The current position
- extracts from minutes of the December AuRC meeting in Brussels

"The Commission services presented the information note..........the note explains the legal reasoning for the audit of financial statements prepared in ESEF. Two member states expressed concerns about the fact that, as a statutory requirement, there should be an audit opinion on the financial statements prepared in ESEF"

"One other member acknowledged the need to address this topic but requested a clarification from the Commission about the origin of this legal requirement for an auditor. It joined another member's request on the need to receive some guidance regarding what needs to be done by each player."

"The Commission services replied that a formal endorsement by the Commission of its position on the audit of ESEF was planned to take place over the course of 2019."

"it was agreed that the CEAOB sub-group on International Auditing Standards would work on this issue. The first step will comprise the identification of main challenges related to the audit of financial statements prepared in ESEF and potential ways forward"

http://ec.europa.eu/transparency/regcomitology/index.cfm?do=search.documentdetail&Dos_ID=17020&DS_ID=60763&Version=1

Issues – Foundations for an assurance standard

To set an assurance standard, a strong understanding of how companies are expected to address ESEF seems an important ingredient. For example:

- The meaning of "True and Fair" / "Fairly Presents" in the context of iXBRL

- Document model: One document, Two documents or preparer choice?

- Management's explicit assertion about the iXBRL data

- Materiality in the context of electronic tags

- Availability of the auditor's report in the iXBRL document

- National competent authority overlay and voluntary tagging

- Verification of the electronic document

Issues – Standard setting decisions

Once the foundations are established, the standard setters can turn to specific decisions

- ISA 720 – which currently excludes XBRL from the scope of an audit

- ESEF-specific requirements or wider iXBRL / machine readable requirements?

- A single new standard or inclusion of new text within many existing standards?

- One European standard-setting initiative or many national initiatives?

- Wording for the auditor's report

- Sampling and risk assessment

- Controls

- Modifications to the report

Pathways

- Finalisation of ESEF and endorsement of the formal position on audit

- Guidance for standard setters?

- Consultation paper(s)?

- Exposure drafts(s)?

- Practical experience gained from ESEF implementation

- Year 1 or Year 3?