

Port-au-Prince, 3 February 2017

International Auditing And Assurance Standards Board  
529 Fifth Avenue  
New York, NY 10017

Dear members of International Auditing And Assurance Standards Board :

I am honored to provide below my comments on discussion paper (SUPPORTING CREDIBILITY AND TRUST IN EMERGING FORMS OF EXTERNAL REPORTING: TEN KEY CHALLENGES FOR ASSURANCE ENGAGEMENTS) due to February 3, 2017.

**Question 1**

**Section III describes factors that enhance the credibility of EER reports and engender user trust.**

- a. Are there any other factors that need to be considered by the IAASB?**
- b. If so, what are they?**

I fully agree with IAASB about the 4 key factors that can enhance credibility of EER reports. In addition to external professional services, I think the credibility can be more enhanced and could increase with the possibility that a regulator proceeds to a periodic control of the EER reports issued by the enterprises.

**Question 2**

**Sections II and IV describe different types of professional services that are either currently performed or could be useful in enhancing credibility and trust.**

- a. Are there other types of professional services the IAASB needs to consider, that are, or may in future be, relevant in enhancing credibility and trust?**

Yes, there are.

- b. If so, what are they?**

There are advisory and taxation services. In addition to the assurance engagements, professional accountants provide such services. So, the outputs of these services are usually used in EER preparation. On the other hand, IAASB standards only specifically cover assurance and audit engagements. In view of to enhance credibility and trust of EER, in despite all professional accountants should apply ISQC, I think these kind of services (advisory and taxation services) should be also covered by IAASB specific standards.

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**Question 3**

Paragraphs 23–26 of Section II describe the responsibilities of the auditor of the financial statements under ISA 720 (Revised) with respect to the other information included in the annual report.

- a. Is this sufficient when EER information is included in the annual report; or

It seems for the credibility of EER report (case of the annual report), the important is the non existence of the material inconsistency. The misstatement appears secondary or less important for the credibility of this document. It is not easy for someone to understand an EER report can be credible therefore it contains material misstatement. It is not easy to leave to users' EER report to recognize an EER report can be materially misstated therefore the auditor diligently performed some procedures that could enhance its credibility.

In conclusion, I suggest auditor's performance take into account not only material inconsistencies but also probable misstatements contained in the annual report. So, the credibility in this EER report will be able more reinforced.

- b. Is there a need for assurance or other professional services, or for further enhancement of the responsibilities of the financial statement auditor, to enhance credibility and trust when EER information is in the annual report?

Yes, there is. In addition to the material inconsistencies, it is important for the auditor to ensure the annual report to be free of material misstatements. Because, with only an attention on material inconsistencies, without an attention on the material misstatements, it is difficult to obtain the enhancement of the credibility and the trust.

**Question 4**

Section IV describes the different types of engagements covered by the IAASB's International Standards and Section V suggests that the most effective way to begin to address these challenges would be to explore guidance to support practitioners in applying the existing International Standards for EER assurance engagements.

- a. Do you agree?

Yes, I fully do.

- b. If so, should the IAASB also explore whether such guidance should be extended to assist practitioners in applying the requirements of any other International Standards (agreed-upon procedures or compilation engagements) and, if so, in what areas? (For assurance engagements, see Q6-7)

Yes, it should.

For compilation engagements, a lack of maturity in governance and internal control would be a



challenge for a practitioner. As a result, it would be helpful the practitioner performs a test on the governance and internal control when it performs a compilation engagement. In this regard, it is not enough for the practitioner to mention in his or her report his or her findings. In this regard, some requirements of ISA 315 should be applied by the practitioner which performs compilation engagements.

As to agreed-upon procedures, like mentioned at one of part of the paragraph 18, the report should precise the factual findings relate only to the elements, accounts, items or financial and non-financial information specified and that they do not extend to the entity's financial statements taken as a whole. Considering the terms "elements", "non-financial information", like EER engagement, agreed-upon procedures may cover various elements. Then to perform an agreed-upon engagement, external professional may be necessary. As a result, like for some EER engagements, it would be relevant that the requirements of ISA 620 to be inserted in the list of requirements that would be applicable when an agreed-upon engagement is performing.

- c. If you disagree, please provide the reasons why and describe what other action(s) you believe the IAASB should take.

