

Section 2 Questions for Respondents

Specific Questions for Respondents	Answers
<i>Objective for Establishing Differential Requirements for PIEs</i>	
<p>1. Do you agree with establishing the overarching objective and purpose for differential requirements for PIEs in the ISQMs and ISAs as proposed in paragraphs A29A–A29B of ISQM 1 and paragraphs A81A–A81B of ISA 200 in the ED? If not, what do you propose and why?</p>	<p>Yes, we agree.</p> <p>It is a long-overdue issue to use single definitions among standard setters, in particular assurance, ethics and independence, which would substantially improve the quality of information to users of independent public accountants' reports, and if possible to achieve the same with IFRS and Sustainability would be of enormous help. The common objective addressed in paragraphs 13 to 18 of Section 1-B of the Explanatory Memorandum is explicit about this desire.</p>
<i>Definitions of PIE and “Publicly Traded Entity”</i>	
<p>2. Do you agree with adopting the definitions of PIE and “publicly traded entity” into ISQM 1 and ISA 200 (see proposed paragraphs 16(p)A– 16(p)B of ISQM 1 and paragraphs 13(l)A–13(l)B of ISA 200 in the ED)? If not, what do you propose and why?</p>	<p>Yes, we agree.</p> <p>We agree with IAASB that it is essential to incorporate in the standards issued by this issuer, in particular in the ISQM and the ISA, the entire approach to determining the scope of Public Interest Entities - with the same approach as contemplated in the IESBA Code, thus achieving convergence between the definitions of both issuers. Section 1-C, paragraphs 19 to 26 addresses this issue in detail.</p>
<i>Differential Requirements in the ISQMs and ISAs</i>	

<p>3. Do you agree with the IAASB's proposals for extending the extant differential requirements in the ISQMs and ISAs to apply to PIEs?</p> <p>If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?</p> <p>Please answer these questions separately for each of the relevant differential requirements, as follows (references are to the proposed paragraphs in the ED):</p> <p>3A. ISQM 1, paragraph 34(f) – engagement quality reviews.</p> <p>3B. ISQM 1, paragraph 34(e) – communication with TCWG about the firm's system of quality management.</p> <p>3C. ISA 260 (Revised), paragraphs 17, 17A, and ISA 700 (Revised), paragraph 40(b) – communicating about auditor independence.</p> <p>3D. ISA 700 (Revised), paragraphs 30-31, 40(c), and ISA 701, paragraph 5 – communicating KAM.</p>	<p>Yes, we agree.</p> <p>We understand that the proposals in Section 1-D, paragraphs 27–46 are sufficiently explicit of the IAASB's intent to expand the differential requirements existing in the ISQMs and ISAs for application by independent auditors when auditing financial statements of Public Interest Entities.</p> <p>Yes, we agree.</p> <p>We believe that ISQM 1, paragraph 34(f) (i) is clear and consistent with the relevant differential requirements that IAASB is proposing in its proposed revised standards that independent auditors should consider in their audit of financial statements of public interest entities rather than listed entities.</p> <p>Yes, we agree.</p> <p>We understand that the modification, by adequacy, included in the amendment proposal in paragraph 34 (e) of ISQM 1 is appropriate with the new definition of Public Interest Entities instead of Listed Entities, a proposal with which we agree.</p> <p>Yes, we agree.</p> <p>The amendment raised in paragraph 17 of ISA 260 is relevant to the new definition of PIE. Likewise, we consider the elimination of the reference to fees as an independence requirement in paragraph 17A to be relevant.</p> <p>Similarly, we agree with the IAASB's proposal in the short modification, of adequacy, raised in the proposal in paragraph 40 (b) of ISA 700.</p> <p>Yes, we agree.</p> <p>We suggest that in the event of key issues, that, in the auditor's opinion, may generate major problems for the audited entity and that put at risk the third-party resource, invested in or entrusted to it, a report on these key issues be issued to the controlling entity of that institution, so that, not only the management of that institution is subject to making key decisions, but that in some way a timely decision is guaranteed that safeguards the resources, not only of the entity but, also of third parties.</p> <p>We find the adjustments to the proposed amendment to IAASB standards contained in paragraphs 30, 31 and 40 (c) of ISA 700 and in paragraph 5 of ISA 701 to be appropriate and consistent with the new definition of PIEs.</p>
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<p>3E. ISA 700 (Revised), paragraph 46, 50(l) – name of the engagement partner.</p>	<p>Yes, we agree.</p> <p>It would be important to mention that, in the event of not disclosing the name of the partner for the reasons established in the aforementioned paragraphs, the same should be disclosed internally between the Audit Team and the Government of the audited institution, it would be important to evidence the information on a working paper and include a confidentiality agreement in which this particular is stated.</p> <p>The adjustments to paragraphs 46 and 50 (l) of ISA 700 are consistent with the proposed new definition of PIE.</p>
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<p>Specific Questions for Respondents</p>	
<p>4. Do you agree with the IAASB’s proposal to amend the applicability of the differential requirements for listed entities in ISA 720 (Revised) to apply to “publicly traded entity”? If not, what do you propose and why?</p>	<p>Yes, we agree.</p> <p>We consider relevant the reasons given by the IAASB in Section 1-D, paragraphs 47 to 51 to justify its decision not to extend the differential requirements of ISA 720 (Revised) to PIEs.</p>
<p><i>Proposed Revisions to ISRE 2400 (Revised)</i></p>	
<p>5. Do you agree with the new requirement and application material in ISRE 2400 (Revised) to provide transparency in the practitioner’s review report about the relevant ethical requirements for independence applied for certain entities, such as the independence requirements for PIEs in the IESBA Code? If not, what do you propose and why?</p>	<p>Yes, we agree.</p> <p>We share the IAASB's idea of including amendments to paragraph 86(j)A of International Labor Standard Review 2400 to include a new requirement that would apply only when the relevant ethical requirements require public disclosure that independence requirements were applied, specific for reviews of financial statements of certain entities, in which case the professional should include in their report a statement that identifies the jurisdiction of origin of such relevant ethical requirements or will make reference to the IESBA Code of Ethics</p>
<p><i>Other Matters</i></p>	

