

Compilation of Comments to IAASB ED – Question 5 (*Matter for IESBA Consideration*)

Note to IESBA Meeting Participants

This reference document includes the compilation of the comments from the [38 comment letters](#) submitted in response to the following **Question 5** of IAASB's Exposure Draft, [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](#) (ED):

"Matter for IESBA Consideration

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."

Monitoring Group members

1. *International Forum of Independent Audit Regulators (IFIAR)*

N/A.

2. *International Organization of Securities Commission (IOSCO)*

N/A.

Regulators and Audit Oversight Authorities

3. *Botswana Accountancy Oversight Authority (BAOA)*

We do not have local laws or regulations that require a practitioner to state in the practitioner's report that they are independent of the entity in accordance with the relevant ethical requirements relating to the review engagement. However, through the national standard setting body, BAOA, the country has adopted the IESBA Code of Ethics for Professional Accountants that place a requirement on ethical compliance.

4. *Committee of European Auditing Oversight Bodies (CEAOB)*

N/A.

5. *Financial Reporting Council – UK (FRC)*

In the UK, the FRC's *Ethical Standard* is mandated as the relevant ethical requirement for public interest assurance engagements, and several different standards require the practitioner to state in the practitioner's report that they are independent of the entity in accordance with the Ethical Standard. The Standards on Investment Reporting (SIRs) also require this disclosure to be made

in the basis of opinion paragraph included in the examples of accountant's reports included as appendices to the individual standards.¹

In addition, for public interest assurance engagements specified by the FRC, ISAE (UK) 3000 includes a requirement in paragraph 69(j)(i) for the practitioner to report that they are independent of the entity in accordance with the Ethical Standard, and paragraph A173 provides a specimen disclosure.² Additionally, paragraph 69(j)(ii) of the same standard sets out disclosure requirements for other assurance engagements performed in accordance with ISAE (UK) 3000. However, ISRE (UK) 2410 does not currently require such a disclosure to be made.³

6. Independent Regulatory Board for Auditors – South Africa (IRBA)

There is no requirement in our jurisdiction. Practitioners apply the current requirements in ISRE 2400 and the illustrations that are given in the Illustrative Practitioners' Review Reports in ISRE 2400 (Revised).

7. National Association of State Boards of Accountancy (NASBA)

N/A.

National Auditing Standard Setters

8. American Institute of Certified Public Accountants (AICPA)

Audit firm practitioners of nonissuers in the United States are required to comply with AICPA Statements on Standards for Accounting and Review Services, which includes standards for reviews of financial statements. Those standards include a requirement that the practitioner's review report include a statement that the practitioner is required to be independent of the entity and to meet the practitioner's other ethical responsibilities, in accordance with the relevant ethical requirements related to the review. The applicable wording is as follows⁴:

We are required to be independent of XYZ Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review(s).

9. Australian Auditing and Assurance Standards Board (AUASB)

Australian Standard [ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity](#) conforms with its international equivalent ISRE 2410. In 2009, extant ASRE 2410 was reissued by the AUASB in clarity format. Additionally in 2019, following consultation with stakeholders in Australia, further amendments to ASRE 2410 were made to align the reporting requirements with the revised auditor reporting requirements contained in ISA 700/ASA 700. These amendments include additional reporting

¹ See the illustrative reports included as appendices to the following: SIR 2000 Revised [Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information](#) (March 2020); SIR 3000 [Investment Reporting Standards Applicable to Public Reporting Engagements on Profit Forecasts](#) (March 2020); SIR 4000 [Investment Reporting Standards Applicable to Public Reporting Engagements on Pro forma Financial Information](#) (March 2020); SIR 5000 [Investment Reporting Standards applicable to Public Reporting Engagements on financial information reconciliations under the Listing Rules](#) (March 2020); and SIR 6000 [Investment Reporting Standards Applicable to Public Reporting Engagements on Quantified Financial Benefits Statements](#) (March 2020).

² ISAE (UK) 3000 [International Standard on Assurance Engagements](#) (July 2020).

