

Additional Issues Paper—IAASB Perspectives on IESBA’s Proposals for the Definitions of Listed Entity and Public Interest Entities

About This Agenda Item

This Agenda Item (1-B) must be read together with Agenda Item 1-A for the November 10, 2020 IAASB videoconference call. It provides additional perspectives relevant to the IAASB’s deliberations on IESBA’s proposals for revisions to the IESBA Code¹ relating to the definitions of Listed Entity and Public Interest Entities (PIE) (the PIE Project).

Agenda Item 1-A includes discussion of the following aspects, among others, of the proposal for revisions to the IESBA Code, that are of particular relevance to the IAASB in considering any implications for, and the way forward in relation to the IAASB’s International Standards (**Agenda Item 1-C** provides the latest drafting of the proposed revisions to the IESBA Code):

- An overarching objective related to introducing differential requirements that apply to audits of financial statements of PIE;
- Replacing Listed Entity with PIE;
- Definition of PIE, including categories of PIE and the roles of local bodies and firms in relation to the application of the categories of PIE; and
- Transparency in the auditor’s report.

This Agenda Item (1-B) discusses, **in Section I**, additional issues in relation to the first three bullet points above, and, **in Section II**, certain options in exploring transparency in the auditor’s report (the last bullet point above). Matters for IAASB Consideration (i.e., questions) are presented at the end of each section.

Section I – Additional Issues Relating to the Proposed Overarching Objective in the IESBA Code and the Use of Listed Entity and PIE by the IAASB

Use of Listed Entity and PIE in the International Standards on Auditing (ISAs) and International Standards on Quality Management (ISQMs)²

1. Currently in the ISAs, differential requirements based on the type of entity whose financial statements are subject to audit is used only to distinguish listed entities from entities other than listed entities.
2. The ISAs include, where necessary, considerations specific to public sector entities and considerations specific to smaller entities. However, such considerations are always addressed in

¹ The International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code)

² The IAASB approved in September 2020 the following three Quality Management Standards, which are still subject to approval by the PIOB of Due Process in the development of the standards (for consideration at the December 2020 PIOB meeting): ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; ISQM 2, *Engagement Quality Reviews*; and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*. In this agenda Item, reference is made to these Quality Management standards, instead of extant ISQC 1 and extant ISA 220.

the application material of relevant standards – there are no differential requirements relating to the audits of financial statements for these types of entities. The IAASB has a [current project](#) focused on the development of a separate standard for audits of financial statements of less complex entities, the project proposal for which will be presented to the IAASB (the Board) at its December 2020 meeting.

3. “Listed entity” is defined in ISQM 1, paragraph 16(j), which is consistent with the extant definition of “Listed entity” in the IESBA Code:

“An entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body”

Note: The proposals discussed in **Agenda Item 1-A**, include the question of whether the term “listed entity” should be removed from the IESBA Code in light of the introduction of category (a) to the proposed expanded list of PIEs. The proposed requirement in paragraph R400.14 of the IESBA Code addresses six categories of PIEs (see **Agenda Item 1-C**) – see category (a):

“For the purposes of this Part, a firm shall treat an entity as a public interest entity when it falls within any of the following categories:

- (a) A publicly traded entity;*
- (b) ...”*

It is further proposed that “publicly traded entity” is defined in the glossary, as follows:

An entity that issues financial instruments that are freely transferrable and publicly traded.

