

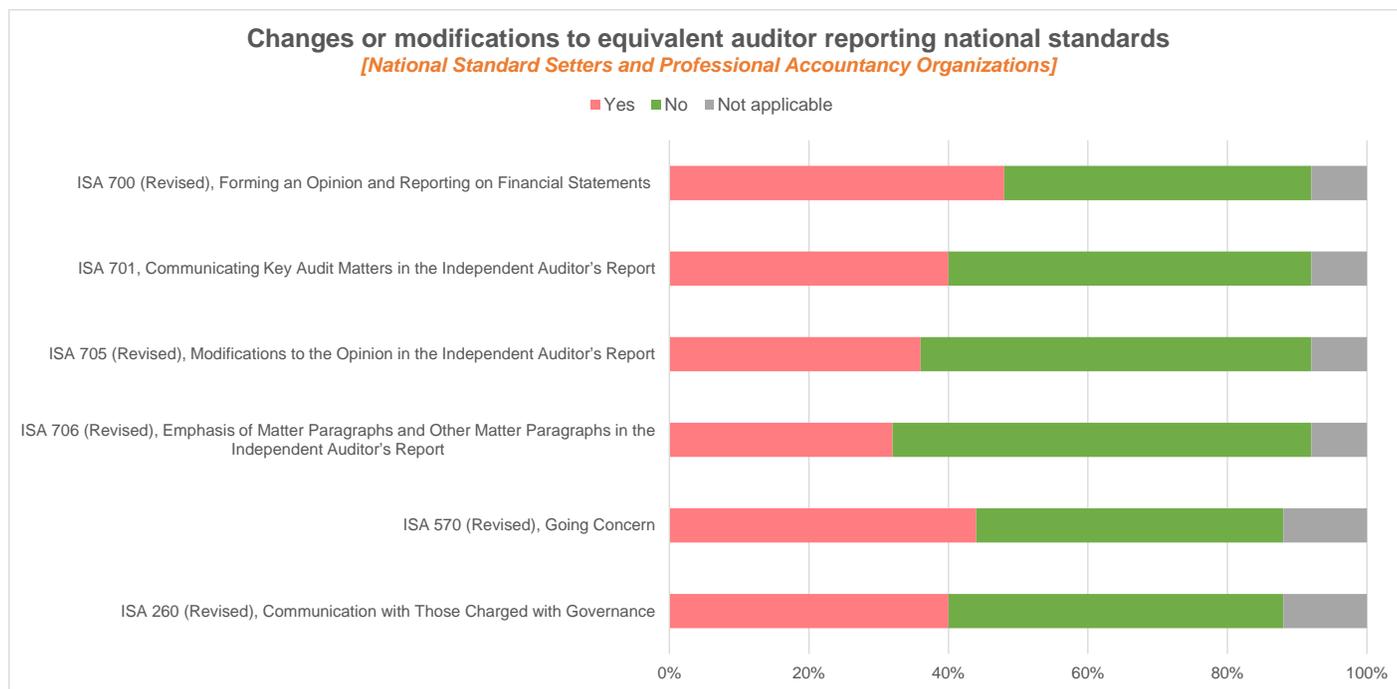
**Auditor Reporting Post-Implementation Review (PIR)—Modifications and Changes to National Equivalent Auditor Reporting Standards**

This supplement to Agenda Item 5 provides:

- Analysis of the responses to the PIR Stakeholder Survey (the stakeholder survey) provided by National Standard Setters (NSS) and Professional Accountancy Organizations (PAOs) about whether there have been any changes or modifications (e.g., new or different or incremental requirements) to the equivalent national standards of the new and revised Auditor Reporting Standards.
- Information received in response to follow-up outreach undertaken by IAASB staff with those NSS and PAOs who responded to the stakeholder survey on whether there have been any developments in their jurisdictions in relation to auditor reporting since the survey closed in November 2020.

