

**Definitions of Listed Entity and Public Interest Entity
Comments on ED Question 12
(Mechanism for Disclosure)**

Question 12

Please share any views on possible mechanisms (including whether the auditor’s report is an appropriate mechanism) to achieve such disclosure, including the advantages and disadvantages of each. Also see question 15(c) below.

Respondent	Comments
IOSCO	<p>In addition, we agree with the Paper which states that a firm should publicly disclose if an audit client has been treated as a PIE. Furthermore, should the IAASB also consider if it would be beneficial to investors if firms were also required to provide disclosures to allow users of financial statements to understand why an entity was defined as a PIE by the firm, along with the resulting independence and audit requirements? It is important that there is sufficient transparency by auditors, which we have concerns may not be adequately achieved if the disclosure requirement is limited only to stating whether an entity was defined as a PIE or not.</p>
IRBA	<p>The auditor’s report is an appropriate mechanism to disclose if a firm has treated an audit client as a PIE. That way, an investor or a member of the public would identify that fact in the audit report, whether the report is publicly available or not. However, these financial reports are not always publicly available and there needs to be another mechanism to ensure that the reports are publicly available. One of the possibilities could be to have these reports published on the audit firm’s website.</p> <p>However, this brings the need for clarity and consistency in situations where an entity has been identified as a PIE, but its financial statements are not publicly available. Application material to this effect would be useful. Consistency in this regard will be key to ensure the ease of access to this information for the users of financial statements. We suggest that the IESBA indicates that each jurisdiction should seek to achieve consistency.</p> <p>Proposed paragraph R400.17 requires a firm to publicly disclose if an audit client has been treated as a public interest entity. The question then is: What does “publicly disclose” mean? We are of the view that this means that the information should be easy to find. We have noted that there is no application material to this effect, and we suggest that application material should be included to add clarity to the proposed paragraph R400.17.</p>
NASBA	<p>If the IESBA adopts R400.16 and the disclosure requirement in R400.17, we believe the only appropriate vehicle for disclosure of PIE status would be the auditor’s report as this report is the auditor’s only mechanism for disclosing information to the public.</p>

Respondent	Comments
	<p>In the U.S., auditors apply different auditing standards based on the type of entity being audited, that is, the audits of a private closely held entity, publicly traded entity, and government funded entity are subject to different auditing standards. For each of these audits, the firm would apply independence standards that have been developed for each type of engagement. Incorporation of a consideration for PIEs would add complexity and inconsistency from one engagement to another and will likely cause great confusion in the U.S. regulatory community, especially the State Boards charged with enforcing the rules and the users accustomed to the way these audits are generally conducted.</p>
UKFRC	<p>We support additional disclosures within the auditor’s report, whilst noting that that the form and content of the auditor’s report should be a matter for the auditing standards. Disclosure of the impact on the auditor is an aid to both transparency and confidence and supports the overarching objective of the proposed amendments. An important consideration in determining the form of such a disclosure is whether the inclusion of additional material in the auditor’s report meets the auditor’s objectives in ISA 700 to form an opinion on the financial statements, and to express clearly that opinion. In particular, the inclusion of additional material in the auditor’s report must enhance the clarity of the opinion, and any disclosure should support that aim</p>
GAO	<p>As noted in our response to question 11 above, we believe that the auditor’s report would be the most obvious location for disclosing that an entity was treated as a PIE. We do not at this point offer an opinion of the advantages or disadvantages of such a disclosure, given that we do not believe that the IESBA should be issuing standards that affect the form and content of financial statement audit reports.</p>
OAGA	<p>In our view it should not be disclosed. Disclosure that the entity is considered a PIE does not communicate which differential requirements were followed in the engagement and how this may or may not have impacted audit quality. It may imply an audit carried out to a higher standard of quality when this may not be the case. See our responses to question 4 and 11.</p>
APESB	<p>As per APESB’s response to question 11, APESB does not support the disclosure of whether an entity is a PIE. However, if this disclosure is deemed necessary by the IESBA, APESB would prefer to see the disclosure made in conjunction with other disclosures about an auditor’s independence. For example, in Australia, there is a requirement set out in law requiring an auditor to make a declaration in relation to their independence and compliance with the applicable Code (i.e., APES 110). This auditor independence declaration is required to be included in the financial statements of companies, registered schemes and disclosing entities regulated by the Corporations Act 2001.</p> <p>While other jurisdictions may not have the same requirement to make disclosures about an auditor’s independence, other mechanisms such as transparency reports could be an appropriate place for this type of disclosure. As such, if the IESBA believes the disclosure of whether an entity is a PIE is necessary, the IESBA should allow relevant local bodies to determine the appropriate place for this disclosure.</p> <p>APESB is not supportive of the IESBA mandating the disclosure of this matter in the auditor’s report. We are concerned about the perception this would create two different levels of independence that apply to entities and further contribute to the audit expectation gap. We also believe it is the purview of the IAASB to determine the information that should be disclosed in the audit report.</p>

