings in October 2017
- b) Discussion between Chair of AUASB and Chair of the IRWG Chair (Marek Grabowski) in early November 2017 in London:
 - o To understand the role the AUASB can play to support EER project going forward etc
- c) Follow up email to select group of Academic's that attended the AUASB-UNSW RT in October 2017 re: current research in the area of EER and if there is any planned research in the short, medium or longer term.