

ESEF: ASSURANCE

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**EUROFILING XBRL WEEK
WARSAW 28-30 MAY 2018**

AGENDA

Status check

An assurance standard to address ESEF

Assurance requirements: theory

Assurance requirements: practice

Questions

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STATUS CHECK



Recognition that:

- ESEF is a **significant change** for listed company reporting, and
- the **quality of tagging will be important for users**

ESEF rules for 2020 annual reports are awaiting adoption by the European Commission (“EC”). Currently machine-readable XBRL tags are outside the scope of external audit. EC signalling that assurance is intended for ESEF.

Assurance providers are:

- following developments closely
 - standing ready to play their role
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AN ASSURANCE STANDARD TO ADDRESS ESEF



European countries have national oversight bodies responsible for assurance standards. The Committee of European Auditing Oversight Bodies (“CEAOB”) exists as a framework for co-operation.

Assurance standard setting is a consultative process, usually involving:

- an issues paper / consultation document, seeking input from stakeholders
- an exposure draft released for public comment
- a final standard with an implementation period (sometimes 18 months)

Can a new standard be co-ordinated or will there be multiple standards?

Timeline for standard development ?

ASSURANCE REQUIREMENTS: THEORY (1)



The International Framework For Assurance Engagements sets five high-level requirements for an assurance engagement:

1. **A three party relationship:** preparer, independent assurance provider, intended user
2. **Criteria:** ESMA's rules and taxonomy + any national overlay.
3. **Evidence:** Management will need to provide the proposed iXBRL tagging

The next two requirements appear more challenging:

ASSURANCE REQUIREMENTS: THEORY (2)



4. **Subject matter:** Clarity over the subject matter will be needed. Will the iXBRL annual report be the only annual report signed by the Directors, or will it be derived from a signed human-readable annual report? Will preparers have a choice: if so, the standard may address both options.
 5. **An assurance report:** featuring a conclusion. Presents some significant challenges. For example, how will an assurance standard address how a user of digital information gets access to the report of the assurance provider? What will an assurance report say? What will a modified (e.g. qualified) report say?
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ASSURANCE REQUIREMENTS: PRACTICE



In practice, assuring ESEF will also require:

- **Common materiality guidance for preparers and assurance providers**
- **New software to support the approach**
- **A significant change project**

and will be most efficient when:

- **Assurance providers plan and implement effectively**
 - **Preparers plan and implement effectively**
 - **Some work is undertaken before the year-end**, for example by reviewing intended tagging of a draft annual report
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QUESTIONS?

THANK YOU



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