

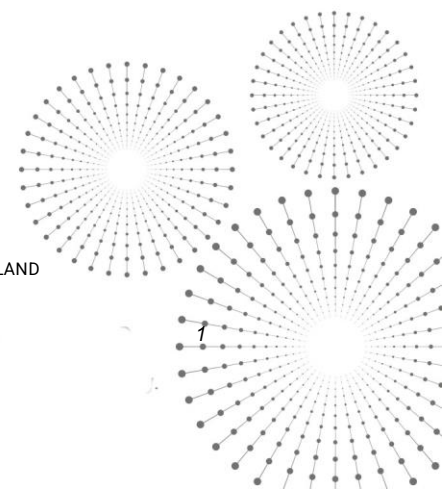
Responses to IAASB’s Request for Comments in the EM for the ED, Proposed Narrow Scope Amendments to ISQMs, ISAs and ISRE 2400 (Revised) as a Result of the Revisions to the Definitions of Listed Entity and PIE in the IESBA Code

PART A: Respondent Details and Demographic information

Your organization’s name (or your name if you are making a submission in your personal capacity)	External Reporting Board
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Sharon Walker
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Misha Pieters
E-mail address(es) of contact(s)	misha.pieters@xrb.govt.nz
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the ED). Select the most appropriate option.	Asia Pacific
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the ED). Select the most appropriate option.	Jurisdictional/ National standard setter
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB’s preference is that you incorporate all your views in your comments to the questions (also, the last question in Part B allows for raising any other matters in relation to the ED).

Information, if any, not already included in responding to the questions in Parts B and C:



PART B: Responses to Specific Questions in the EM for the ED

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

Objective for Establishing Differential Requirements for PIEs

1. Do you agree with establishing the overarching objective and purpose for establishing differential requirements for PIEs proposed in paragraphs A29A–A29B of ISQM 1 and paragraphs A81A–A81B of ISA 200 in the ED? If not, what do you propose and why?
(See EM Section 1-B, paragraphs 13-18)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We support the overarching objective and purpose for establishing differential requirements for PIEs as proposed in the ED. We agree that it is in the public interest to expand the differential requirements to public interest entities. .

Definitions of PIE and “Publicly Traded Entity”

2. Do you agree with adopting the definitions of PIE and “publicly traded entity” into ISQM 1 and ISA 200 (see proposed paragraphs 16(p)A–16(p)B of ISQM 1 and paragraphs 13(l)A–13(l)B of ISA 200 in the ED)? If not, what do you propose and why?
(See EM Section 1-C, paragraphs 19-26)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We commend the IAASB for working closely with the IESBA. We are supportive of consistency of key terms and definitions between the international auditing and assurance standards and the international code of ethics.

We agree with the proposed application material in paragraphs A29A-A29B of ISQM 1 and paragraphs A81A-A81B of ISA 200. In our view this application directly supports the definition of public interest entity included in proposed paragraphs 16(p)A of ISQM 1 and 13(l)A of ISA 200, and should be linked thereto as it includes useful context for the application of the term when it is referred to in the differential requirements explored in each question below.

It is our understanding that the intent of the IAASB is that an entity defined as a PIE in accordance with the IAASB standards would also be defined as a PIE in accordance with the international code of ethics. We are concerned that the second sentence in paragraph A29G in ISQM 1 (and the comparable sentence in ISA 200) could be interpreted as implying that entities identified as PIEs in accordance with the IAASB standards may be different from the entities identified as PIEs under the code of ethics.



We seek clarification if it is the intent of the IAASB that all entities identified as public interest entities under the local code of ethics, are expected to be, captured as public interest entities under the local assurance standards, in adopting the IAASB proposal, given that the definition recognizes the need for local jurisdictions to tailor the definition of a public interest entity. We seek to clarify whether it is conceptually possible, and/or aligns with the IAASB's intent to align, that a local jurisdiction might tailor the public interest entity definitions differently for independence purposes and the differential requirements in the assurance standards.

Differential Requirements in the ISQMs and ISAs

3A. Do you agree with the IAASB's proposals for extending the extant differential requirements for engagement quality reviews to apply to PIEs (ISQM 1, paragraph 34(f) in the ED)?

(See EM Section 1-D, paragraphs 27-40 and Appendix 1)

Overall response: [Agree \(with no further comments\)](#)

Detailed comments (if any):

We support expanding the application of the mandatory engagement quality review to public interest entities. We expect that many of the additional entities that will be captured under the public interest entity definition would already be subject to engagement quality review based on the current risk-based approach,

If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

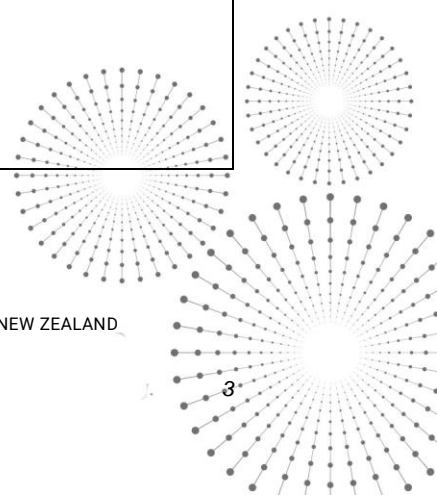
Detailed comments (if any):

3B. Do you agree with the IAASB's proposals for extending the extant differential requirements for communication with TCWG about the firm's system of quality management to apply to PIEs (ISQM 1, paragraph 34(e) in the ED)?