Respondent	Comments
NZAuASB	<p>The NZAuASB considers that the IAASB will need to determine whether the auditor’s report is an appropriate mechanism for achieving any disclosure regarding whether or not the auditor has applied the PIE requirements for that engagement and the impact of this classification. This might be addressed as part of the post implementation review of the revised auditors report.</p> <p>However, we recommend that more thought should first be given as to what underlying problem is to be resolved. As noted in response to question 11, the NZAuASB similarly encourages the IAASB to further explore how transparency will increase confidence in the audit and the financial statements. We recommend that the IAASB explore transparency around the impact of being a PIE, i.e., what it means when a client is treated as a PIE. This could for example include disclosure as to the number of years that the engagement partner has served and how many more years are permitted in line with the independence requirements, and information about any NAS that has been performed for the client, which may somewhat be disclosed by the client through the financial statements in the audit fee disclosures .</p> <p>Similarly, we encourage the IAASB to consider any unintended consequences of such disclosure and how those may be overcome in determining whether the auditor’s report is an appropriate mechanism.</p> <p>As noted in response to question 10, we also recommend that an interim but important first step should be communicating which independence requirements have been applied by the auditor to those charged with governance of the client. This may be especially important for entities where the PIE requirements have not been applied.</p>
ACCA	<p>We have concerns regarding the proposal for firms to disclose if they treated an audited entity as a PIE. We encourage the IESBA to carefully consider the implications of introducing a requirement for such disclosure. The value of the disclosure will have to be evaluated from the perspective of the users as recipients of the disclosure. We have heard concerns being expressed about the users’ ability to understand the implications of PIE vs. non-PIE classification. And warned about the risk of the perception of different ‘quality level’ of audit being provided to PIEs, undermining non-PIE audits. This could widen the audit expectation gap as the rationale and meaning behind such disclosure is unlikely to be immediately clear to users. Therefore, IESBA will have to proceed with caution and coordinate closely with IAASB on whether a disclosure is indeed useful and if so, decide which is the best way to approach this in order to avoid misinterpretation and any unintended consequences.</p> <p>Response to Q15(c)</p> <p>Some of our stakeholders raised concerns regarding the length and readability of the auditor’s report, particularly in light of the recent developments in auditor reporting i.e. with the introduction of ISA 701, Key Audit Matters. If firms will be required to disclose that an entity has been treated as PIE, further disclosures will be necessary including their rationale, however the value added is not clear for the reasons noted above.</p>
AE	<p>As noted in our response to question 11, the auditor’s report would seem to be a logical place to disclose the auditor independence provisions that have been applied and what the implications are. Obviously, this will necessitate a process for revising ISA 700 series and there may be a gap between the effective dates of the revised Code and relevant ISAs.</p> <p>Response to Q15c</p>

