



18 March 2020

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON INTERNATIONAL AUDITING
AND ASSURANCE STANDARDS BOARD'S (IAASB) PUBLIC
CONSULTATION ON PROPOSED GUIDANCE, *EXTENDED
EXTERNAL REPORTING (EER) ASSURANCE***

Comments to be received by 1 June 2020

The Hong Kong Institute of Certified Public Accountants' (Institute) Auditing and Assurance Standards Committee is seeking comments on the IAASB's Public Consultation on Proposed Guidance, *Extended External Reporting (EER) Assurance* (Proposed Guidance) which has been posted on the Institute's website at:

<https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Open-for-comment-documents/Auditing-and-Assurance>

Organizations are increasingly reporting about their broader performance or impact either voluntarily or as required by law or regulation, and there is a growing demand for assurance engagements on such reporting. In response, the IAASB has developed for feedback its non-authoritative EER Guidance.

The purpose of the Consultation Paper is to promote consistent high-quality application of ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* so as to:

- Strengthen the influence of EER assurance engagements on the quality of EER reports;
- Enhance user trust in the resulting assurance reports; and
- Engender greater confidence in the credibility of, trust in and reliance upon EER reports by their intended users.

The Consultation Paper is on the full combined updated phase 1 and phase 2 of IAASB's draft non-authoritative guidance of its EER Assurance project which includes the following:

- EER Guidance;
- Supplementary documents:
 - Supplement A: Credibility and Trust Model and Background and Contextual Information; and
 - Supplement B: Illustrative Examples.



The EER guidance covers the following aspects of the performance of an EER assurance engagement where practitioners commonly encounter challenges in applying ISAE 3000 (Revised):

- Applying appropriate competence and capabilities to an EER engagement;
- Exercising professional skepticism and professional judgment in the context of an EER engagement, where there may be a heightened need to do so;
- Determining preconditions and agreeing the scope of an EER assurance engagement;
- Determining the suitability and availability of criteria (reporting framework(s), standards or preparer-developed criteria) used to prepare the EER report;
- The preparer's governance and internal control over its process to prepare the EER report;
- Considering an entity's process to develop preparer-developed criteria to determine the topics to be reported on in the entity's EER report (sometimes referred to as a preparer's 'materiality process');
- The types of misstatements that may occur in the EER report (using assertions);
- Obtaining evidence;
- Considering the materiality of misstatements in the EER report;
- Preparing the assurance report;
- Considerations in addressing qualitative EER information; and
- Considerations in addressing future-oriented EER information.

Questions are set out in "Request for Comments" section of the Consultation Paper to seek views of the stakeholders.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the Public Consultation on Proposed Guidance to be considered, comments are requested by the due date shown above.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37/F., Wu Chung House
213 Queen's Road East
Hong Kong

Fax number (+852) 2865 6776
E-mail: commentletters@hkipa.org.hk

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.

18 March 2020
Invitation to Comment

Response Due Date
1 June 2020

Public Consultation on Proposed Guidance

Proposed Non-Authoritative Guidance

Extended External Reporting (EER)

Assurance



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

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The Invitation to Comment can also be found on the Institute's website at:
<https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Open-for-comment-documents/Auditing-and-Assurance>.



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