Australian Government

Auditing and Assurance Standards Board

AUASB Board Meeting Summary Paper

AGENDA ITEM NO.	**5.2.1**
Meeting Date:	12 September 2018
Subject:	EER Assurance Project Update
Prepared By:	Marina Michaelides
Date Prepared:	4 September 2018

X	**Action Required**		**For Information Purposes Only**

Agenda Item Objectives	AUASB SMEs
1. Update on the work of the IAASB EER Task Force on the ten key EER assurance challenges. 2. Provide first draft of the phase 1 guidance to AUASB to identify feedback to IAASB.	Marina / Jo

1.   Update on IAASB EER Task Force Work

The IAASB EER Task Force, with input from the Project Advisory Panel (PAP), has progressed their work on the 6 of the assurance challenges identified below, constituting Phase 1 of the project:
- Materiality (Challenge 3)
- Assertions (Challenge 4)
- Criteria (Challenge 2)
- Maturity of Governance (Challenge 5)
- Narrative Information (Challenge 6); and
- Addressing Narrative and Forward-looking information (Challenge 7).

2. The issues relating to challenges 2, 3 and 4 were presented to the IAASB in June 2018. The attached issues paper summarises the feedback received from the IAASB and explains how the Task Force has addressed the points raised. It then summarizes the issues which the Task Force has considered relating to challenge 5 and the aspects of challenges 6 and 7 which are allocated to phase 1 (those aspects of challenges 6 and 7 that are related to the other phase 1 issues).

3. Agenda item 7-A is the phase 1 draft guidance which the Task Force has developed to date. Following discussion at the June 2018 IAASB meeting, this has been prepared in the form of an International Assurance Engagement Practice Note (IAEPN) with two sections.

4. The Task Force is looking for the Board's input and feedback on the draft guidance. This will then be considered by the Task Force along with feedback from the Project Advisory Panel and participants at the Global Discussion Events. An updated draft will be presented at the December IAASB meeting in the

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format of an exposure draft. Following any revisions as a result of further Board feedback, the Task Force hopes to publish the exposure draft in January 2019.

2. Areas that the EER taskforce are seeking feedback on (refer page 2 of issues paper):

Has the draft guidance:

1. addressed issues related to the challenges allocated to phase 1 appropriately and sufficiently; and
2. is effective in assisting practitioners to address the issues related each of the challenges.

Views on:

3. the structure of the draft guidance, including the use of two sections, diagrams and examples, and whether further examples may be needed and if so where in the guidance they would be most helpful; and
4. What a suitable alternative term for 'Emerging forms of External Reporting' (EER) might be, considering that in future these forms of reporting will no longer be emerging.

Overall comments

- The guidance has now been drafted into two sections, including diagrams and examples:
  Section I – guidance for practitioners by challenge and reference to ISAE 3000
  Section II – background, explanatory and contextual information relevant to EER
- The ATG agree that this approach seems logical and focuses appropriately on the user of the guidance being the practitioner.
- ATG believe the term "Extended External Reporting" is more appropriate than 'Emerging forms of External Reporting' as some of these forms of reporting are no longer emerging. The EER acronym can then also be retained as it is widely recognised and used amongst practitioners.

Terminology

- Guidance uses terminology consistent with ISAE 3000 which is appropriate except in the case of 'preparer' which is explained at the front of the guidance.

Connectivity between challenges

- The EER taskforce has tried to address this issue in the diagram on pg 4 of the guidance which endeavours to show the linkage between the assurance challenges and the steps under a ISAE 3000 engagement.

Framework neutrality

- The draft guidance states in para 2 that EER reporting can be applied to many different forms of reporting under a number of established frameworks. It appears these frameworks are not referenced throughout the draft guidance which maintains the approach of framework neutrality. The ATG have not identified any examples that require reference to a specific framework.

Use of examples to aid practitioners

- *Frequent presentation of examples – financial and EER:* Financial reporting is robust, hence presenting financial reporting examples alongside EER examples does add value for assurance practitioners.
- Para 63 starts in this direction with the chart on underlying subject matter, criteria and subject matter information. This chart includes a financial reporting example and a similar diagram presented for EER. This type of approach adds clarity in the guidance.
- The EER taskforce needs to consider providing more relevant examples throughout the guidance which test and explain the underlying assurance concepts e.g. Para 34 example may be too simplistic.
- Use of the report example applied to an EER framework <IR> in Section II Para 262 is also useful.

Note : Jo and Marina will provide a more detailed verbal update in the meeting on the current progress of the guidance to address points 1 and 2 above.

AUASB influencing activities
• AUASB Board Member contributing directly as a member of the IAASB EER PAP (Jo Cain). • AUASB Technical Director to prepare briefing notes for distribution to Australasian IAASB members and AUASB Chair. • NZAuASB Board Member contributing directly as a member of the IAASB EER Task Force (Lyn Provost). • AUASB Chair to attend the September IAASB meeting and discuss feedback with relevant IAASB members.

Next steps / milestones for this project
• Feedback by IAASB EER PAP members at next scheduled PAP meeting (post IAASB meeting). • December IAASB Meeting – updated draft guidance will be presented in the format of an exposure draft. Following any revisions as a result of further Board feedback, the Task Force hopes to publish the exposure draft in January 2019. • Regional Roundtables to be held around the world between October and November 2018. Sydney Roundtable scheduled for November 2nd 2018.

Action Required

No.	Action Item	Responsibility
1	Feedback from the AUASB on the draft guidance.	AUASB

Material Presented

Agenda Item 5.2.1   AUASB Board Meeting Summary Paper

Agenda Item 5.2.2   EER Assurance – Issues Paper (IAASB Agenda Item 7)

Agenda Item 5.2.3   EER Assurance – Draft Guidance (IAASB Agenda Item 7A)