4. Listed entities, as currently defined and used in the ISAs and ISQMs, have characteristics (e.g., a large number and wide range of stakeholders, and equity or debt instruments that are publicly traded under regulation) that give rise to public interest issues or considerations such as public accountability, certain stakeholder expectations, exposure to and possible consequences of “being public” for the entity and its stakeholders (distribution and impact), etc.
5. In addition to certain differential requirements for audits of financial statements of listed entities, the ISAs also recognize that certain entities other than listed entities could have characteristics that give rise to similar public interest issues as listed entities and, therefore, that it may be appropriate to apply a requirement that was designed for an audit of a listed entity to a broader range of entities.
6. However, the ISAs do not use the term PIE, which is used in the IESBA Code (see Issues Paper, [Agenda Item J4-1](#), Joint IAASB-IESBA session, September 2019 meetings of the two Boards). The rationale for not using the term PIE is primarily that ‘PIE’ remains difficult to interpret and apply, since it is very much a matter of jurisdictional definition and this could vary widely between jurisdictions. In certain instances, small or non-complex entities could be scoped into the definition of a PIE as used by a regulator or in legislation, for which the application of a requirement that has been designed to apply to listed entities (or entities similar in their nature and characteristics) would be considered impracticable or overly burdensome.³ IESBA’s proposals in **Agenda Item 1-A** are aimed at also addressing these challenges.

³ It is noted that there are jurisdictions, such as in Europe, where certain requirements in auditing standards have been extended to apply to PIEs (i.e., where Listed Entity has been replaced with PIE).

7. **Appendix 1** to this paper includes a summary of the requirements in the ISAs and the ISQMs that apply to audits of financial statements of listed entities. This summary shows that the current differential requirements for listed entities are focused on enhancing transparency about aspects of the audit to those charged with governance or to intended users of the auditor's report through communication with those charged with governance or including specific statements or information in the auditor's report, respectively (with one exception, which is addressed in the next paragraph). Such enhanced transparency may be extended to entities other than listed entities, i.e., where applicable, the related application material provides guidance as to whether it may be appropriate to apply the requirement to certain entities other than listed entities.
8. The exception to the observation in the preceding paragraph is the requirement in ISQM 1, paragraph 34(f) that addresses engagements for which an engagement quality review is required. An engagement quality review is a firm response which is undertaken at the engagement level to address one or more quality risk(s). An engagement quality review, being an objective evaluation of the significant judgments made by the engagement team and the conclusions reached thereon, is undertaken in accordance with ISQM 2, by an engagement quality reviewer on behalf of the firm.⁴ In addition to audits of financial statements of listed entities and audits or other engagements for which an engagement quality review is required by law or regulation, the firm's policies or procedures are required to determine for which other engagements an engagement quality review is an appropriate response to address one or more quality risk(s) (with guidance provided in ISQM 1, paragraph A134).
9. These enhanced transparency requirements and the requirement related to engagement quality reviews do not directly affect the auditor's work effort in obtaining sufficient appropriate audit evidence to draw reasonable conclusions on which to base the auditor's opinion, for example:
- The primary purpose of specific requirements to communicate with those charged with governance of listed entities (ISQM 1, paragraph 34(e) and ISA 260 (Revised), paragraph 17) is to provide greater transparency about the firm's system of quality management and the auditor's independence, respectively, that assists those charged with governance in discharging their oversight responsibility in relation to the external audit and enhances their confidence in the audit of the entity's financial statements.
 - The inclusion of statements in the auditor's report regarding the auditor's communication with those charged with governance about compliance with independence requirements, the auditor's determination of key audit matters (KAM), and including the name of the engagement partner are intended to provide further transparency to the users of the auditor's report, which in turn serves to enhance their confidence in the audit that has been performed.
 - In relation to KAM, ISA 701 explains that, having formed an opinion on the financial statements as a whole, the purpose of communicating KAM is to enhance the communicative value of the auditor's report by providing greater transparency about the audit that was performed.⁵
 - In relation to engagement quality reviews, ISQM 2 clarifies that the performance of an engagement quality review does not change the responsibilities of the engagement partner for managing and achieving quality on the engagement. In addition, the engagement quality reviewer is not required to obtain evidence to support the opinion or conclusion on the engagement, but the

⁴ ISQM 2, paragraph 3

⁵ ISA 701, paragraphs 2 and 4

engagement team may obtain further evidence in responding to matters raised during the engagement quality review.⁶

10. The background and context in paragraphs 1 to 9, above, are relevant to the IAASB's consideration of IESBA's proposals for introducing an overarching objective related to differential requirements for certain entities and replacing Listed Entity with PIE. The next two sections highlight additional IAASB perspectives in this regard.