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	<p>Transparency towards stakeholders is unquestionably inherent to the auditor’s role and responsibilities, however transparency should not lead to confusion. The auditor’s report already includes a dedicated part on the compliance with ethical and independence rules. Requiring additional disclosures would create or increase the expectation gap for stakeholders without providing them with more insight on the financial statements or the audit. They could expect that the entity has met all the obligations relevant for a PIEs.</p> <p>Practical difficulties also would arise when there is a change of auditor and if the “so-called PIE” mentioned as such in the previous auditor’s report is no longer treated as a PIE by the new auditor.</p> <p>In addition, such disclosure could downplay the quality of non-PIE audits as if they were performed in accordance with a lower level of professional standards.</p>
BICA	<p>The rationale behind identifying entities as PIEs is to enhance the audit independence of their financial statements. We believe therefore that the disclosure is best placed in the audit report. AS indicated above, Certified Auditors of PIEs make this disclosure in their signatures, however this status can still be place in non-PIE audit clients. It is important therefore for IAASB to be engaged to ensure that the disclosure is explicitly made in the audit report.</p>
CAANZ	<p>As indicated above, we believe more outreach, including particularly with investors and users of audited financial statements, is important to be able to clarify the objectives of these disclosures and hence what appropriate mechanisms may be.</p>
CAI	<p>We believe that the audit report is the appropriate mechanism for disclosure as this would be consistent with existing requirements in the EU.</p>
CFC	<p>Additionally, we do believe that an audit report should not be a place to inform if a certain entity was or not classified as a public interest entity. Such disclosure could be, if defined by law or regulation, on the management commentaries, annual reports or any report on standability that could be issued by other standard boards.</p>
CIIPA	<p>Yes, but only if such disclosure is intended to be made through the auditor’s report on the financial statements (subject to the IAASB approval or equivalent audit standard setter [where national regulations apply]).</p>
CNCC	<p>See our comments above, we do not support the proposal for firms to disclose if they treated an audit client as a PIE</p>
CPAA	<p>There are mixed views on whether the auditor’s report is the appropriate mechanism for making a disclosure about an audit firm’s determination of a client as a PIE.</p> <p>Feedback from some of our members is that the auditor’s report is definitely not the place in which such a disclosure would be made, lest it creates an impression that there are different types and levels of audit, and auditor’s report.</p> <p>Other members believe that the auditor’s report would really seem to be the only appropriate place for such a disclosure, as it is the only communication that is owned by the auditor. It could not be in the entity’s own communications. Clearly, however,</p>

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	considerable additional details and explanations, beyond just declaring that an entity is being treated as a PIE, would be required (see response to the previous question).
CPAC	To ensure transparency, we agree that this disclosure must be made in the auditor's report, with disclosure elsewhere optional. However, we recommend deferring these proposals until the IAASB makes corresponding amendments to ISAs requiring this disclosure.
EFAA	We believe the auditor's report to be the most appropriate place for such a disclosure. We feel that as the decision to treat the entity is made solely by the auditor then such disclosure ought to be provided in communication originating from the auditor rather than the entity being audited.
FACPCE	If there is regulation that provides for the treatment of an entity as PIE, the Auditor's Report may be an adequate means for disclosing the condition, with this statement the auditor confirms compliance with the regulation.
HKICPA	As mentioned in Question 11, we have some reservation about the proposed disclosure requirement. The determination to treat an entity as a PIE should be documented in firms' audit working paper or correspondence to regulators so that regulators can note such during their inspection or other regulatory activities.
ICAEW	The auditor's report would seem to be a logical place to disclose the auditor independence provisions that have been applied and what the implications are in terms of restricted non-audit services and other independence provisions. To avoid an unnecessarily long auditors report, detail of the provisions could be included in the disclosure of non-audit services provided by the auditor.
ICAG	<p>The auditor's report is an appropriate mechanism to achieve such a disclosure. The disclosure should be incorporated in the audit report. In some jurisdictions, such as Ghana, auditors have additional various requirements including that of independence requirements set by industrial regulators for example, the Securities and Exchange Commission and Bank of Ghana. The Institute of Chartered Accountants, Ghana (ICAG) also requires auditors to satisfy these additional requirements especially when auditing PIEs.</p> <p>Advantages</p> <p>Increased transparency leading to public confidence in the audit of the financial well-being of PIEs.</p> <p>Disadvantages</p> <p>Increased cost of performing audits due to additional audit works, time and documentation.</p> <p>Stakeholder engagement within various jurisdictions should set the tone requiring the regulatory office/bodies to identify the list of PIEs per sector/ industry and the disclosure requirements. If there is a disclosure on the treatment of a client as a PIE, we believe the obvious location for disclosure as to whether the audit considered the client as a PIE is in the auditor's report. This</p>