**I. Modifications and Changes to National Equivalent Auditor Reporting Standards**

1. 25 respondents from the NSS and PAOs stakeholder constituency provided responses to Part E, Question 2 of the stakeholder survey that asked whether in their jurisdictions, there had been any changes or modifications (e.g., new or different or incremental requirements) to the equivalent national standards of the new and revised auditor reporting standards of the IAASB.
2. The chart below provides an overview of the changes or modifications to equivalent national auditor reporting standards, shown separately for each relevant IAASB standard:
3. The main observations from the analysis are summarized below:



- (a) The majority of those who responded that changes or modifications were made in their national equivalent standards came from the Europe (53%) and Asia Pacific (30%) regions.
- (b) The nature of the changes or modifications varied. In most jurisdictions there were modifications made to align with statutory requirements and in some cases the requirements were extended beyond those of the ISA. There was only one jurisdiction which reported departures from the ISAs in limited instances.
- (c) Some jurisdictions reported that changes or modifications were made to provide increased transparency to users about various aspects of the audit (e.g., in the Netherlands and the United Kingdom for materiality and the scope of the audit, and in New Zealand for additional disclosure related to independence matters). One jurisdiction (South Africa) provided information that although there were no changes or modifications to the equivalent national standards, based on other national requirements relating to auditor reporting, there are requirements to report matters such as audit tenure (i.e., for auditors to disclose the number of years that the audit firm/sole practitioner has been the auditor of the entity) and where an auditor identifies non-compliance with laws and regulations that fall within the scope of the definition of a reportable irregularity.
- (d) Some jurisdictions in their equivalent national standards had extended the requirements that currently apply only for audits of listed entities (e.g., in Europe, to align with the EU regulations, the scope of the standards was extended to Public Interest Entities (PIEs) and, in New Zealand, to those reporting entities considered to have a higher level of public accountability). One jurisdiction (Canada) provided information that the application of Key Audit Matters (KAM) was limited to exclude certain listed entities for which it had been determined that the costs of communicating KAM would outweigh the benefits (i.e., for certain listed investment funds).
- (e) Some other examples of changes or modifications to the requirements or application material include:
  - Modifications with respect to disclosing the name of the engagement partner (EP). For example, in Canada not requiring the name of the EP for companies with dual listing in the USA or in other jurisdictions including the name of the EP for a broader range of entities as required by law or regulation.
  - Some jurisdictions, based on statutory requirements, provide additional opinion(s) in the auditor's reports in addition to that on the financial statements (e.g., in Poland and Germany).
  - References to relevant ethical requirements applicable for the jurisdiction were often encountered as part of the statements required in the basis for opinion section of the auditor's report.
  - EU requirement to state the appointment of the auditor (e.g., by whom and duration of appointment, in the Netherlands).
  - Inclusion of additional application material and appendices (e.g., inclusion of flowcharts in Australia and New Zealand to help with decision making).

## II. Additional Jurisdictional Developments Relating to Auditor Reporting

4. IAASB staff undertook follow-up outreach with those NSS and PAOs who responded to the stakeholder survey on whether there have been any developments in their jurisdictions in relation to auditor reporting since the survey closed in November 2020.
5. NSS and PAOs from ten jurisdictions responded to this request from IAASB staff and from those, one jurisdiction (Spain) reported that modifications were made to align the auditor reporting format with the Single European Electronic Format (ESEF).
6. Other developments reported by respondents include:
  - Two European jurisdictions (Germany and Austria) indicated that although there are no changes or modifications since November 2020, they are closely monitoring the developments which may result from the proposed Corporate Sustainability Reporting Directive (CSRD) in the EU.
  - One jurisdiction (South Africa) provided information that in June 2021, a Consultation Paper was published – *Enhancing Disclosures in the Auditor's Reports in South Africa: Addressing the Needs of Users of Financial Statements*, with a comment period ending 15 September 2021. The purpose of this Consultation Paper is to gather perspectives from stakeholders about the need and options for additional disclosures in the independent auditor's report for an audit of financial statements, including exploring the usefulness, benefits and drawbacks of such additional disclosures. The topics being explored include disclosures about:
    - Materiality and audit scope;
    - Audit effort related to irregularities, including fraud;
    - Audit effort related to going concern;
    - KAM – extending the scope of entities for which the disclosure of KAM is required and enhancing communication of KAM through descriptions of the outcome of audit procedures or key observations with respect to KAM;
    - Fees and non-audit services;
    - The entity's classification as a public interest entity;
    - The correction of prior period misstatements in the current period and the auditor's work effort in this regard; and
    - Unadjusted misstatements – communicating the auditor's threshold for reporting unadjusted misstatements to the audit committee.