

15 September 2022

Mr Bill Edge
Chair
Australian Auditing and Assurance Standards Board
PO Box 204, Collins Street West
VICTORIA 8007

Dear Mr Edge,

Consultation Paper Exposure of the IAASB's Proposed Narrow Scope Amendments to:

- *ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements and*
 - *ISA 260 (Revised), Communication with Those Charged with Governance,*
- as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for Public Interest Entities (PIEs)*

Thank you for the opportunity to comment on AUASB's Consultation Paper.

IPA is generally supportive of the proposed range of changes.

Our response to the specific questions in the Consultation Paper are by way of Attachment.

If you have any queries with respect to our comments or require further information, please contact me at vicki.stylianou@publicaccountants.org.au or on mobile 0419 942 733.

Yours sincerely



Vicki Stylianou
Group Executive, Advocacy & Policy
Institute of Public Accountants

About the IPA

The IPA is one of the professional accounting bodies in Australia with over 47,000 members and students across 80 countries. Approximately three-quarters of our members either work in or are advisers to the small business and SME sectors. Since merging with the Institute of Financial Accountants UK, the IPA Group has become the largest SME and SMP focused accounting body in the world.

Attachment – IPA responses to AUASB Consultation Paper Questions

Transparency About the Relevant Ethical Requirements for Independence for Certain Entities Applied in Performing Audits of Financial Statements

Question 1

Do you agree that the auditor’s report is an appropriate mechanism for publicly disclosing when the auditor has applied relevant ethical requirements for independence for certain entities in performing the audit of financial statements, such as the independence requirements for PIEs in the IESBA Code?

IPA is supportive of the requirement for publicly disclosing when the auditor has applied relevant ethical requirements for independence for certain entities in performing the audit of financial statements, such as the independence requirements for PIEs in the IESBA Code. However, IPA is of the view that further consideration should be given to the location of these disclosures and this should also include an assessment of the costs versus the benefits of alternate approaches.

Question 2

If the auditor’s report is to be used as a mechanism for publicly disclosing the independence requirements complied with, do you support:

- a) **the IAASB’s proposed revisions in the ED to ISA 700 (Revised), in particular the conditional requirement as explained in paragraphs 18-24 of the IAASB’s Explanatory Memorandum?**
- b) **The IAASB’s proposed revisions in the ED to ISA 260 (Revised)?**

IPA supports the proposed range of revisions to ISA 700 and ISA 260.

Question 3

What other mechanism(s) could be used for publicly disclosing when a firm has applied the independence requirements for PIEs as required by paragraph R400.20 of the IESBA Code?

As per our response to Question 1, IPA is of the view that further consideration should be given to the most relevant disclosure location.

Transparency About the Relevant Ethical Requirements for Independence for Certain Entities Applied in Performing Reviews of Financial Statements

Question 4

Should the IAASB consider a revision to ISRE 2400 (Revised) to address transparency about the relevant ethical requirements for independence applied for certain entities, such as the independence requirements for PIEs in the IESBA Code?

IPA believes the IAASB should review and propose changes to ISRE 2400 to address transparency about the relevant ethical requirements for independence contained in the IESBA Code. In time, the AUASB should undertake a similar review of Australian auditing standard requirements.

Question 5

Whether there are any laws or regulations that may, or do, prevent or impede the application of the proposed conforming and consequential amendments to the Australian-specific AUASB Standards, or may conflict with the proposed conforming and consequential amendments to the Australian-specific AUASB Standards?

IPA are not aware of any particular impediments. We note the specific AUASB Considerations outlined in the Consultation Paper which differ, for good reason, from the extant ISA 700 requirements. In time, the AUASB should consider relevant modifications to the revised ISA 700 requirements to accommodate the Australian auditing landscape.

Matter for IESBA Consideration

Question 6

To assist the IESBA in its consideration of the need for any further action, please advise whether there is any requirement in your jurisdiction for a practitioner to state in the practitioner's report that the practitioner is independent of the entity in accordance with the relevant ethical requirements relating to the review engagement.

Refer Specific AUASB Considerations in the Consultation Paper.

Request for General Comments

Question 7

Effective Date - Given the need to align the effective date with IESBA, do you support the IAASB proposal that the amendments to ISA 700 (Revised) and ISA 260 (Revised) become effective for audits of financial statements for periods beginning on or after 15 December 2024 as explained in paragraph 26 of the IAASB's Explanatory Memorandum?

IPA is generally supportive of the proposed effective date in the IESBA Exposure Draft.