



# **EER Assurance Engagements Applying ISAE 3000 (Revised) – Non-authoritative Guidance**

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IAASB Meeting – Virtual Conference

Agenda Item 3

March 18, 2020

## What We Heard and What We've Done - General Comments on Consistency

- EER information, EER report
- Engagement partner vs practitioner
- Use of ISQC 1 or ISQM 1
- Use of the term 'uncertainty'
- Clarified, in paragraph 8, that:
  - EER information is the information in the EER report
  - EER subject matter information is the subject matter information of the engagement
  - EER subject matter information may be less than a whole report or may be the whole of the entity's EER report
- Used 'engagement partner' when the responsibilities are those expected of an engagement partner; practitioner if the requirements relate to practitioners generally
- Used ISQC 1 throughout, with a footnote to explain status and effective date of ISQM 1
- Consistency checked; 'inherent uncertainty', 'uncertainty' and 'greater uncertainty' used in different contexts

## What We Heard and What We've Done - Introduction

- It is confusing to refer to auditing standards in paragraph 10 in the context of EER assurance engagements
- It is the practitioner's responsibility to adapt and supplement the Guidance for a direct engagement – could be emphasized in paragraph 17
- Removed references to auditing standards in paragraph 10
- Clarified that the Standard accommodates assurance on both non-financial and financial information
- In paragraph 17, clarified that the practitioner may be able to adapt the Guidance as necessary in the engagement circumstances for a direct engagement, but the Guidance has not been developed with a focus on direct engagements
- Specific references to 'attestation' engagements in the Guidance can therefore be limited

## What We Heard and What We've Done - Chapter 3

- Clarify that paragraph 121 is in the context of attestation engagements to avoid inadvertently including direct engagements in the prohibition
- Paragraph 121 updated to clarify that a self-review threat might be created if the practitioner is involved in the preparation of subject matter information that subsequently becomes the subject matter information of the attestation (rather than 'assurance') engagement
- Changes have not been made to paragraph 117 as some of the considerations apply to both attestation and direct engagements

## What We Heard and What We've Done - Chapter 11

- It should not be suggested that the practitioner could provide an assurance conclusion on the reasonableness of assumptions (paragraph 374)
- Changed the wording in Chapter 11 to reflect similar wording to that used in ISAE 3400 – i.e., that the practitioner's focus is on whether there is 'a reasonable basis' for the assumptions

## What We Heard and What We've Done - Chapter 12

- Suggest clear linkage be made between Appendix 3 limited assurance, and the need for the 'work performed' section of the assurance report to reflect the procedures the practitioner has performed
- Illustrative Limited Assurance Report now includes wording to indicate that the practitioner's summary of the work performed needs to be tailored
- The summary of work performed reflects a summary of the nature and extent of procedures performed that, in the practitioner's judgment, provides additional information that may be relevant to the users' understanding of the basis for the practitioner's conclusion

## What We Heard and What We've Done - Appendix 3

- Appendix 3 should not suggest pre-determined 'levels' from which the practitioner can select when performing a limited assurance engagement
- The appropriate practitioner response is determined by what is meaningful assurance in the engagement circumstances
- Inquiry alone may not be sufficient for limited assurance
- The presentation of the Appendix needs to be further considered as:
  - Colors used (for example orange or red for reasonable assurance) are not intuitive
  - It is difficult to see the different colors and shading when printed out
- Added a fuller explanation in the introduction and before each set of arrows to clarify
- Reference included to paragraphs A4-A7 of the Standard
- Explained that, because the level of assurance obtained by the practitioner in limited assurance engagements varies, the practitioner's report contains an informative summary of the procedures performed
- In some engagement circumstances, inquiry may be sufficient, therefore this has been retained but placed in context of what is meaningful assurance in the engagement circumstances
- Colors and shading to be reconsidered on finalizing the document for publication

## Matters for IAASB Consideration

The IAASB is asked to approve for publication the proposed *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Extended External Reporting (EER) Engagements*

# Closing Remarks

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