

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)	AICPA, Auditing Standards Board
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Brian Wilson
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Sara Lord, Jennifer Burns
E-mail address(es) of contact(s)	Sara.lord@rsmus.com Jennifer.burns@aicpa-cima.com Brian.wilson@aicpa-cima.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.	North America
	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.	Jurisdictional/ National standard setter
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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:

We recognize the difficulty and challenges the IAASB encountered because of the IESBA’s 2024 publicly expressed views and actions described in the Invitation to Comment and the impact they had on the IAASB’s Track 2 decision-making. Those circumstances have prompted us to reiterate our ED-PIE Track 2 [response](#) recommendation that the IESBA and IAASB need a joint strategy and comprehensive approach

to on-going standard setting for public interest entities (PIEs), which includes (i) the path forward for how decisions are made concerning the identification and treatment of PIEs and the necessary interoperability of the related IESBA and IAASB standards, (ii) which standard setting board is responsible for coordinating those decisions, and (iii) at what point in the process the corresponding standard setting board becomes further involved in finalizing those decisions.

If the IAASB plans to continue to use Post-Exposure Consultations in the future, we recommend that the concept be added to the due process procedures with an explanation of the difference in objectives or process between this type of consultation and a Re-Exposure.

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):

We concur it is appropriate under the circumstances noted above for the IAASB to defer adopting the IESBA PIE definition and defer extending the current listed entity differential ISA requirements to PIE audits. Furthermore, deferring the PIE-related decisions of Track 2 is also appropriate under the circumstances because the IAASB needs an understanding of the status of how the jurisdictional adoption of the IESBA Code PIE and publicly traded entity (PTE) revisions have borne out, which we believe is essential before pursuing further standard setting work. This is a recommendation that is explained in more detail in our ED-PIE Track 2 response.

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 comments below](#)

Detailed comments (if any):

We agree that the effective dates should be aligned with standards from the going concern and fraud projects. We encourage the IAASB to develop guidance that encourages early adoption given the unexpected delay in the approval of Track 2 and the urgency to have the narrower scope of Track 2 concerning PTEs be interoperable with the IESBA PTE revisions. We believe that the IAASB should not prohibit early adoption under the circumstances. The Track 2 Basis of Conclusions may be an appropriate mechanism to encourage early adoption and explain that early adoption is expressly permitted.

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: [Disagree, with comments below](#)

Detailed comments (if any):

As noted in Question 1, we concur with the decision to defer taking action to adopt the definition of PIE in the IESBA Code in the ISQMs and ISAs and defer taking action to extend the listed entity differential requirements to apply to audits of PIEs because of the IESBA's 2024 views and actions described in the Invitation to Comment and the impact they had on the IAASB's Track 2 decision-making. Accordingly, we do not believe the IAASB should revisit its PIE-related decisions until both standard setting boards, working together, have had the opportunity to gather and analyze feedback from relevant stakeholders, including jurisdictional standard-setters. This could be facilitated by the IAASB and IESBA offering a contemporaneous feedback mechanism (e.g., a joint public consultation) or a joint post-implementation review to solicit input and solutions from stakeholders on a path forward for a definition of a PIE that is interoperable between the IESBA and IAASB standards.

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):

We believe that ultimately a decision on whether or not to adopt the definition of PIE in the IESBA Code needs to be made to settle the matter. However, we do not believe the proposed timing is appropriate. The IAASB should not commit to a firm date or make any PIE-related decisions until the actions we have outlined in our response to question 2(b) have been performed.