



IAASB Update

World Bank Workshop

Vienna, Austria

April 12, 2018

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IAASB

International Auditing
and Assurance
Standards Board

Emerging Forms of External Reporting

Background

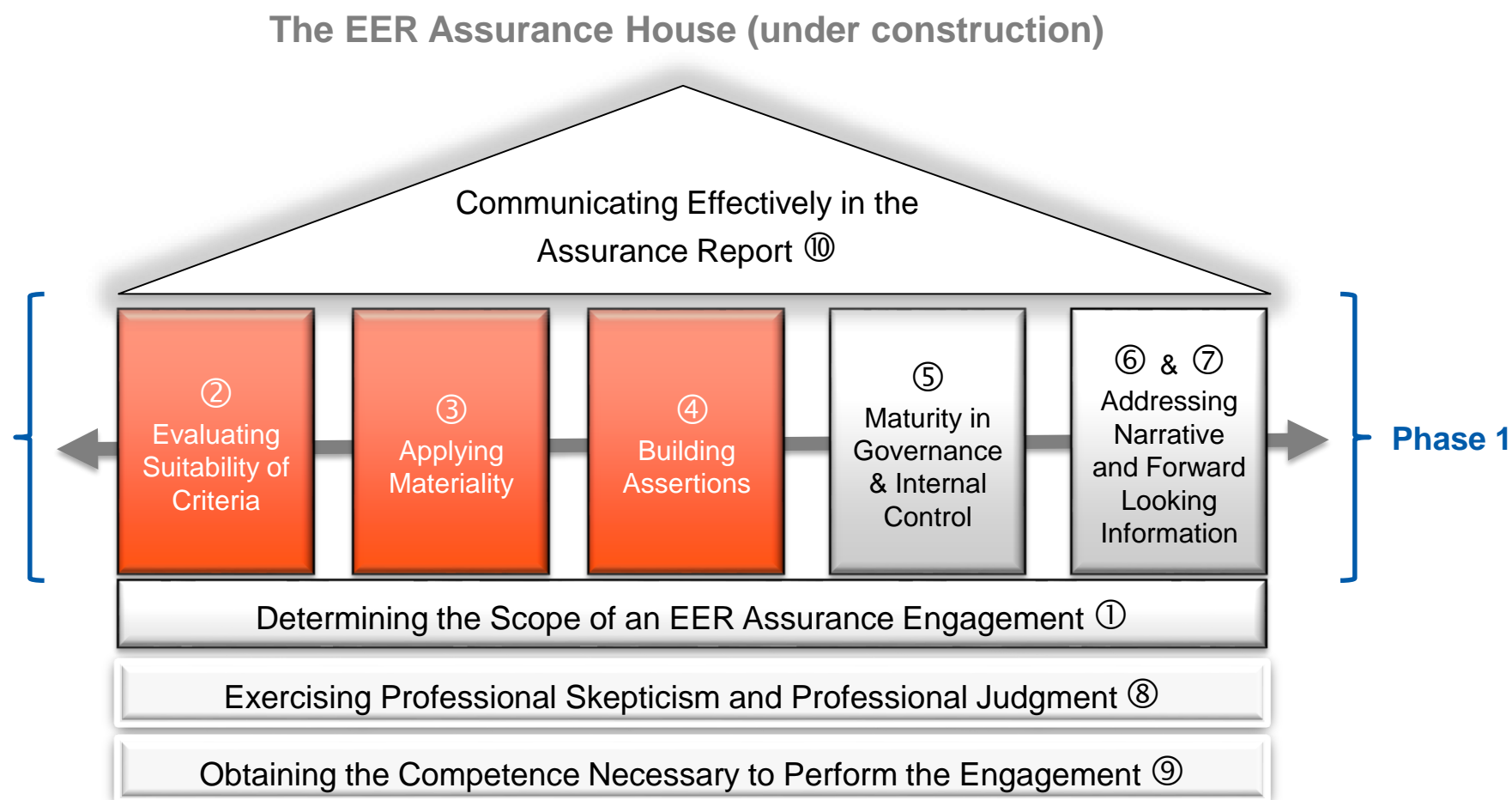
- Project is the IAASB's response to the comments received on the [discussion paper](#) issued in 2016, *Supporting Credibility and Trust in Emerging Forms of External Reporting*.
- IAASB approved the [project proposal](#) in October 2017 and established a Task Force. The project is being run in collaboration with WBCSD who have provided grant funding.
- Key objective of the project is to enable more consistent and appropriate application of ISAE 3000 (Revised) to EER and greater trust in the resulting assurance reports by users of EER.
- This will be achieved primarily through developing non-authoritative guidance in applying ISAE 3000 (Revised) which will seek to address the Ten Key Challenges identified in the discussion paper.