Use of the Proposed Overarching Objective by IESBA and IAASB

11. The proposed overarching objective in paragraphs 400.8 and 400.9 in the IESBA Code provides an overall rationale for differential requirements applying to audits of financial statements of PIEs. Although the overarching objective is located within the part of the IESBA Code that addresses independence for audit and review engagements (Part 4A), it intentionally does not specifically refer to independence requirements alone, because it has been contemplated that the overarching objective also applies to differential requirements that may be included in the ISAs and ISQMs aimed at quality management. Therefore, it incorporates both IESBA and IAASB perspectives and objectives.
12. In relation to using the overarching objective as a basis for introducing certain differential requirements and concerns around a "two tiers" approach, the PIE Task Force (TF) noted in its Issues Paper for the June 2020 IESBA meeting ([Agenda Item 8-A](#)) that it is not about having a different "level" of independence (as all firms and auditors should be independent when performing an audit engagement) but increasing confidence in that independence. This could similarly be extended to the IAASB in so far that it is not about having a different "level" of quality but increasing confidence in the quality of the audit of financial statements for those entities.
13. Although there were a number of specific comments relating to the formulation of the overarching objective during the IAASB videoconference call on July 22, 2020 (the July 22 call) (see [minutes](#)), the Board was broadly supportive of an overarching objective to enhance confidence in the financial statements of certain entities through enhancing confidence in the audit of those financial statements.

Replacing Listed Entity with PIE

14. The rationale presented in paragraphs 7 to 9, above, reflects the circumstances as addressed in the ISAs and ISQMs today, but does not preclude this from changing or being expanded as the standards continue to evolve. This may be one of the reasons why, at the [July 22 call](#), certain Board members indicated a concern about a general (or 'blanket') replacement of the term "listed entity" with "PIE" in the IAASB's International Standards; preferring rather that the decision to include differential requirements that apply to listed entities only or that apply more broadly to PIEs be considered on a case by case basis. In addition, a case-by-case approach allows the consideration of any unintended consequences of a proposed requirement taking into account, for example, matters around jurisdictional determination or practicality and operability for audits of financial statements of certain entities.
15. It would be appropriate that these concerns or matters be balanced with considerations of the manner in which IESBA intends the categories of PIEs to function, including the roles of local bodies and

⁶ ISQM 2, paragraph 9

firms in narrowing or extending, as appropriate, entities that are treated as PIEs, as well as whether any fundamental (or philosophical) reasons exist for why a certain proposed requirement in the standards that is deemed appropriate for listed entities would not also be appropriate for PIEs, other than listed entities.

16. Apart from the requirements and related application material summarized in **Appendix 1**, it is important to also note that listed entities are referred to in numerous other instances throughout the ISAs and ISQMs, in application material, in the context of highlighting specific characteristics of listed entities that may be relevant in applying a requirement or as an example in relation to when or how a requirement may be applied or to demonstrate scalability in relation to the application of a requirement or to explain the possible effect of jurisdictional requirements. Since these references are often targeted, a case-by-case approach may be deemed appropriate in relation to deciding to retain a reference to listed entities or extending it to PIEs.
17. At the [July 22 call](#), the Board also pointed out that there may be compelling reasons to retain the term Listed Entity without being inconsistent with the approach of a common overarching objective.
18. This also could relate to the IESBA's proposed approach to the categories of PIEs which logically flows from the overarching objective, including that retaining Listed Entities as a subset of PIEs and choosing, for the purposes of the IAASB's International Standards, to use only Listed Entity in certain cases, would not be inconsistent with the proposed revisions to the IESBA Code. For example, convergence or alignment in such instances may be evident in adopting an approach of including in the application material to a requirement that has been designed for an audit of a listed entity, guidance that it may be appropriate to apply that requirement to other categories of PIEs.