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	is where the conduct and results of the audit are documented by the auditor. We also agree on Option 2 which is to carefully consider the impact and unintended consequences that might arise before prescribing changes to the auditor reporting model.
ICAJ	<p>Yes, we agree that it would be helpful to disclose in the audit report that an entity has been treated as PIE. Certain entities designated by nature for example pension funds, though regulated may not draw the same level of public interest as a deposit taking or publicly traded entity.</p> <p>Where required, this can be communicated through the auditor’s report as other transparency requirements are already communicated through this medium.</p>
ICAS	We believe that the most appropriate mechanism would be via the audit report as this would aid transparency.
IDW	As we do not support such disclosure, we are not in favor of including such disclosure in the auditor’s report. We also believe that, for the reasons given in our response to Question 11, such disclosure in the auditor’s report will be confusing. Furthermore, as the complexities increase (PIE under law or regulation is not the same as PIE under the Code, the requirements for PIEs under law or regulation are different from those under the Code, the treatment of group audits that are multijurisdictional, etc.) the disclosure in auditors’ reports will become increasingly complex and too dense for readers of the auditor’s report to understand.
INCP	<p>We believe that, whenever a company is considered a PIE, this must be disclosed by the entity’s management in the notes to the financial statements and by the auditor in the auditor’s report.</p> <p>We believe that the report’s section titled “Basis for Opinion” may be the most appropriate option to include this disclosure since this paragraph sets out compliance with the rules of the Code of Ethics, promoting discussions on independence of auditors and entities. Doing so in the auditor’s report results in advantages such as consistent implementation by auditors and easier implementation of and compliance with the requirement.</p>
ISCA	As mentioned in our response to Question 10, we propose for IEBSA to consider requiring firms to obtain concurrence of management and TCWG on whether an entity should be treated as PIE. As such, we are of the view that it would be more appropriate for the disclosure of the treatment of an entity as a PIE to be included in the corporate governance report.
JICPA	<p>PIE-related information could be disclosed in the auditor’s report, or in the transparency report issued by the firm in relation to audit quality, or disclosed in a combination of the two. As described in our comments to question 1, the disclosure that the entity is a PIE might give a perception to stakeholders that an audit quality is high, (an audit quality is low in case of no disclosure). To avoid such situation, the disclosure should be stated as “additional independence requirements have been applied for an audit of a client that is a PIE,” rather than “the client has been categorized as a PIE.”</p> <p>The anticipated content of disclosure in the auditor’s report and/or transparency report, and the advantages and disadvantage of this disclosure, are as follows.</p> <p><Auditor’s report></p>

Respondent	Comments	
	Anticipated content of disclosure	<ul style="list-style-type: none"> ● The entity being audited is categorized as a PIE and additional independence requirements have been applied ● Reason for determining that it is categorized as a PIE (which category it falls under the categories prescribed by relevant local bodies, or the reason for the firm adding it as a PIE)
	Advantages	<ul style="list-style-type: none"> ● Users of financial statements will be able to learn in a timely manner that the entity being audited is a PIE ● Reasons for categorizing the entity as a PIE can be confirmed
	Disadvantages	<ul style="list-style-type: none"> ● It could give the impression that confidence in the financial statements of an entity not categorized as a PIE is lower than those of an entity categorized as a PIE.
	<Transparency Report>	
	Anticipated content of disclosure	<ul style="list-style-type: none"> ● The firm's policy for determining a PIE (criteria for the firm adding an entity and the category for the entity as a PIE) ● The proportion of PIEs among audit clients of the firm
	Advantages	<ul style="list-style-type: none"> ● Enables stakeholders (users of financial statements, audit clients, regulatory authorities, etc.) to understand the firm's policy as it relates to determining PIEs, and raises transparency in relation to PIEs ● Enables an understanding of the overall proportion of entities that are treated as PIEs
	Disadvantages	<ul style="list-style-type: none"> ● Some small and medium practices do not issue a transparency report like those issued by larger firms, so it is possible that not all firms will take the same unified approach to the issue. ● This could lead to the misunderstanding that differences in policies used to determine PIEs and differences in the proportion of PIEs are indications of differences in audit quality
KICPA	If stakeholders properly understand the implications of an audit client being determined as PIE by a firm, there may be no issue in disclosing it in the auditor's report. However, there is a risk of increased expectation gap about the auditor's report if the user of the auditor's report does not have a clear understanding of such implications (for example, they might mistakenly believe	

