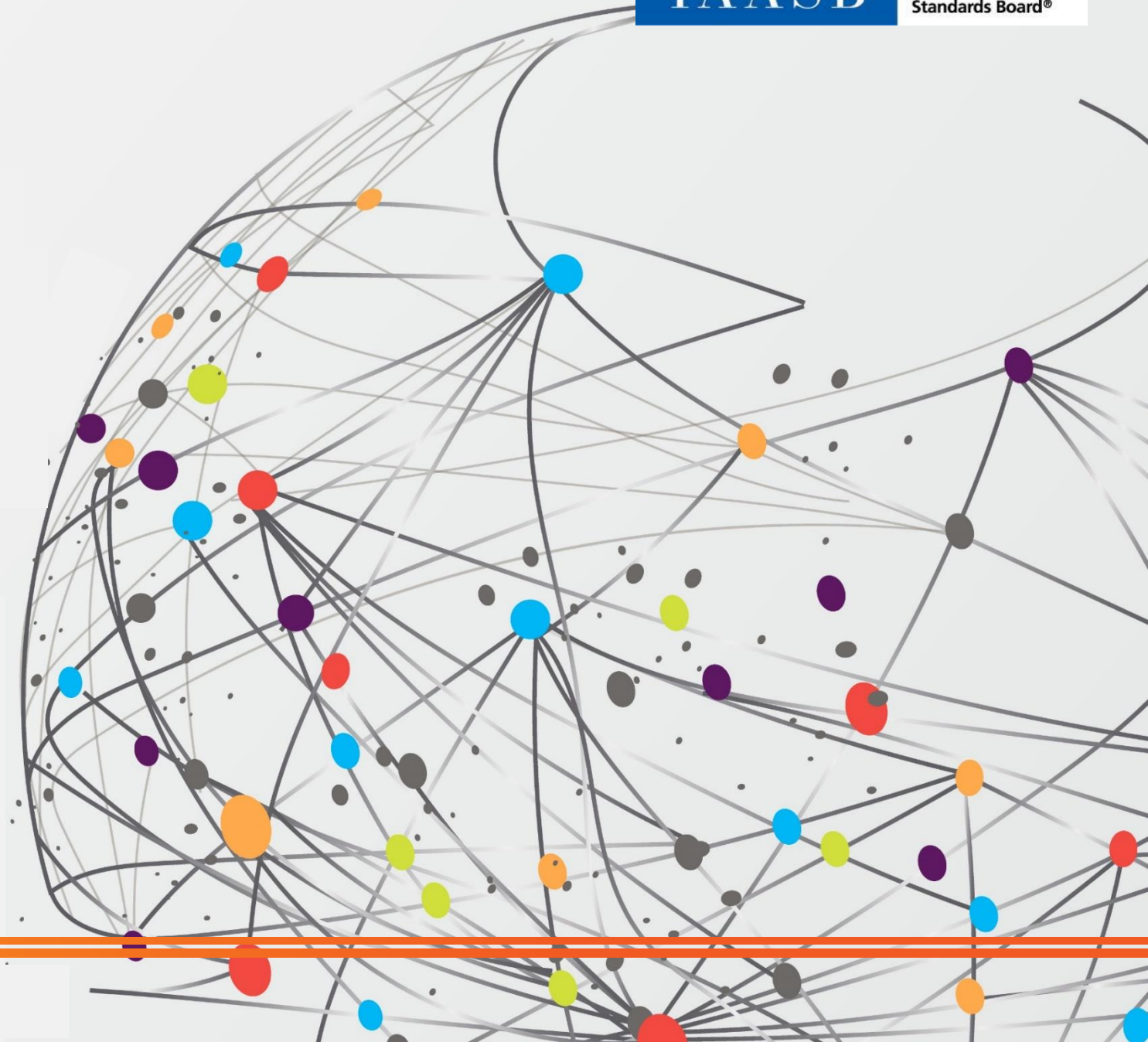


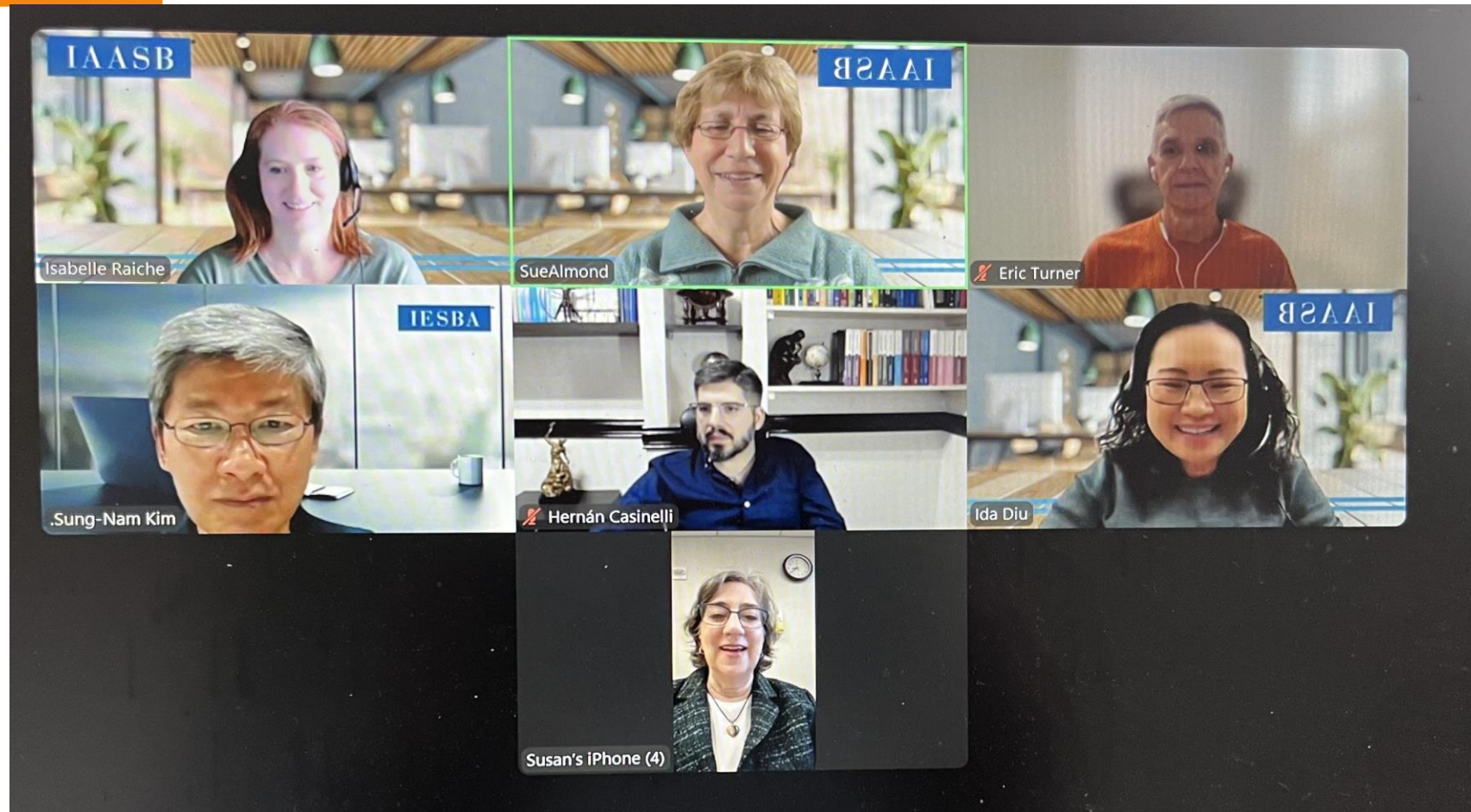
Listed Entity and PIE

Sue Almond, *TF Chair*
Ida Diu, *Senior Manager*
Isabelle Raiche, *Senior Manager*

IAASB Meeting
December 9-12, 2024



PIE Task Force



PIE Track 2: Key Dates



PIE Track 2: Activities

Task Force
Meetings

Board
Discussions

CAG Consultation
/ SAC Feedback

Outreach

IESBA Coordination

IAASB Considered Two Options to Advance Proposals

Option 1

Option 2

Adoption of the definitions and key concepts in the IESBA PIE Revisions in the ISQMs and ISAs

• Objective and purpose for establishing differential requirements	✓	✓
• Definition of PTE	✓	✓
• Definition of PIE	X	✓
• Framework to determine other entities with public interest characteristics	✓ other than PTEs	✓ other than PIEs
• Role of relevant local bodies	✓ related to PTEs	✓ related to PIEs

Impact on the applicability of the differential requirements in the ISQMs and ISAs

PTEs
only

PIEs *conditional* on whether jurisdiction has adopted the PIE definition and has refined the categories of entities

Board Decisions and Rationale – On Balance, Option 1 Presently Provides the Most Feasible Path

Can presently not continue with ED proposals

- Would go beyond the independence standards of the IESBA Code
- Same definitions of PIEs but different outcomes under the Boards' standards
- IAASB would be in same position as pre-ED for not extending differential requirements to apply to entities other than listed entities

Option 2 not viable for the IAASB

- Jurisdictional variations across multiple classes of entities intended to be part of mandatory categories within the PIE definition
- Precedent risk for standards-design and requirements for 'an ISA audit' – risk that performance requirements could be conditional on the readiness of jurisdictions

IAASB remains committed to all the elements of the ED proposal

Therefore, agreed to revisit the adoption of the definition of PIE, aligned with the definition in the IESBA Code, and extending differential requirements to apply to audits of PIEs, when the global adoption and implementation of such definition has sufficiently matured

Option 1 and the Project Objectives for Track 2

1) Achieve convergence to the greatest extent possible

- Adopted PTE definition
- Is responsive to issues with “listed entity” definition
- IAASB not having a definition of PIE is a pre-existing difference
- Adopted overarching objective and purpose for differential requirements

2) Establish an objective and guidelines to support judgments about differential requirements

- Included in Introduction sections and application material in ISQM 1 and ISA 200
- Aligned with objective and purpose in the IESBA Code

3) Determine whether and extent to which to amend applicability of extant differential requirements

- Amended to apply to PTEs
- Application material updated for when it may be appropriate to apply to other entities
- Framework includes a consideration about treatment under relevant ethical requirements

Matter for IAASB Consideration

Question 1

Do Board members concur that **Part A** appropriately summarizes the IAASB's position for pursuing Option 1 in advancing its PIE proposals?