³ ISRE (UK) 2410 [Review of Interim Financial Information Performed by the Independent Auditor of the Entity](#) (May 2021).

⁴ Refer to the AICPA's Statements on Standards for Accounting and Review Services, [Section 90, Review on Financial Statements](#), paragraph 76 and Illustrations # 1 through # 7.

requirements which are not contained in ISRE 2410. The main differences between ASRE 2410 and ISRE 2410 are outlined in the *Conformity with International Standards on Review Engagements* section on page 7-9 of the Australian Standard.

Specifically, [ASRE 2410, paragraph 35\(c\)](#) requires the *Basis for Conclusion* section of the auditor's review report to include "a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit of the annual financial report, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements". (NB: Notwithstanding ASRE 2410 applies to the Review of a Financial Report, as this standard is applicable to the auditor of the entity the relevant ethical requirements that apply to such an engagement are the same as the requirements for an audit).

10. Canadian Auditing and Assurance Standards Board

Like ISRE 2400 (Revised), CSRE 2400 requires the practitioner's report to reference the practitioner's obligation to comply with relevant ethical requirements. However, CSRE 2400 does not include a requirement to state in the practitioner's report that the practitioner is independent of the entity in accordance with the Canadian Codes. In addition, the Canadian Codes do not require firms to publicly disclose that they are independent of the entity for a review engagement.

11. Compagnie Nationale des Commissaires aux Comptes (CNCC) and Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC)

As in France, the review of interim financial of listed entities is based on ISRE 2410, there is no requirement in our 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.

12. Federación Argentina de Consejos Profesionales de Cs. Económicas (FACPCE)

In the case of reports issued under the IAASB/IFAC standards, there are no local requirements, in addition to the referenced standards, in our jurisdiction for a practitioner to indicate in the practitioner's report that the practitioner is independent of the entity in accordance with relevant ethical requirements in connection with the review engagement.

13. Hong Kong Institute of Certified Public Accountants (HKICPA)

We converge ISAs and the IESBA Code for local adoption. We do not have local laws or regulations that require a practitioner to state in the practitioner's report that he/she is independent of the entity in accordance with the relevant ethical requirements relating to the review engagement.

14. Institut der Wirtschaftsprüfer in Deutschland e.V.(IDW)

There is no requirement in our 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.

15. Japanese Institute of Certified Public Accountants (JICPA)

There is no requirement in our national standard equivalent to ISRE 2400 (Revised) 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.

However, in illustrations of practitioner reports included in the appendix to our national standard:

- As required by laws and regulations (Certified Public Accountants Act of Japan), "Other Matter" section includes a statement that the practitioner has no interest in the entity which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.
- "Practitioner's Responsibilities" section starts with a statement: "Our responsibility is to express a conclusion on the financial statements from an independent standpoint." The underlined part is added to the wordings in illustrative reports included in the appendix to ISRE 2400. Regarding the reference to

relevant ethical requirements, our national standard requires the practitioner's report to contain a reference to the practitioner's obligation under the standard to comply with relevant ethical requirement which is similar to the requirement in ISRE 2400.

In Japan, we have a quarterly review system of financial statements for listed companies, etc., where a review is performed by an independent auditor. In quarterly reviews, a quarterly review report by the independent auditor is required to state that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the review engagements (which is similar to the requirement in the current ISA 700 (Revised)), and that the auditor has no interest in the entity which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

16. Malaysian Institute of Accountants - Auditing and Assurance Standards Board (MIA)

Presently, in Malaysia, there is only a requirement for the practitioner to report his/her compliance with the relevant ethical requirements in the practitioner's report without going into details. This is consistent with the requirement under ISRE 2400. However, under ISRE 2410, there is no requirement for such reporting in the practitioner's report.

17. New Zealand Auditing and Assurance Standards Board (XRB)

In New Zealand, we have adopted ISRE (NZ) 2400 (Revised). We have not adopted ISRE 2410, however we have NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* which is based on the Australian standard ASRE 2410.