N/A

#### Question 5

The IAASB would like to understand the usefulness of subject-matter specific assurance standards. ISAE 3410, a subject matter specific standard for assurance engagements relating to Greenhouse Gas Statements, was issued in 2013.

- a. Please indicate the extent to which assurance reports under ISAE 3410 engagements are being obtained, issued or used in practice by your organization

N/A

- b. If not to any great extent, why not and what other form of pronouncement from the IAASB might be useful?

N/A

#### Question 6

Section V suggests it may be too early to develop a subject-matter specific assurance engagement standard on EER or particular EER frameworks due to the current stage of development of EER frameworks and related standards.

Do you agree or disagree and why?

All that can be done to increase trust and credibility in the reports where a professional



accountant is related is welcome. In this regard, IAASB's effort to develop some guidance applicable to EER is laudable. However, I really do not think it is too early to develop specific assurance engagement standard on EER or particular EER frameworks.

There are specific standards for services such than financial reporting, accounting, compilation, and other non assurance/related services. Such is not the case for tax and advisory/consulting services of which the weight in practitioner's total revenue is as substantial as accounting, compilation, and other non assurance/related services, audit and assurance.

In addition, nowadays, fiscal fraud becomes a current phenomenon. Such an phenomenon liaises to the taxation service, which is one of main services offered by professional accountant. May be specific standards on taxation service, in addition to an application of requirements of SMO 6 (investigation and discipline), could contribute to face against fiscal fraud.

Considering the weight of tax and advisory/consulting services in practitioner's revenue (whatever its size), given these services widely relate to EER, given the emergency to face against fraud fiscal which would be liaised to taxation service, specific standards should have already been developed for these services. As a result, it is not too early to develop standards related EER.

#### **Question 7**

**Section V describes assurance engagements and the Ten Key Challenges we have identified in addressing EER in such engagements (see box below) and suggests that the most effective way to begin to address these challenges would be to explore guidance to support practitioners in applying the IAASB's existing International Standards to EER assurance engagements.**

- a. Do you agree with our analysis of the key challenges?**

N/A

- b. For each key challenge in Section V, do you agree that guidance may be helpful in addressing the challenge?**

N/A

- c. If so, what priority should the IAASB give to addressing each key challenge and why?**

N/A

- d. If not, why and describe any other actions that you believe the IAASB should take.**

N/A

- e. Are there any other key challenges that need to be addressed by the IAASB's International Standards or new guidance and, if so, what are they, and why?**

N/A



**Question 8**

The IAASB wishes to understand the impact on potential demand for assurance engagements, if the Ten Key Challenges we have identified can be addressed appropriately, and in particular whether:

- Doing so would enhance the usefulness of EER assurance engagements for users
- Such demand would come from internal or external users or both
- There are barriers to such demand and alternative approaches should be considered.

- a. Do you believe that there is likely to be substantial user demand for EER assurance engagements if the key challenges can be appropriately addressed?

Yes, I do. Among the factors that influence the level of the demand, there generally are price, preference, substitute products, quality of products or services. The proper process of the key challenges will increase the quality of performance of EER assurance engagements, and will subsequently trust and credibility of EER assurance engagement. As a result, without me to be able to estimate it, there is likely to be substantial user demand for EER assurance engagements.

- b. If so, do you believe such demand:

- i. Will come from internal or external users or both?
- ii. Will lead to more EER assurance engagements being obtained voluntarily or that this outcome would require legal or regulatory requirements?

I cannot express myself on the fact if such demand will lead to more EER assurance engagements being obtained voluntarily or would require legal or regulatory requirements. However, I believe such demand will come from everywhere, from internal or external users.

- c. If not, is your reasoning that:

- i. EER frameworks and governance will first need to mature further?
- ii. Users would prefer other type(s) of professional services or external inputs (if so, what type(s) – see box below for examples of possible types)?
- iii. There are cost-benefit or other reasons (please explain)?

N/A



**Question 9**

**The IAASB would like to understand stakeholder views on areas where the IAASB should be collaborating with other organizations in relation to EER reporting. For which actions would collaboration with, or actions by, other organizations also be needed?**


Among organizations, the IAASB would collaborate with there are IAESB and IFAC.

As to IAESB, the collaboration should to reach to raise the weight of competencies liaised to EER in the education standard of professional accountants.

As to IFAC, the collaboration should to reach the thinking and the publication of a specific SMO related to EER.

I hope these comments will contribute to address the EER assurance engagement matter.

Sincerely yours,



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