The Ten Key Challenges

- 1: Determining the Scope of an EER Assurance Engagement Can Be Complex
- 2: Evaluating the Suitability of Criteria in a Consistent Manner
- 3: Addressing Materiality for Diverse Information with Little Guidance in EER Frameworks
- 4: Building Assertions for Subject Matter Information of a Diverse Nature
- 5: Lack of Maturity in Governance and Internal Control over EER Reporting Processes
- 6: Obtaining Assurance with Respect to Narrative Information
- 7: Obtaining Assurance with Respect to Future-Oriented Information
- 8: Exercising Professional Skepticism and Professional Judgment
- 9: Obtaining the Competence Necessary to Perform the Engagement
- 10: Communicating Effectively in the Assurance Report

Work to date

- The challenges have been structured into the 'EER Assurance House (under construction)'.
- Project is split into two phases. Phase 1 will run throughout 2018 and will cover approximately half of the ten key challenges.
- The Task Force has held four meetings so far, making progress on the challenges highlighted in orange.



Work to date



Understanding contextual background of reporting frameworks

- The Task Force has begun by seeking to understand the conceptual and contextual background of EER reporting frameworks.
- The guidance under development will be framework neutral, but to create this requires having an understanding of the commonalities and differences between the main reporting frameworks which are used today.



Challenge 3: Materiality

- Task Force has explored the issues surrounding this challenge and initial drafting of guidance is underway.
- Plan to produce guidance in the form of a framework for assessing materiality.

Other activities

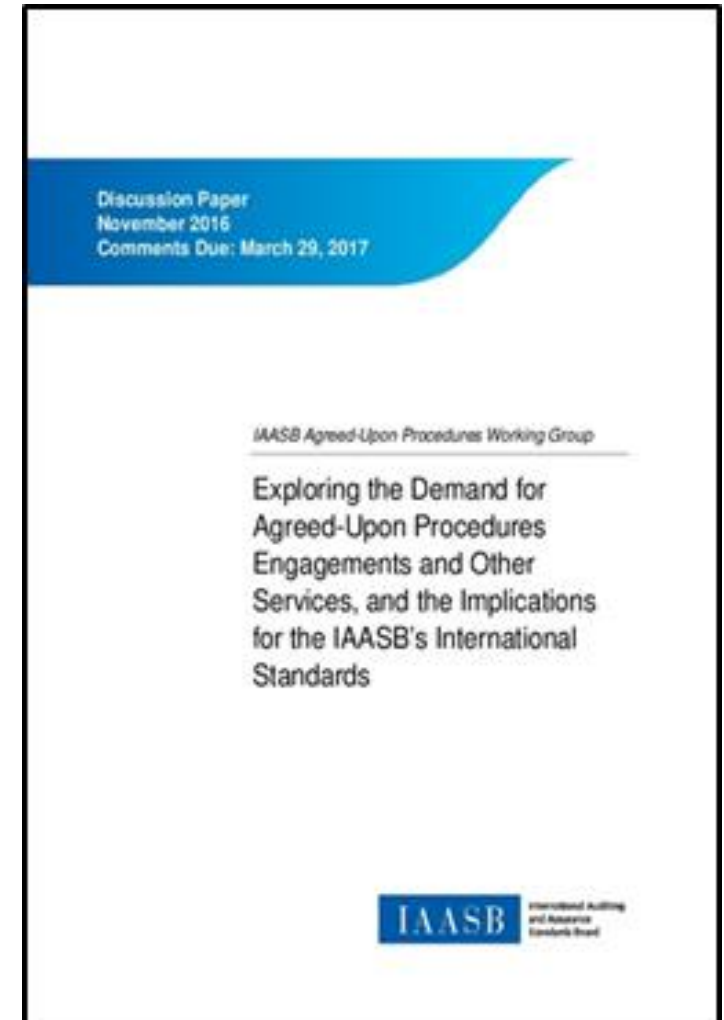


- Outreach and collaboration with a wide range of organisations and individuals is a key part of the project.
- Representatives from WBCSD and the Corporate Reporting Dialogue have been invited to attend Task Force meetings as observers.
- A Project Advisory Panel has been established, consisting of 23 individuals from a wide range of stakeholder backgrounds around the world.
- Research is being undertaken into existing assurance standards and guidance, as well as the EER frameworks that exist.
- A series of roundtables and outreach events are planned for October / November 2018, following which an exposure draft will be presented to the IAASB for approval in December 2018. This will include draft guidance for the Phase 1 challenges.

Agreed-Upon Procedures Engagements (AUP)

Background

- Working Group established in 2015 to explore AUP issues. Extensive consultations undertaken in 2015 and 2016.
- Discussion Paper, *Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards*, was issued released in November 2016.
- 54 responses to the Discussion Paper were received. Responses were overwhelmingly supportive of the views and conclusions expressed in the Discussion Paper





September 2017 – Project proposal to revise ISRS 4400 approved

March 2018 – Working Draft of ISRS 4400 (Revised) and accompanying issues paper presented to the IAASB

Key Issues

- Role of professional judgment and professional skepticism in an AUP engagement
- Practitioner's independence
- Terminology used to describe procedures and findings
- Using the work of a practitioner's expert
- Restricting the use or distribution of the AUP report
- Recommendations arising from performance of the AUP engagement
- Documentation

September 2018

1st read of
Exposure
Draft (ED)

December 2018

2nd read of
ED (or
approval of
ED if
appropriate)



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