Respondent	Comments
	that the auditor provides a higher level of assurance). And this risk may make firms reluctant to identify additional PIEs due to litigation risk, etc., undermining effectiveness of the disclosure requirement.
MIA	In our view, the auditor’s report does seem to be the most appropriate place for such a disclosure as further details and explanations beyond just declaring that an entity is being treated as a PIE, would be required. In addition, as the decision about treating an entity as a PIE is, in such cases, being made solely by the auditor, then the auditor’s report is the only communication that is owned by the auditor.
MICPA	We agree with the proposal to disclose an entity which has been regarded as a PIE in the auditor’s report. However, we believe that many users or readers of the financial statements may not comprehend the rationale of such disclosures in the auditors’ report. We suggest the Board to provide guidance which includes explaining the rationale of such a disclosure, so that users and readers of the financial statements appreciate the implications (including adherence to higher standards and scrutiny) of an entity being classified as a PIE and instill greater confidence in those financial statements.
NBA	Like AE, we do not support a requirement for firms to determine and disclose if any additional entities are treated as PIE in terms of independence rules for auditors. However, if IESBA would decide to keep this proposed requirement: 1) clarification is needed whether this relates only to entities the audit firm has determined should be treated as a PIE (R400.16); and 2) clarification is needed where firms shall disclose that the entity is treated as a PIE. The requirement itself is not clear. The audit report would seem to be a logical place to disclose (if IESBA decides to keep this requirement). Otherwise the PIE classification suggests that this is only done for internal reasons or on behalf of an oversight body.
NBAAT	Our view is that the auditor report is an appropriate mechanism to achieve the disclosure as this is expected to enhance transparency.
NRF	We refer to our response to question 11 with regard to the value of such a disclosure. Having said that, we cannot see that such a statement could be placed anywhere else than in the auditor’s report.
SAICA	Since the auditor’s report is the mechanism used by the auditor to communicate with the users of the financial statements, SAICA and the majority of the members of the working group are of the opinion that this is the most appropriate mechanism to disclose the auditor’s treatment of the entity as a PIE. The advantage of this is that the information is immediately evident to the users of the financial statements as it would be if the disclosure was included in the auditor’s report that accompanies the financial statements. Proposed paragraph R400.17 requires a firm to publicly disclose if an audit client has been treated as a PIE. The Code is, however not clear in terms of what is meant by “publicly disclose”. If SAICA’s recommendation to make such disclosure in the auditor’s report is accepted, we caution against assuming that the financial statements including, the auditor’s report an entity that has been classified as a PIE are automatically publicly available. SAICA therefore recommends that the Code clarify the