Matters for IAASB Consideration:

1. Does the Board (continue to) support the proposed overarching objective as expressed in paragraph 400.9 of the IESBA Code (read together with paragraph 400.8) (see **Agenda Item 1-C**) for use by both the IESBA and IAASB in establishing differential requirements for certain entities?
2. What are the Board's views around the continued use in the ISAs and ISQMs of Listed Entity, and then incorporating the use of PIE, based on the outcome of the PIE Project, in particular extending Listed Entity requirements to PIEs?
3. Does the Board agree with an approach of utilizing IESBA's Exposure Draft process to obtain targeted input for purposes of the IAASB deciding how to address the matters in questions 1 and 2, above? If so, the Board is asked for suggestions for IESBA's consideration in finalizing their Explanatory Memorandum.

Section II/...

Section II – Transparency in the Auditor’s Report

19. The PIE TF’s proposals include to explore with the IAASB adding the following requirement in the IESBA Code to provide transparency to users of the auditor’s report and audited financial statements regarding the entity being treated as a PIE (see **Agenda Item 1-C**).

R400.18 A firm shall publicly disclose in the auditor’s report that an audit client was treated as a public interest entity.

20. Transparency regarding this aspect pertains to the overarching objective in so far that it would contribute to facilitating confidence in the financial statements of PIEs through enhancing confidence in the audit of those financial statements. As noted in **Agenda Item 1-A**, the responses from Board members were mixed at the [July 22 call](#). While some felt that such disclosure is not necessary, other Board members were supportive of the suggestion and were open to further exploring this option.
21. On further reflection, IAASB staff and the IAASB correspondent members on the PIE TF determined that there are three options broadly for the IAASB to address this matter:

Option 1

- No change to the auditor’s report as the statement on independence as required in ISA 700 (Revised), paragraph 28(c) refers to “the relevant ethical requirements relating to the audit”. This inherently implies ‘as applied given the facts and circumstances of the entity’, which would include any categorization that may be applied to the nature or type of entity, such as PIE and, therefore, there is no need for the proposed transparency requirement in paragraph R400.18 of the IESBA Code.
- Whilst this option does not directly address the aim of enhancing transparency, it may appeal to IAASB members that hold a view that a statement in the auditor’s report that an entity was treated as a PIE will effectively introduce a “two-tier audit” (see also paragraph 12, above, that refers to the notion of two tiers). In addition, there may also be a concern in terms of potential other unintended consequences (for example, entities seeking to be treated or not to be treated as a PIE, when their classification in this regard is not explicit), and whether there might be any uncertainty about what constitutes a PIE for the purposes of the audit.
- Conversely, IAASB members supporting further transparency may have a view that disclosure in the auditor’s report is necessary to fulfill the overarching objective.

Option 2

- The IAASB pursues the possibility of enhanced transparency as part of its Auditor Reporting Post-Implementation Review, which is currently being undertaken, including the possibility of a corresponding change to the IESBA Code such as is currently being contemplated in the proposed requirement in paragraph R400.18.
- This option gives an opportunity for the IESBA to first settle on the proposed revisions to the definitions of Listed Entity and PIE, and for the IAASB and its stakeholders to consider more fully any changes and potential unintended consequences. This is unlikely to be an attractive option for IESBA (and possibly for IAASB members) from a timing and convergence point of view. Some of the factors highlighted in relation to Option 1 may also be relevant in considering Option 2.

Option 3

- The IAASB explores developing revisions to ISA 700 (Revised), paragraph 28(c) in accordance with the proposed transparency requirement in paragraph R400.18 of the IESBA Code, based on feedback received as part of IESBA's Exposure Draft process. An initial proposal in this regard is presented in the next section (paragraphs 22 to 26, below).
- It should be noted that any revision to the IAASB's International Standards would involve a work plan decision to introduce such a workstream and, if considered appropriate, a project to develop revisions in accordance with IAASB Due Process. In addition, such an option is dependent on the progress of the PIE Project, especially post public consultation through the IESBA Exposure Draft.