<p>6. Are there any other matters you would like to raise in relation to the ED? If so, please clearly indicate the requirement(s) or application material, or the theme or topic, to which your comment(s) relate.</p>	<p>We have no other matter to raise in relation to the ED, we understand that the document covers all relevant matters to achieve the definitions of PIE and listed entities, the differential requirements and the necessary operability between the IESBA Code, the standards of independences and IAASB ISQM and ISA and ISRE.</p>
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Request for General Comments

The IAASB is also seeking comments on the matters set out below:

7. **Q.** Translations— Recognizing that many respondents may intend to translate the final narrow scope amendments for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents' note in reviewing the ED.

A. General comments on translations.

Latin America, in particular, has had tremendous difficulties in applying the standards and other technical pronouncements and documents issued by the IAASB and IESBA because these Boards do not officially issue such publications in Spanish and the region is predominantly Spanish-speaking. On the other hand, AIC has always made enormous efforts to integrate commissions of translators and reviewers, moreover, in its strategic plan it incorporates the commitment to give timely response to the draft standards and pronouncements issued by the International Boards, however, it has not had the continuous support of these Boards to advance and maintain the translation into Spanish of the pronouncements issued by them. A policy of mutual support is needed, both on the part of the AIC and the IAASB and IESBA, to ensure that the users of such publications have relatively easy accessibility, which will allow greater application of the standards issued.

8. **Q.** Effective Date—Given it is preferred to coordinate effective dates with the fraud and going concern projects, the IAASB believes that an appropriate effective date for the narrow scope amendments would be for financial reporting periods beginning approximately 18-24 months after the PIOB's process of certification of the final narrow scope amendments for Track 2. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the narrow scope amendments for Track 2 of the listed entity and PIE project.

- A.** We believe that the appropriate period would be 24 months after the PIOB certification process of the final limited scope modifications for Track 2.
We consider that the above timeframe would provide a sufficient period to support the effective implementation of the limited scope modifications for Track 2 of the listed entity and the PIE project.