Respondent	Comments
	<p>meaning of “publicly disclose”. To this end, the IESBA may consider including application material to provide clarity on the proposed paragraph R400.17.</p> <p>Other possible disclosure mechanisms include:</p> <ul style="list-style-type: none"> a. The firm’s Transparency report. The disadvantage here is that not all firms are required to compile a Transparency report. b. The firm’s website. c. Local bodies or other governing body’s website. This may also place an undesirable administrative burden on these bodies. <p>An advantage common to all the above options is that the information is contained in one place. However, this is not immediately evident to the users of the financial statements as it would be if the disclosure was included in the auditor’s report that accompanies the financial statements.</p> <p>With the proposed revisions that extend the definition of a PIE and require additional public disclosure, it is important for the auditor to openly communicate with those charged with governance, the rationale behind defining the entity as a PIE and the additional requirements that exist. SAICA recommends that the Code clarifies this.</p>
SAIPA	<p>We agree that it is important that users of the accounts realise whether the organisation has been treated as a PIE for the purposes of the Independence rules. We support the requirement for the firms to make such disclosure where it is easily accessible by the users of the accounts.</p> <p>We believe that the auditors report is an appropriate mechanism to achieve such disclosure as all other relevant disclosures relating to Ethics and laws and regulations are contained in this report.</p>
TFAC	<p>In reference to item 11, we would like to reserve our opinion on this matter.</p>
TURMOB	<p>This information should be included in the auditor’s report. The audit firm should issue a list of the PIEs that it has audited at that time. Or it should report this list to the regulatory authority.</p>
WPK	<p>A disclosure (in the auditor’s report) does only make sense, if the differences in treating an audit client as a PIE as opposed to the treatment as Non-PIE are made understandable for the recipient of the auditor’s report. We believe this might require further explanations to an already comprehensive auditor’s report.</p> <p>Additionally, the definition of PIE in the Code and in the IAASB standards must be aligned. Otherwise – in case of different definitions - ,public disclosure’ of treating an audit client as a PIE might be misleading as it may be not clear whether this treatment refers to the ethical treatment (,Code’) or to the conduct of and reporting about the audit as well (,ISA’).</p> <p>Furthermore, ISA 701 currently already stipulates for specific reporting requirements (,key audit matters’) regarding listed entites. The EU Audit Regulation (537/2014/EU) in Article 10 also imposes additional reporting requirements on audits of PIEs.</p>

Respondent	Comments
	<p>Overall, we think that a disclosure to explain that the audit client was treated as a PIE in the auditor’s report would create confusion as well as an expectation gap for stakeholders as to that the entity would have met all the requirements of a PIE.</p>
BDO	<p>We believe that any disclosure required could be included in a transparency report or elsewhere on a website, irrespective of the party making the disclosure. As noted in question 11, it may make more sense to have this disclosure made by the entity rather than by the auditor.</p>
BKTI	<p>We can understand why that the auditor’s report is considered a logical location for such disclosure, but, depending on the scope and extent of the disclosure, this may add significantly to the length of the audit report, which is already considerable for listed entities and many other entities designated as PIEs due to the inclusion of key audit matters. There may therefore be a case for separate disclosure in the financial statements.</p> <p>A possible alternative location for the disclosure, if it is the auditor who is required to make it, is in the audit firm’s transparency report (for those firms required to publish one) or on their website (for those firms not required to publish a transparency report).</p> <p>We are particularly concerned that IESBA should avoid any perception that being designated as a PIE gives rise to a better quality audit. PIE designation should not impact the quality of an audit, and we do not support any measure that could potentially undermine this premise.</p> <p>As the Exposure Draft does not address this aspect of the proposals, as noted in our comments in response to Qu. 11 above, we would welcome the opportunity to comment on more detailed proposals in the future in respect of both the content and location of the disclosure.</p>
CohnReznick	<p>Please see our response to 15(c) below. We encourage the disclosure of whether an entity is treated as a PIE to be in the auditor’s report. While such disclosure does add to the length of the audit report, such additional length is minor and may be decision-useful to a number of users.</p>
Crowe	<p>As stated in our response to 11 above, we consider that this is a matter for transparency reporting.</p>
DTTL	<p>If the Board continues to believe disclosure will be meaningful to stakeholders, it would seem more appropriate for such disclosure to be consistent with ISA 700 (Revised), Forming An Opinion And Reporting On Financial Statements, which already requires the auditor to identify the relevant ethical requirements relating to the particular audit engagement. In other words, it may be more useful to the reader for the audit report to state that the auditor is independent of the entity in accordance with the auditor independence requirements of the Code that apply to PIE audit engagements.</p>
EY	<p>We believe it is very important that the Board does not unintentionally create the perception that the auditor’s independence is a proxy for audit quality, which is a possible consequence of adding a requirement for the auditor’s report to disclose whether an entity was treated as a PIE. As we have noted in our response to question one, we believe that in the context of the Code, the objective of classifying an entity as a PIE should be to enhance the confidence in the independence of the audit firm and</p>