Considering a possible revision to ISA 700 (Revised), paragraph 28(c)

22. Subject to the final outcome of the PIE Project, an audited entity may be a PIE under law or regulation or the IESBA Code or local ethical requirements (including that local requirements may provide more explicit definitions of the categories for PIE as are being proposed in the IESBA Code). Alternatively, a firm may have determined that additional entities or categories of entities are to be treated as PIEs.
23. The initial view of IAASB staff and the IAASB correspondent members on the PIE TF is that there are two options that could be explored (presented below as Options 3A and 3B, following on from "Option 3" as discussed in paragraph 21, above). These options attempt to accommodate the different scenarios in terms of the entity being a PIE or, otherwise, being treated as a PIE. Option 3A may be attractive because of the simplicity of the proposed revision. Option 3B presents a more structured approach that separates the baseline statement about independence and other ethical responsibilities from the additional statement regarding jurisdiction of origin, and likely provides a more direct link between the requirements and the wording in the illustrative reports.

Option 3A – ISA 700 (Revised), paragraph:

28. The auditor's report shall include a section, directly following the Opinion section, with the heading "Basis for Opinion", that: (Ref: Para. A27)
 - (a) ...
 - (b) ...
 - (c) Includes a statement that the auditor is independent of the entity, including, when applicable, that the entity is, or has been treated as a public interest entity, in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code); and (Ref: Para. A29–A34)
 - (d) ...

Option 3B – ISA 700 (Revised), paragraph:

28. The auditor's report shall include a section, directly following the Opinion section, with the heading "Basis for Opinion", that: (Ref: Para. A27)

(a) ...

(b) ...

(c) Includes a statement that ~~the auditor~~:

(i) The auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit; ~~and~~

(ii) When applicable, the entity is, or has been treated as a public interest entity, in accordance with [the independence standards applicable to the audit]; and

(iii) The auditor has fulfilled the auditor's other ethical responsibilities in accordance with ~~these the relevant~~ ethical requirements.

The statement also shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code); and (Ref: Para. A29–A34)

(d) ...

24. The wording in the illustrative auditor's reports in ISA 700 (Revised), Appendix would essentially be the same under Options 3A or 3B. Note that the proposed changes in the below illustration also suggests that this section in the illustrative report could be split into two paragraphs and that the sentence on audit evidence providing a basis for the opinion is to follow the first sentence, which then brings together the references to the ISAs. This is followed by a second paragraph with the statement on independence and other ethical responsibilities.

Extract from: ISA 700 (Revised), Appendix, Illustration 1, marked-up with proposed changes the reflect possible revisions to paragraph 28(c)

"Basis for Opinion"

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction]. The Company is [has been treated as] a public interest entity for purposes of the International Independence Standards. and w We also have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. ~~We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.~~

25. The PIE TF noted that the possible revisions to ISA 700 (Revised), paragraph 28(c) address the matter of transparency from the perspective of the independence requirements applicable to the auditor, but questioned whether the IAASB would also consider similar enhancements to the auditor's

report as it relates to, for example, requirements in the ISAs that apply only to certain entities (i.e., based on the outcome of the current IESBA project and any subsequent revisions to the ISAs regarding the use of Listed entity and PIE).

26. The PIE TF's question would be a matter for further deliberation by the IAASB. For example, whether it would be appropriate to include a reference in the Auditor's Responsibilities for the Audit of the Financial Statements section of the auditor's report that the auditor has also fulfilled certain identified responsibilities since the entity is, for example, a listed entity. Such responsibilities currently relate to providing those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence (ISA 700(Revised), paragraph 40(b)), and to identifying KAM from the matters communicated with those charged with governance and to describe these matters in the auditor's report (ISA 700(Revised), paragraph 40(c)).

Matters for IAASB Consideration:

4. The Board is asked for its views on the proposed transparency requirement in paragraph R400.18 of the IESBA Code and, by extension, views on Options 1, 2 and 3 as presented in **Section II** (see paragraph 21).
5. In respect of Option 3, what are the Board's views on the initial view of IAASB staff and the IAASB correspondent members on the PIE TF regarding a possible revision to ISA 700 (Revised), paragraph 28(c), including whether Option 3A or 3B would be preferred (see paragraphs 23-24)?
6. In utilizing IESBA's Exposure Draft process to obtain input on transparency, the Board is asked for suggestions for IESBA's consideration in finalizing their Explanatory Memorandum.

