

Response Template for the Invitation to Comment Before the IAASB Finalizes the Narrow Scope Amendments to the ISQMs and ISAs for the IAASB PIE Track 2 Project

Guide for Respondents

Comments are requested by **March 27, 2025**.

This template is for providing comments on the matters set out in the Invitation to Comment (ITC) for the pre-final narrow scope amendments to the International Standards on Quality Management (ISQMs) and the International Standards on Auditing (ISAs) as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity (PIE) in the IESBA Code. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
 - Respond directly to the questions.
 - Provide the rationale for your answers. If you disagree with the proposals as explained in the ITC, please provide specific reasons for your disagreement. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
 - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the “**Submit Comment**” button on the IAASB [web page](#) to upload the completed template.

Responses to IAASB's ITC for the Pre-Final Narrow Scope Amendments to the ISQMs and ISAs as a Result of the Revisions to the Definitions of Listed Entity and PIE in the IESBA Code

PART A: Respondent Details and Demographic information

Your organization's name (or your name if you are making a submission in your personal capacity)	BDO International Limited
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Daphna Smuckler
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	Daphna.Smuckler@bdointernational.com
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the ITC). Select the most appropriate option.	Global
	If "Other", please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the ITC). Select the most appropriate option.	Accounting Firm
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	www.bdo.global

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB's preference is that you incorporate all your views in your comments to the questions.

Information, if any, not already included in responding to the questions in Part B:

PART B: Responses to Specific Questions in the ITC

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

1. You are invited to share any observations that you believe might be relevant to the IAASB prior to finalizing the narrow scope amendments to the ISQMs and ISAs.

Please note:

- This ITC does not extend to and is not inviting comment on the IESBA PIE revisions read together with the IESBA clarification. IESBA's Listed Entity and PIE project is complete.
- If you submitted a comment letter to ED-PIE Track 2 in April 2024, the IAASB has fully considered those responses during its deliberations in September and December 2024; therefore, it is not necessary to repeat comments previously provided. You may believe that a specific matter remains relevant to share as an observation here, in which case the request is that you please clearly relate such matter to the IAASB's decisions and rationale in this Post-Exposure Consultation. (See **Section IV**, paragraphs 23-32.)

Overall response: Concur and wish to share the following observations

Detailed comments (if any):

Clarifying meaning of public interest entity

Reference is made to 'public interest entity' in the following paragraphs of the proposed amendments included in the consultation paper, yet the International Standards on Auditing (ISA) and International Standards on Quality Management (ISQM) do not explicitly define public interest entity, nor are they clear in indicating which definition should be applied:

- ISQM 1.A2C and A2E
- ISA 200.A13E
- ISA 260.A29A
- ISA 265.A15

We recommend the IAASB provides clarity as to which definition should be applied when considering these items of application material shown above. This will help to avoid confusion and inconsistent application in practice (i.e., the definition included in the IESBA Code or the local definition).

ISQM1.A2A/ISA 200.A13A

In our view, the term '...*apply one or more requirements*...' included in the proposed paragraphs, ISQM 1.A2A and ISA 200.A13A does not promote consistency for audits of entities other than publicly traded entities. Providing firms/auditors with the choice to apply 'one or more' requirements within the ISQM and/or ISA requirements for these audits allows auditors to 'cherry pick' requirements. This has the potential ultimately to encourage inconsistency when applying the ISQMs and ISAs.

We recommend that the wording of these paragraphs be amended by removing '*one or more*' thereby only referring to '*the requirements*'.

ISA 200.A71

We believe that the qualitative characteristics noted in ISA 200.A71 for a 'smaller entity' are similar to the qualitative characteristics of a less complex entity in the ISA for LCE Authority (A3) and therefore question

the use of the term '*smaller entity*'. We recommend considering whether the term '*less complex entity*' should be used to align to the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities.

Implementation guidance to clarify IAASB and IESBA divergence

We note that [The IESBA Staff Questions & Answers on the Revisions to the Definition of Listed Entity and Publicly Traded Entity in the Code](#) do not apply to the ISAs. We further note that paragraph 29 of the consultation paper clarifies that there will be divergence between the IESBA Code and the ISAs. We recommend that this divergence to be clarified in the implementation guidance to ensure consistent application of the requirements in practice.

Feedback on drafting

ISA 260.A29

We noted that the cross reference in footnote (33) to ISA 200.A13A is incorrect, we recommend it should be ISA 200.A13C.

Specific questions on forward-looking matters (*See ITC Section V*):

- 2(a). Do you agree with the proposed effective date of the narrow scope amendments, i.e., for audits of financial statements for periods beginning on or after December 15, 2026, to be aligned with the standards from the Going Concern and Fraud projects? (*See Section V, paragraphs 35-37.*)

Overall response: [Agree \(with no further comments\)](#)

Detailed comments (if any):

- 2(b). Do you agree with the IAASB's commitment to revisit the decision to adopt the definition of PIE in the IESBA Code (adapted as necessary for the ISQMs and ISAs) and extending differential requirements to apply to audits of PIEs? (*See Section IV, paragraph 31 and Section V, paragraph 38.*)

Please note: When the decision is revisited, the IAASB will develop an exposure draft for public consultation. Therefore, you do not now need to provide comments or to repeat comments previously provided regarding the extant differential requirements in the ISQMs and ISAs.

Overall response: [Agree \(with no further comments\)](#)

Detailed comments (if any):

2(c). Do you agree with the proposed timing for revising the matters highlighted in 2(b) above? (See **Section V**, paragraphs 39-41.)

Overall response: [Disagree, with comments below](#)

Detailed comments (if any):

While we agree that the IAASB should revisit the decision to adopt the PIE definition in the International Code of Ethics for Professional Accountants (*including International Independence Standards*) (IESBA Code) and extend differential requirements to apply to the audits of PIEs, we caution against revisiting this when the position of the International Ethics Standards Board for Accountants (IESBA) has not changed as this will likely result in the IAASB not being able to progress the matter further.

In our view, the ability of the IAASB to adopt the PIE definition contained in the IESBA Code and extend differential requirements to apply to the audits of PIEs is dependent on the IESBA overcoming the current challenges relating to the local adoption of the IESBA's revised PIE definition.

Rather than determining a specific time to revisit this, we continue to support ongoing engagement between the IAASB and IESBA and would recommend both Boards work together to set out a proposed timeline to determine when to revisit the matters highlighted above.