Feedback Received From Respondents

Extending the Extant Differential Requirements applicable to Listed Entities to PIEs

- Broad support for extending the differential requirement related to:
 - EQR;
 - Communication with TCWG about the firm's system of quality management; and
 - Disclosing the name of the engagement partner.
- Mixed views regarding:
 - Communication with TCWG about auditor independence; and
 - KAMs
- Direction of Further Outreach Activities

Matter for IAASB Consideration

Question 2

The Board is asked whether they agree with the PIE TF summary of respondents' feedback presented in Appendix 2 of this Agenda Item, and whether, in the context of the Board decision in September 2024 to pursue Option 1 there are any other significant issues raised by respondents that also should be discussed?



Matters for IAASB Consideration



Follow the order
outlined in **Part B** of
Agenda Item 3



Comments on the
requirements and related
application material

Question 3

The Board is asked for its view on the PIE TF views and recommendations to finalize the following narrow scope amendments in **Agenda Item 3-A**?



Walkthrough of Proposed Narrow Scope Amendments to the ISQMs and ISAs

Objective, Definition and Framework

ISQM 1, paragraphs 5A, 5B, 16(p)A, 16(p)B,
18A, A2A-A2E;
ISA 200, paragraphs 9A, 9B, 13(l)A, 13(l)B,
23A, A13A-A13E.

Walkthrough of Proposed Narrow Scope Amendments to the ISQMs and ISAs

Engagement Subject to an Engagement Quality Review

Communication TCWG About the Firm's System of Quality Management

Communication with TCWG About the Firm's System of Quality Management

Communicating Key Audit Matters (KAM)

Name of the Engagement Partner

Transparency About the Other Information

ISQM 1, paragraphs 34(f), A133 – A137

ISQM 1, paragraphs 34(e), A127 – A132

ISA 260 (Revised), paragraphs 18, 18A, A29 – A32;
ISA 700 (Revised), paragraph 40(b)

ISA 700 (Revised), paragraphs 30–31, 40(c), A41 – A44; ISA 701, paragraph 5

ISA 700 (Revised), paragraphs 46, 50(l), A62–A64

ISA 720 (Revised), paragraphs 21-22(b), A12, A51

Walkthrough of Proposed Narrow Scope Amendments to the ISQMs and ISAs

Going Concern

Paras. 1, 34(b), 35(b), A2, A81, A82, A89,
A91, A92 and A101

Question 4

The Board is asked for its view on the PIE TF views and recommendations to finalize the narrow scope amendments related to Going Concern in **Agenda Item 3-B?**



Reaffirm Revisions to ISRE 2400 (Revised)

**Transparency About Independence
Requirements in Review Report**

ISRE 2400 (Revised), paras. 86(j)A,
A137

Drafting in Agenda Item 3-A is unchanged from September 2024 meeting, where the Board agreed to finalize the revisions as proposed in the ED

Other Matters

Other matters and Translation (Questions 6 & 7)

- Other than amendments to Proposed ISA 570 (Revised 2024), amendments to the ISA for LCE and proposed ISA 240 (Revised) will be covered separately by those projects
- No significant translation issue was identified

Effective date (Question 8)

- Respondents widely supported to align the effective date with the Fraud and Going Concern Projects
- PIE TF proposes an effective date for audits of financial statement for periods beginning on or after December 15, 2026 (i.e., 2027 calendar year audits)

Matter for IAASB Consideration

Question 5

The Board is asked whether they agree with the PIE TF summary of respondents' feedback presented in **Part C of Agenda Item 3**, and whether, in the context of the Board decision in September 2024 to pursue Option 1 (see **Part A**), there are any other significant issues raised by respondents that also should be discussed?

Question 6

Does the Board agree with the PIE TF's views and recommendations relating to the proposed effective date for the narrow scope amendments to the ISQMs, ISAs and ISRE 2400 (Revised)?



Next Steps

Wednesday, Dec. 11

- Targeted Issues to be discussed with the Board
- Updated draft available by 5:30pm

Thursday, Dec. 12

- Due Process Consideration
- Expected Approval

Way Forward

- Continue coordination with IESBA to monitor the progress of the adoption of the PIE definition
- Revisit the adoption of the PIE definition – targeted for Board feedback in H2 2026



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