Listed Entity and Public Interest Entity (PIE)

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IAASB Meeting
December 5-9, 2022
Agenda: Topics for Track 2

Objective and Guidelines for Establishing Differential Requirements for Certain Entities in the ISQMs and ISAs

Case-by-Case Analysis of Extant Differential Requirements for Listed Entities in the ISQMs and ISAs

Factors and Examples in Evaluating the Extent of Public Interest of an Entity

Adopting the IESBA Definition of PIE and “Publicly Traded Entity”

Aligning the Introductory and Application Material in the ISQMs and ISAs
Feedback from the Forum of Firms

• Broad support
  • Recognition that if some differential requirements apply to PIEs and others to “publicly traded entities” this would add complexity

• Acknowledgement that the current definition of listed entity is out of date
  • Recognition that the revised definition of “publicly traded entity” would lead to greater consistency

• Support for a consistent approach between the factors and examples in the IESBA Code and those in the ISQMs and ISAs
Feedback from the Forum of Firms – cont.

• Extending the Differential Requirements in ISQMs and ISAs to apply to PIEs:
  • Certain proposals could have a disproportionate effect on smaller audit firms (e.g., introducing an engagement quality review for all PIEs). However, recognition that firms’ policies and procedures already expand on entities subject to engagement quality reviews.
  • Extending requirements to PIEs could impact work effort and audit fees - practical guidance would be helpful for those firms that have not had to apply ISA 701 previously.
  • ISQM 1 extension of scope, further consideration needed in respect to the right risk is being addressed with the right response.
  • Concern for the risk of a local body not appropriately refining the mandatory categories of entities in the PIE definition and support for guidance to be issued to support local bodies.
Question 1

Does the IAASB agree with the PIE TF’s proposals for the tailored objective and guidelines, i.e.:

a) The proposed objectives in paragraphs A29A–A29B of ISQM 1 and paragraphs A76A–A76B of ISA 200 in Agenda Item 6-A; and

b) The examples in paragraph 18 that will be added to the CUSP Drafting Principles and Guidelines.
Question 2

The Board is asked for its views on the PIE TF proposals to extend the differential requirements to PIEs, including relating to:

a) ISA 720 (Revised) discussed in paragraph 32;
b) Bifurcating paragraph 17 of ISA 260 (Revised) into two requirements as discussed in paragraphs 33–34; and
c) Aligning the requirement in paragraph 40(b) of ISA 700 (Revised) with the revisions proposed to paragraph 17 of ISA 260 (Revised).
Question 3
The Board is asked for its views on:

a) The factors included in paragraphs A29C, A29G of ISQM 1 and A76C, A76G of ISA 200 in Agenda Item 6-A; and

b) How the application material in the ISQMs and ISAs refers to the central list of factors (see paragraphs A128, A130, A133–A134 of ISQM 1, A32 of ISA 260 (Revised) and A40–A41, A43 of ISA 700 (Revised) in Agenda Item 6-A).
Question 4

The Board is asked for its views on the proposal to adopt the definition of PIE and “publicly traded entity” in the ISQMs and ISAs, including whether the Board agrees with:

a) The approach in the authority section of ISQM 1 and ISA 200 (see paragraphs 18A–18B, A29D–A29F of ISQM 1 and 23A–23B, A76D–A76F of ISA 200 in Agenda Item 6-A).

b) The inclusion of the definition of PIE and “publicly traded entity” in the definitions of ISQM 1 and ISA 200 respectively (see paragraphs 16 in ISQM 1 and 13 in ISA 200 in Agenda Item 6-A).
Question 5

The Board is asked for its views on how the application material in the ISQMs and ISAs has been updated and aligned to reflect the adoption of the definition of PIE and publicly traded entity, as reflected in Agenda Item 6-A.
Way Forward

Ongoing Coordination and Collaboration with IESBA

**Track 1:**
- **July 2022:** Published ED
- **March 2023:** Deliberation of Responses to the ED
- **June 2023:** Expected approval of Final Pronouncement

**Track 2:**
- **June 2023:** Expected approval of ED
- **Q4 2023-Q2 2023:** Deliberation of Responses to the ED
- **Sep 2024:** Expected approval of Final Pronouncement