(See EM Section 1-D, paragraphs 27-38 and Appendix 1)

Overall response: [Agree \(with no further comments\)](#)

Detailed comments (if any):



If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):

3C. Do you agree with the IAASB's proposals for extending the extant differential requirements for communicating about auditor independence to apply to PIEs (ISA 260 (Revised), paragraphs 17 and 17A, and ISA 700 (Revised), paragraph 40(b) in the ED)?
(See EM Section 1-D, paragraphs 27-38 and 41-45 and Appendix 1)

Overall response: Agree (with no further comments)

Detailed comments (if any):

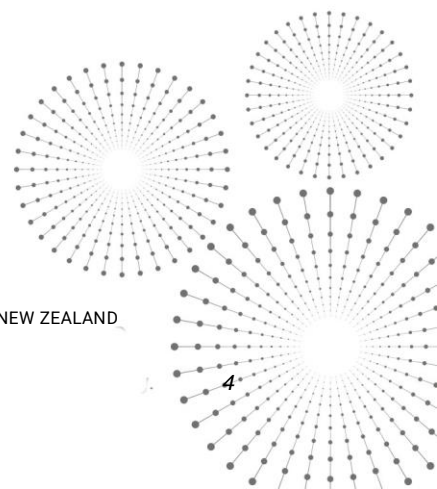
If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):

3D. Do you agree with the IAASB's proposals for extending the extant differential requirements for communicating KAM to apply to PIEs (ISA 700 (Revised), paragraphs 30-31, 40(c) and ISA 701, paragraph 5 in the ED)?
(See EM Section 1-D, paragraphs 27-38 and 46 and Appendix 1)

Overall response: Agree, with comments below

Detailed comments (if any):



We support expanding the application of key audit matters to public interest entities.

In New Zealand, key audit matters are already required for the types of entities contemplated by the global definition, including listed entities, deposit takers and insurers.

Our Trust and Confidence: Views from Audit Committee Chairs research report issued in 2023 highlights the value of key audit matters.

We also note that key audit matters are voluntarily reported in audit reports issued by the Office of the Auditor-General in a few public sector audits, as well as for audits of some non-for-profit entities.

If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):

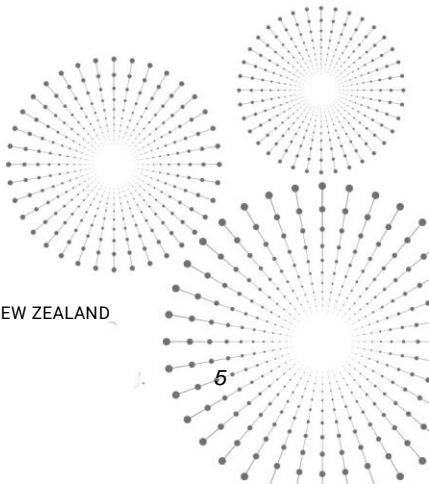
3E. Do you agree with the IAASB's proposals for extending the extant differential requirements for the name of the engagement partner to apply to PIEs (ISA 700 (Revised), paragraphs 46 and 50(l))?
 (See EM Section 1-D, paragraphs 27-38 and Appendix 1)

Overall response: Agree (with no further comments)

Detailed comments (if any):

If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):



4. Do you agree with the IAASB’s proposal to amend the applicability of the differential requirements for listed entities in ISA 720 (Revised) to apply to “publicly traded entity”? If not, what do you propose and why?

(See EM Section 1-D, paragraphs 47-51)

Overall response: [Agree \(with no further comments\)](#)

Detailed comments (if any):

We support the IAASB recommendation not to extend the differential requirements in ISA 720 to public interest entities until a comprehensive revision of the standard is undertaken. Extending the differential requirements to PIEs at this time may exacerbate implementation issues including:

- *identifying which other information is included in the annual report and therefore affecting the scope of the auditor’s responsibilities to read and consider the other information.*
- *practical issues that arise when the other information is not available at the time the auditor’s report is signed.*

Proposed Revisions to ISRE 2400 (Revised)

5. Do you agree with the new requirement and application material in ISRE 2400 (Revised) to provide transparency in the practitioner’s review report about the relevant ethical requirements for independence applied for certain entities, such as the independence requirements for PIEs in the IESBA Code? If not, what do you propose and why?

(See EM Section 1-E, paragraphs 52-57)

Overall response: [Agree \(with no further comments\)](#)

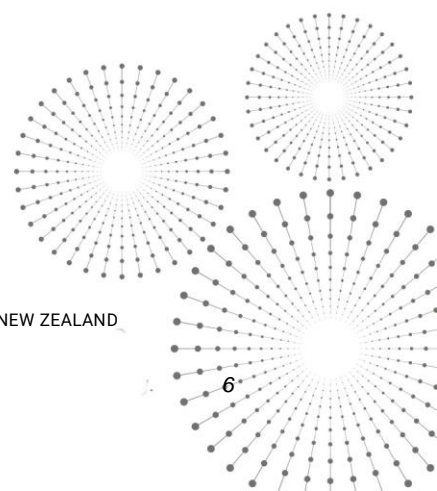
Detailed comments (if any):

Other Matters

6. Are there any other matters you would like to raise in relation to the ED? If so, please clearly indicate the requirement(s) or application material, or the theme or topic, to which your comment(s) relate.

Overall response: [No response](#)

Detailed comments (if any):



Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

7. Translations—Recognizing that many respondents may intend to translate the final narrow scope amendments for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED.

Overall response: [No response](#)

Detailed comments (if any):

8. Effective Date—Given it is preferred to coordinate effective dates with the fraud and going concern projects, the IAASB believes that an appropriate effective date for the narrow scope amendments would be for financial reporting periods beginning approximately 18-24 months after approval of the final narrow scope amendments for Track 2. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the narrow scope amendments for Track 2 of the listed entity and PIE project.

Overall response: [No response](#)

Detailed comments (if any):

