

**IAASB Project – EER**

**AUASB Technical Group Feedback (views may not be representative of the AUASB)**

<b>Project Objective</b>	<b>AUASB SMEs</b>
<p>The objective of this Agenda Item is to provide the IAASB with an update of the project activities since the December 2017 meeting. This includes the Task Force’s background work and discussions on the first of the Ten Key Challenges, as well as the initial outreach activities completed to date.</p>	<p>Jo / Marina</p>
<p><b>AUASB Key Points</b> Refer comments below.</p> <p><b>Overall comments</b> The IAASB EER TF has decided to approach the guidance in two Phases. Phase 1 will include looking at the following Key Assurance Challenges:</p> <ul style="list-style-type: none"> <li>• Materiality (Challenge 3)</li> <li>• Assertions (Challenge 4)</li> <li>• Criteria (Challenge 2)</li> <li>• Maturity of Governance (Challenge 5)</li> <li>• Narrative Information (Challenge 6); and</li> <li>• Forward-looking information (Challenge 7).</li> </ul> <p>The remaining 4 challenges will be dealt with in the second Phase of the project that will be dependent on further funding or resource allocation from IAASB and will extend through 2019.</p> <p><b><u>Key Points from March IAASB Meeting papers:</u></b></p> <ul style="list-style-type: none"> <li>• Project Update and key milestones for reporting back to IAASB and proposed Regional Roundtable Events <ul style="list-style-type: none"> <li>○ Proposed date for Australian RT – Sydney November 2 2018 – Friday before the World Accounting Congress being held in Sydney the week commencing 5 December 2018</li> <li>○ No mention of the NSS to be held on 8 and 9 May 2018 in Vienna to be used to discuss EER matters / feedback of NSS experiences with EER?</li> <li>○ The EER PAP members yet to be formally announced – 2 Australian and 2 NZ candidates are in the mix for a role on the PAP. This includes Jo Cain – AUASB Member and Marje Russ – NZAuASB member. In total the IAASB had 41 nominations for the PAP and 23 have been provisionally selected bringing a broad range of expertise.</li> <li>○ EER TF to review phase 1 guidance in July 2018 and to present to IAASB in September 2018</li> <li>○ EER TF to seek approval of ED Phase 1 at Dec 2018 IAASB meeting. ED will include feedback from Regional RTs</li> </ul> </li> <li>• Key Technical Matters currently being addressed by the EER TF since December 2017: <ul style="list-style-type: none"> <li>○ Contextual background of reporting frameworks qualitative characteristics of subjective matter information and reporting boundaries</li> <li>○ Materiality – <ul style="list-style-type: none"> <li>▪ What is inherently different for EER?</li> </ul> </li> </ul> </li> </ul>	

- Context of the report
- Potential primary users
- Practitioner must have a good understanding of the “Reporting Framework”

IAASB want to form a framework for assessing materiality that is applicable across all EER frameworks.

- Relevant assertions
  - Consider each subject matter or reported measure
  - Identifying material issues – identify issues / filter and prioritise / Review - consistent with guidance for financial reporting IASB Practice Statement 2 – Making Materiality Judgements
  - EER is often both qualitative and quantitative – approach to each needs to be different
  - Should the focus be on the material matters and issues rather than on each matter or item of info?
  - Multiple levels of users and varying needs to fully understand what affects their decision making.
1. Do we agree with TF approach to develop a framework for materiality decisions? - Yes however IAASB TF need to leverage from work already done by other organisations – e.g. IIRC in their materiality guidance? Need to ensure that concepts and terminology around materiality are consistent which will continue to assist with the current and future application of such a framework in practice.
  2. How useful to practitioners are the frameworks – broadly known frameworks to accountants and assurance practitioners – stem from IASB Practice Stmt. Not significantly different from <IR> guidance on materiality which covers:
    - Establishing process parameters
    - Filtering topics
    - Setting the reporting boundary
    - Determining disclosures
    - Revisiting the process and its conclusions
  3. Main issue / complexity - materiality framework needs to be able to deal with both qualitative and quantitative subject matter, application of materiality at what level / multiple levels of users of EER – does one user group take precedent over another? How do we reconcile the differences in approaching materiality btw TCWG, Assurance Practitioner and management?

**Key Points from December IAASB Meeting papers:**

The main outcomes of the December meeting were:

- WBCSD grant agreement finalised and announced
- Staff secondee, Alastair Neilson, appointed (subject to contract)
- Two one-day Task Force meetings held (October, December)

- Project Proposal and Feedback Statement finalised to be published on IAASB website

Provisionally, EER TF plan to: Bring specific issues to IAASB meetings in March, June and September, in line with the project proposal

- Hold stakeholder outreach events in late October and early November 2018
- Bring Phase 1 Exposure Draft to December IAASB meeting, after reflecting stakeholder outreach
- Draft call for nominations to Project Advisory Panel (PAP)
- Form and structure of the non-authoritative guidance –we plan to present a proposal to the IAASB in March 2018. Likely to be organised by reference to either the Key Challenges or the requirements of ISAE 3000 (Revised).

**Other significant areas to note:**

- None noted at this time.

**AUASB influencing activities**

AUASB Technical Director to prepare briefing notes for distribution to Australasian IAASB members and AUASB Chair.

Refer EER Strategic project Outline for detailed influencing activities and outreach with IAASB EER TF, EER PAP and NSS.

**Next steps / milestones for this project**

Refer detailed points under Key Points from March IAASB Meeting.