Respondent	Comments
	<p>engagement team rather than the quality of the audit, because the quality of the audit is a function of complying with the applicable GAAS and having an effective system of quality management.</p> <p>We believe there are more appropriate ways to provide the disclosure, for example by providing this type of disclosure upon a request by a stakeholder. Other examples might be to provide the disclosure on the firm's website, in the firm's transparency report, or through targeted communication to stakeholders.</p>
GTIL	<p>If an entity's management or those charged with governance have decided to treat the entity as a PIE, the entity's management should disclose this in the footnotes to the financial statements (i.e., footnote 1. Basis of Presentation).</p>
KPMG	<p>Acknowledging our lack of support for this disclosure, if the IESBA were to move forward with the requirement for disclosure of PIE treatment, we do not believe such a requirement should be adopted without an enforceable mechanism to comply with the requirement. Mechanisms for possible disclosure include the following:</p> <ol style="list-style-type: none"> 1) Client financial statements, client website or other client reporting – This mechanism could provide timely insight into the PIE treatment. However, as the IESBA's remit does not extend to the audit client or those charged with governance, we suggest that such a disclosure be promulgated by the appropriate regulators or financial reporting standard setters. 2) Firm annual transparency report – Certain firms already disclose PIE audit clients in their transparency reports, however, not all individual firms have a requirement for a firm-specific transparency report. These firms may instead refer to their network's global report. This mechanism is subject to annual updates which would not provide timely insight into the treatment of the entity to stakeholders. Additionally, in some jurisdictions, the firm would require the audit client's consent to disclose such information, which may not be given. 3) Auditor's report -This option faces a disadvantage related to entities which may be treated as PIEs but do not have a legal or regulatory requirement to publish financial statements, thus limiting effectiveness of such a mechanism (note our comment under question 5 in this regard). 4) Auditor's website – This mechanism will face similar disadvantages related to timeliness of updates and required consent from clients to avoid violating confidentiality standards.
Mazars	<p>N/A based on our response to Q11.</p>
Moore	<p>The audit report is appropriate for this disclosure to the public as this is frequently the most read document by users of the financial statements.</p> <p>The engagement letter can serve as disclosure to the board / audit committee of the entity at the start of the engagement to avoid misunderstanding at the reporting stage.</p>
PwC	<p>Where management has disclosed the fact that an entity has been treated as a PIE, we do not have an objection to Firms also disclosing this fact (see our comments above). However, as with any public disclosure, transparency needs to be evaluated in</p>

Respondent	Comments
	<p>light of whether the matter being disclosed is meaningful to the intended user. Acknowledging that this is already practice in some jurisdictions, we would emphasise that such disclosure only has value if the reader has an understanding of what that means. The accompanying context for such disclosure, explaining the implications of such a designation, is therefore equally, if not more, important.</p> <p>For this reason, inclusion of a detailed description of the context describing the implications of a PIE designation within the auditor’s report would not be an optimal solution, adding further boilerplate text and length to a report that some feedback to the IAASB’s Auditor Reporting Post Implementation Review has already noted contains too much boilerplate content and is too long.</p> <p>We therefore support the IAASB’s decision to consider this matter as part of its Post Implementation Review.</p> <p>That being said, the auditor’s report is likely the most accessible mechanism to share such information for users of the financial statements (and auditor’s report thereon).</p> <p>Firms that currently produce transparency reports could also use this as a mechanism for providing the relevant disclosure, which may already be the practice in some jurisdictions, however, such disclosure should be limited to information that is already otherwise public.</p>
RSM	<p>As above, we do not support the requirement for firms to determine if an entity is a PIE. However, if disclosure of an entity’s status as a PIE is deemed necessary, we believe the entity and not the auditor would be the appropriate party to make such disclosure.</p>
SMPAG	<p>Recognizing the comments made in answering question 11, and were the IESBA and IAASB to pursue this issue further, the auditor’s report does seem to be the most appropriate place for such a disclosure – as further details and explanations beyond just declaring that an entity is being treated as a PIE, would be required. In addition, as the decision about treating an entity as a PIE is, in such cases, being made solely by the auditor, then the auditor’s report is the only communication that is owned by the auditor. The disclosure would need to be in that communication; it could not be in the entity’s own communications.</p> <p>However, we believe it essential that IESBA coordinate fully with the IAASB, as this would also be a matter for the IAASB’s consideration as the auditor’s report is in their remit.</p>
	Do not support auditor report