Appendix 1

Summary of ISA and ISQM Requirements that Apply to Audits of Financial Statements of Listed Entities

ISQM 1	
<p>34. In designing and implementing responses in accordance with paragraph 26, the firm shall include the following responses: (Ref: Para. A116)</p> <p>...</p> <p>(e) The firm establishes policies or procedures that: (Ref: Para. A124–A126)</p> <ul style="list-style-type: none"> (i) Require communication with those charged with governance when performing an audit of financial statements of listed entities about how the system of quality management supports the consistent performance of quality audit engagements; (Ref: Para. A127–A129) (ii) ... 	<p>A128.</p> <p>... In some circumstances, it may be appropriate to communicate with those charged with governance of entities other than listed entities (or when performing other engagements), for example, entities that may have public interest or public accountability characteristics, such as:</p> <ul style="list-style-type: none"> • Entities that hold a significant amount of assets in a fiduciary capacity for a large number of stakeholders including financial institutions, such as certain banks, insurance companies, and pension funds. • Entities with a high public profile, or whose management or owners have a high public profile. • Entities with a large number and wide range of stakeholders.
<p>34. In designing and implementing responses in accordance with paragraph 26, the firm shall include the following responses: (Ref: Para. A116)</p> <p>...</p> <p>(f) The firm establishes policies or procedures that address engagement quality reviews in accordance with ISQM 2, and require an engagement quality review for:</p> <ul style="list-style-type: none"> (i) Audits of financial statements of listed entities; (ii) Audits or other engagements for which an engagement quality review is required by law or regulation; and (Ref: Para. A133) (iii) Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s). (Ref: Para. A134–A137) 	<p>A134.</p> <p>... In designing and implementing responses to address one or more quality risk(s), the firm may determine that an engagement quality review is an appropriate response based on the reasons for the assessments given to the quality risks.</p> <p><i>Examples of conditions, events, circumstances, actions or inactions giving rise to one or more quality risk(s) for which an engagement quality review may be an appropriate response</i></p> <p>...</p> <p>Those relating to the types of entities for which engagements are undertaken:</p> <ul style="list-style-type: none"> • Entities in emerging industries, or for which the firm has no previous experience. • Entities for which concerns were expressed in communications from securities or prudential regulators. • Entities other than listed entities that may have public interest or public accountability characteristics, for example: <ul style="list-style-type: none"> ◦ Entities that hold a significant amount of assets in a fiduciary capacity for a large number of stakeholders including financial institutions, such as certain banks, insurance companies, and pension funds for which an engagement quality review is not otherwise required by law or regulation. ◦ Entities with a high public profile, or whose management or owners have a high public profile.

	<ul style="list-style-type: none"> Entities with a large number and wide range of stakeholders.
ISA 260 (Revised)⁷	
<p>17. In the case of listed entities, the auditor shall communicate with those charged with governance:</p> <p>(a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and</p> <p>(i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and</p> <p>(ii) The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level. (Ref: Para. A29–A32)</p>	<p>A32.</p> <p>The communication requirements relating to auditor independence that apply in the case of listed entities may also be appropriate in the case of some other entities, including those that may be of significant public interest, for example, because they have a large number and wide range of stakeholders and considering the nature and size of the business. Examples of such entities may include financial institutions (such as banks, insurance companies, and pension funds), and other entities such as charities. On the other hand, there may be situations where communications regarding independence may not be relevant, for example, where all of those charged with governance have been informed of relevant facts through their management activities. This is particularly likely where the entity is owner-managed, and the auditor's firm and network firms have little involvement with the entity beyond a financial statement audit.</p>
ISA 700 (Revised)⁸	
<p>30. For audits of complete sets of general purpose financial statements of listed entities, the auditor shall communicate key audit matters in the auditor's report in accordance with ISA 701.⁹</p> <p>31. When the auditor is otherwise required by law or regulation or decides to communicate key audit matters in the auditor's report, the auditor shall do so in accordance with ISA 701. (Ref: Para. A40–A42)</p>	<p>A40.</p> <p>Law or regulation may require communication of key audit matters for audits of entities other than listed entities, for example, entities characterized in such law or regulation as public interest entities.</p> <p>A41.</p> <p>The auditor may also decide to communicate key audit matters for other entities, including those that may be of significant public interest, for example because they have a large number and wide range of stakeholders and considering the nature and size of the business. Examples of such entities may include financial institutions (such as banks, insurance companies, and pension funds), and other entities such as charities.</p>
<p>40. The Auditor's Responsibilities for the Audit of the Financial Statements section of the auditor's report also shall: (Ref: Para. A50)</p> <p>(a) ...</p>	<p>[No application material that addresses entities other than listed entities]</p>

