

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

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| Your organization’s name (or your name if you are making a submission in your personal capacity) | The Independent Regulatory Board for Auditors (IRBA), South Africa. |
| Name(s) of person(s) responsible for this submission (or leave blank if the same as above) | Saadiya Adam Acting Director: Standards |
| Name(s) of contact(s) for this submission (or leave blank if the same as above) | Rudolf Maleka |
| E-mail address(es) of contact(s) | rmaleka@irba.co.za |
| 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. | Africa and Middle East |
| | 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). | The IRBA is both the audit regulator and national audit and ethics standard setter in South Africa. Its statutory objectives include the protection of the public by regulating audits performed by registered auditors; and the promotion of investment and employment in South Africa. |

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):

We support the IAASB's final position and rationale for the proposed narrow scope amendments to the ISQMs and ISAs. From a jurisdictional standpoint, we also wish to highlight the interaction of the IAASB's position relating to the definitions of listed and public interest entities in the ISQMs and ISAs with the *IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities* (EAR Rule) and the *IRBA's Four Rules Arising from the International Standards on Quality Management* that the IRBA prescribed in South Africa, as previously mentioned in our response to the initial IAASB Exposure Draft on 27 March 2024.

The interaction of the IAASB's final position with these IRBA Rules is as follows:

- The EAR Rule extends the communication of Key Audit Matters to audits of Public Interest Entities (PIEs), as defined in the IRBA Code of Professional Conduct for Registered Auditors. This rule is effective for audits of financial statements for periods ending on or after 15 December 2024.
- During the development of the IRBA's Four Rules Arising from the ISQMs, Proposed Rule 3, which the IRBA [published for public comment](#), considered whether limiting engagement quality reviews to listed entities sufficiently serves the public interest, as required by paragraph 34(f)(i) of ISQM 1; or if it should be expanded to include PIEs. A decision was deferred, due to the pending finalisation of the IAASB's PIE Track 2 Project.
- The EAR Rule is already effective; however, the IAASB's final position necessitates a reassessment of the IRBA's Proposed Rule 3. While this consideration remains open, we welcome the insertion of paragraph A2A in the Application and Other Explanatory Material of ISQM 1 as it gives firms the option to consider applying one or more of the requirements set out in an ISQM for audits of financial statements of publicly traded entities to the audits of entities other than publicly traded entities, if those entities reflect significant public interest in their financial condition.

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 with aligning the proposed effective date of the narrow scope amendments to the ISQMs and ISAs with the effective date for ISA 570 (Revised) and ISA 240 (Revised). Different effective dates for the narrow scope amendments to the ISQMs and ISAs, compared to ISA 570 (Revised) and ISA 240 (Revised), will introduce additional complexities and possible confusion as it will necessitate references to listed entities to be replaced with publicly traded entities in the aforementioned standards.

Furthermore, while we agree with this alignment, it is important to emphasise the series of changes that will be experienced by stakeholders especially audit firms, as other IAASB and IESBA Standards become effective on the same date. Examples are the International Standard on Sustainability Assurance 5000 and the International Ethics Standards for Sustainability Assurance. Audit firms may face challenges arising from the need to simultaneously change firm methodologies and systems, potential resource constraints and increased training requirements. To this end, we encourage the IAASB to provide the necessary implementation guidance and resources to support firms in managing these concurrent changes.

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 comments below](#)

Detailed comments (if any):

We support 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 extend the differential requirements to apply to audits of PIEs. This will result in, among others, reduced complexity for firms operating in multiple jurisdictions and reduction of regulatory arbitrage. Furthermore, it will maintain interoperability between the IAASB and IESBA Standards. To foster this initiative, we suggest that the Board considers the following when that decision is made:

- Joint consultation with the IESBA and IAASB on this topic
- Monitoring the global adoption and implementation of the IESBA PIE definition for variations in different jurisdictions and the implications on this IAASB initiative.
- Monitoring developments (if any) on the IESBA's clarification of the PIE definition for possible interoperability with the IAASB Standards.
- Collaboration between the IAASB and the IESBA to consider and establish application of the definition of PIE across jurisdictions.

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):

It is noted that the IESBA post-implementation review (PIR) of the PIE definition revision is planned for 2027. We propose that the Board's direction on the decision to revisit its adoption of the PIE definition (adapted as necessary for the ISQMs and the ISAs) in the IESBA Code and extend the differential requirements to apply to audits of PIEs **should only commence after** the IESBA PIR is concluded, to ensure that the IAASB's decision is based on a comprehensive understanding of the practical implications of the IESBA's PIE definition. Ahead of the PIR, we also recommend that the IAASB should communicate matters of concern about the IESBA PIE definition and clarification that hinder convergence between the IESBA and IAASB Standards. This could also incorporate any matters that the IESBA should include in its PIR in relation to the maturity of the global adoption and the implementation of its PIE definition.