

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)	RSM International Limited
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Marion Hannon, Global Leader, Quality & Risk, RSM International
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	Marion.Hannon@rsm.global
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).	RSM International Limited, a worldwide network of independent firms, is the leading provider of audit, tax and consulting services to the middle market.

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 appreciate the opportunity to comment on the IAASB’s *Post-Exposure Consultation: Invitation to Comment Before the IAASB Finalizes the Narrow Scope Amendments to the ISQMs and ISAs as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code*. We support the IAASB’s final position to adopt the definition of publicly traded entity (PTE), as defined in the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as a replacement term for ‘listed entity/entities’ in the International Standards on Quality Management (ISQMs) and International

Standards on Auditing (ISAs), incorporate the overarching objective and guidelines to adopting the differential requirements for PTEs and address in application material the option of applying the above changes to entities other than PTEs, including public interest entities (PIEs).

Language recommended for deletion is ~~struck through~~. Language recommended for addition is underlined.

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):

- **ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, proposed paragraph A2A:** The proposed paragraph currently includes,

ISQM 1, para. A2A. The firm may determine that there are entities other than publicly traded entities where stakeholders have heightened expectations regarding the audit engagement, reflecting significant public interest in the financial condition of those entities. Therefore, the firm **may** also apply one or more requirements set out in an ISQM for audits of financial statements of publicly traded entities to the audits of such other entity(ies). (**emphasis added**)

Although the word 'may' indicates optionality, it is unclear whether that optionality applies when the firm has determined that there are entities other than PTEs where stakeholders have heightened expectations regarding the audit engagement, reflecting significant public interest in the financial condition of those entities, or whether it is only optional when the firm has not determined such entities. Accordingly, we suggest clarifying the optionality with the following revision,

ISQM 1, para. A2A. ...the firm may or may not decide to also apply one or more requirements set out in an ISQM for audits of financial statements of publicly traded entities to the audits of such other entity(ies).

We recommend that the same revision be made on ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, proposed paragraph A13A.

- ISQM 1, proposed paragraph A2E:** The proposed paragraph currently begins, ISQM 1, para. A2E. The firm may also consider the following factors in determining whether it may be **appropriate** to apply one or more requirements in an ISQM for audits of publicly traded entities to the audit of another entity(ies)... **(emphasis added)**

We believe using the word 'appropriate' may be interpreted as to suggest there is an expectation for the firm to justify why it may or may not have applied one or more requirements set out in the ISQMs/ISAs for audits of financial statements of PTEs during an audit of an entity other than a PTE. Accordingly, we recommend the following wording:

ISQM 1, para. A2E. The firm may also consider the following factors in determining whether it may ~~be appropriate to~~ or may not apply one or more requirements in an ISQM for audits of publicly traded entities to the audit of another entity(ies)...

We recommend ISA 200, proposed paragraph A13E use the same wording used in ISQM 1, proposed paragraph A2E, as revised above.

- ISQM 1, proposed paragraph A128:** We recommend that this paragraph be revised for a similar reason as proposed paragraph A2E of ISQM 1. Accordingly, we recommend the following revisions to the paragraph: 'In some circumstances, ~~it~~ the auditor may ~~be appropriate~~ decide to communicate with those charged with governance of entities other than publicly traded entities...'.
- ISA 260 (Revised), Communication with Those Charged with Governance, proposed paragraph A32:** We recommend that this paragraph be revised for a similar reason as proposed paragraph A2E of ISQM 1:

ISA 260 (Revised), para. A32. The communication requirements relating to auditor independence that apply in the case of publicly traded entities may also be ~~appropriate~~ applied in the case of entities other than publicly traded entities ...

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 comments below](#)

Detailed comments (if any):

We would also like to emphasise the need for coordination between IAASB and IESBA as well as considering comments previously provided regarding the extant differential requirements in the ISQMs and ISAs when revisiting the decision to adopt the definition of PIE in the IESBA Code and extending the differential requirements to PIEs.

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: [Agree, with comments below](#)

Detailed comments (if any):

Commencing to plan for revisiting the decision to adopt the definition of PIE in the IESBA Code and extending the differential requirements to PIEs in the second half of 2026 appears reasonable. However, we also note that a decision should not be made until the global adoption and implementation of such definition has sufficiently matured. We, therefore, support IAASB working with IESBA, including during the post-implementation review to be conducted by the IESBA in 2027, in order to gain the information needed for IAASB to evaluate the maturation of the adoption and implementation of the PIE definition. The IAASB would then be able to use this information to determine if extending the various differential requirements to PIEs would be appropriate and could be consistently applied.