⁷ ISA 260 (Revised), *Communication with Those Charged with Governance*

⁸ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

⁹ ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

<p>(b) For audits of financial statements of listed entities, state that the auditor provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards; and</p> <p>(c) For audits of financial statements of listed entities and any other entities for which key audit matters are communicated in accordance with ISA 701, state that, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. (Ref: Para. A53)</p>	
<p>46. The name of the engagement partner shall be included in the auditor's report for audits of complete sets of general purpose financial statements of listed entities unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat. In the rare circumstances that the auditor intends not to include the name of the engagement partner in the auditor's report, the auditor shall discuss this intention with those charged with governance to inform the auditor's assessment of the likelihood and severity of a significant personal security threat. (Ref: Para. A61–A63)</p> <p>...</p> <p>50. If the auditor is required by law or regulation of a specific jurisdiction to use a specific layout, or wording of the auditor's report, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum, each of the following elements: (Ref: Para. A70–A71)</p> <p>(a) ...</p> <p>(l) For audits of complete sets of general purpose financial statements of listed entities, the name of the engagement partner unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat.</p> <p>(m) ...</p>	<p>A62.</p> <p>Law, regulation or national auditing standards may require that the auditor's report include the name of the engagement partner responsible for audits other than those of complete sets of general purpose financial statements of listed entities. The auditor may also be required by law, regulation or national auditing standards, or may decide to include additional information beyond the engagement partner's name in the auditor's report to further identify the engagement partner, for example, the engagement partner's professional license number that is relevant to the jurisdiction where the auditor practices.</p>

ISA 701	
<p>[Note that paragraph 5 is not a requirement, it is included in the Introduction section of ISA 701]</p> <p>5. This ISA applies to audits of complete sets of general purpose financial statements of listed entities and circumstances when the auditor otherwise decides to communicate key audit matters in the auditor's report. This ISA also applies when the auditor is required by law or regulation to communicate key audit matters in the auditor's report. ...</p>	<p>[Paragraph 5 does not have any application material]</p>
ISA 720 (Revised) ¹⁰	
<p>21. The auditor's report shall include a separate section with a heading "Other Information", or other appropriate heading, when, at the date of the auditor's report:</p> <p>(a) For an audit of financial statements of a listed entity, the auditor has obtained, or expects to obtain, the other information; or</p> <p>(b) For an audit of financial statements of an entity other than a listed entity, the auditor has obtained some or all of the other information. (Ref: Para. A52)</p> <p>22. When the auditor's report is required to include an Other Information section in accordance with paragraph 21, this section shall include: (Ref: Para. A53)</p> <p>(a) ...</p> <p>(b) An identification of:</p> <p>(i) Other information, if any, obtained by the auditor prior to the date of the auditor's report; and</p> <p>(ii) For an audit of financial statements of a listed entity, other information, if any, expected to be obtained after the date of the auditor's report;</p> <p>(c) ...</p>	<p>A52.</p> <p>For an audit of financial statements of an entity other than a listed entity, the auditor may consider that the identification in the auditor's report of other information that the auditor expects to obtain after the date of the auditor's report would be appropriate in order to provide additional transparency about the other information that is subject to the auditor's responsibilities under this ISA. The auditor may consider it appropriate to do so, for example, when management is able to represent to the auditor that such other information will be issued after the date of the auditor's report.</p>

¹⁰ ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*