



For the attention of Mr. Willie Botha
Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue, 6th Floor
New York, New York, 10017
USA

[Submitted via IAASB website]

20 May 2021

Dear Mr. Botha,

IAASB Exposure Draft: Proposed Amendments to the IAASB's International Standards: Conforming and Consequential Amendments to the IAASB's Other Standards as a Result of the New and Revised Quality Management Standards

We¹ appreciate the opportunity to comment on the IAASB's Exposure Draft (ED). Ensuring internal consistency across the IAASB's standards helps support consistent understanding of relevant concepts and terms and their intended application.

Question 1 - Proposed amendments

We believe the proposed amendments are sufficient to resolve actual or perceived inconsistencies between the IAASB's Other Standards (and Assurance Framework) and the changes made by the IAASB in developing and approving the new and revised Quality Management standards.

We are also supportive of the limited other changes to the IAASB's Other Standards, described in the explanatory memorandum, to emphasise the responsibilities of the engagement partner and engagement team with respect to quality management.

In reviewing the proposed changes, we identified a limited number of matters pertaining to clarity and consistency that we describe in the appendix to this letter for your consideration.

Question 2 - Effective date

Given the nature of these limited changes, aligning their effective date with the effective date of the Quality Management standards is reasonable. The proposed timeline should provide adequate time for implementation of these narrow scope changes into relevant methodologies and tools.

¹ This response is being filed on behalf of the network of member firms of PricewaterhouseCoopers International Limited and references to "PwC", "we" and "our" refer to the PwC network of member firms.

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If you have any questions regarding this letter, please contact Diana Hillier, at diana.hillier@pwc.com, or me, at james.chalmers@pwc.com.

Yours sincerely,

A handwritten signature in black ink that reads "James Chalmers".

James Chalmers
Global Assurance Leader

Appendix 1 - Table of editorial amendments

<u>Standard & Paragraph</u>	<u>Comment</u>
ISRE 2400, para A5	<p><i>“National requirements that deal with the firm’s responsibilities to establish and maintain design, implement and operate a system of quality control management are at least as demanding as ISQCISQM 1 when they address all the requirements of ISQM 1 elements referred to in paragraph A3, and impose obligations on the firm to that achieve the aims of the requirements set out in objective of ISQCISQM 1.”</i></p> <p>We are concerned that replacing the word “that” with “to” in the fourth line above could imply a different meaning of the statement. While we understood the statement to mean that any local requirements had to result in an outcome that was consistent with the objective of the standard for those requirements to be deemed “as demanding as ISQM 1”, the change can imply that the local requirements need to include an obligation that expressly makes reference to achieving the objective of ISQM 1. We believe the former wording was clearer and avoids this ambiguity.</p> <p>We further note that the equivalent paragraph in ISAE 3000 (Revised) (paragraph A62) has not been amended in a similar manner. The standards are therefore now inconsistent as proposed. We recommend retaining the word “that” or, at a minimum, confirming with National Standard Setters that the proposed change does not cause a change in interpretation at a jurisdictional level.</p>
ISAE 3000 (Revised) para A69	<p><i>“The quality objectives deal with the appropriateness of judgments by the firm about whether to accept or continue relationships and engagements that are based on the firm’s ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements.”</i></p> <p>The above sentence was added to paragraph A69 of ISAE 3000 (Revised). However, no comparative sentence was added to ISRE 2400, the reason for which is not clear.</p>
ISRS 4400 (Revised) para A5	See related comment on ISRE 2400 (Revised) para A5.
ISRS 4400 (Revised), proposed new para A58A	<p><i>“When an engagement quality review is required in accordance with ISQM 1, the engagement quality reviewer is required to notify the engagement partner when the engagement quality review is complete.”</i></p> <p>While the proposed application paragraph is factually accurate, we do not agree with the statement in the explanatory memorandum that this reminds practitioners of the additional constraint on the report date under ISQM 2. In each of ISRE 2400 (Revised), ISAE 3000 (Revised), ISAE 3402, and ISAE 3410, a new requirement has been proposed that the engagement partner may not date the report until the</p>

	<p>engagement quality review is complete. While we expect the number of AUP engagements that will require an engagement quality review to be few, the proposed application paragraph on its own does not directly convey the restriction on dating the report as clearly expressed in the proposed changes to the other engagement standards; it simply conveys the obligation of the engagement quality reviewer. We suggest addressing this matter consistently across all of the IAASB's other standards.</p>
<p>ISRS 4410 (Revised), para A8</p>	<p>See related comment on ISRE 2400 (Revised) para A5.</p>
<p>ISRS 4410 (Revised), para 40</p>	<p>The explanatory memorandum indicates that a proposed new application paragraph (A69) be added to the standard to address the case when an engagement quality review is required by the firm's policies or procedures for these engagements. There is no paragraph A69 set out within the proposed changes. We assume this was intended to be consistent with proposed paragraph A58A of ISRS 4400 (Revised), described above. If that is correct, our comment on proposed ISRS 4000 (Revised) paragraph A58A would also apply with respect to ISRS 4410.</p>
<p>International Framework for Assurance Engagements, para 9</p>	<p>The opening paragraph references a footnote 5E. However, there is no corresponding footnote included in the Exposure Draft. We believe that this reference should instead be 3C.</p> <p>Similarly, there is a footnote 3B that does not seem to be referenced from the amended paragraph.</p>