NZ SRE 2410 (Revised), paragraph 36(c) requires the Basis for Conclusion section of the auditor's review report include a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements.

As outlined above as ISRE 2410 is the most relevant to review engagements for PIEs, but has not been updated for some time, the NZAuASB encourages the IAASB to add the update of ISRE 2410 to its workplan to update the standard and propose amendments to it consistent with ISA 700 (Revised).

Accounting Firms

18. Deloitte LLP

Our global methodology for review engagements is based on the IAASB standards and therefore does not require a practitioner to specifically state in their review report that they are "independent of the entity in accordance with the relevant ethical requirements relating to the review engagement."

We understand that IESBA's deliberations regarding their transparency requirement was focused on audit engagements and not review engagements. However, if based on input received to this Exposure Draft, the IAASB determines it is appropriate to have consistency in reporting requirements between audits and reviews of financial statement (i.e., update ISRE 2400), we recommend that IESBA consider what further action may be appropriate to reflect transparency requirements in its standards, beyond audits to reviews as well.

19. Ernst & Young Global Limited

Ernst & Young Global Limited is a global entity and cannot comment on the requirements of any particular jurisdiction.

20. Grand Thornton International Limited

We note that in the U.S., American Institute of Certified Public Accountants (AICPA) AR-C Section 90⁵ requires the following disclosure in the accountant's responsibilities section of the review report:

'We are required to be independent of XYZ Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.'

We did not identify other jurisdictions where there is a requirement 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.

21. KPMG IFRG Limited

This response is prepared on behalf of our global network and therefore we are not responding in regard to particular jurisdictions. In respect of the larger jurisdictions within our network, we are not aware of any legal, regulatory or other requirements imposed by these individual jurisdictions on practitioners performing reviews in accordance with ISRE 2400 (Revised) to include a statement in the review report that the practitioner is independent of the entity in accordance with relevant ethical requirements.

We note that there are such requirements in certain jurisdictions, e.g. in Australia, in respect of review engagements performed in accordance with ISRE 2410, and also in certain jurisdictions when performing review engagements in accordance with other review standards, e.g. in the US, AU-C 930.31d(iv) requires practitioners to include a statement in the review report that the auditor is required to be independent of the entity in accordance with relevant ethical requirements.

22. PriceWaterhouseCoopers

No specific comment. Jurisdictional standard setters and professional bodies will provide relevant information on individual jurisdictional requirements.

23. RSM International Limited

Practice varies across our network in this regard. As noted in our response to Question 1, some jurisdictions require a separate independence report for review engagements.

Public Sector Organizations

24. Office of the Auditor General of Alberta

N/A.

Member Bodies and Other Professional Organizations

25. Botswana Institute of Chartered Accountants

There are no such requirements in Botswana.

26. Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)

In both Australia and New Zealand, the review standards which apply to the review of a financial report by the independent auditor of the entity (ASRE 2410 and ISRE (NZ) 2410 Revised) require the auditor's report

⁵ AR-C Section 90, *Review of Financial Statements*

to include a statement that “that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit of the annual financial report, and has fulfilled the auditor’s other ethical responsibilities in accordance with these requirements”.

The review standards which apply to the review of a financial report by an assurance practitioner who is not the independent auditor of the entity (ASRE 2400 and ISRE (NZ) 2400) include a requirement that the review report include a title that states that it is an independent review report. The example reports provided in the standards include wording that indicates that the standard requires the assurance practitioner to comply with relevant ethical requirements.

27. CPA Australia

Please refer to our response to Question 2B above.

[Which is:

As noted in our cover letter and in response to Question 1 above, there are mixed views on whether the auditor’s report is the appropriate mechanism for making the proposed disclosure.

Some members have indicated consideration of other disclosure mechanisms such as the audit firm’s transparency report and the websites of the audit firm. In Australia, s307C of the Corporation Act 2001 requires the auditor to make a written declaration of independence to the directors of the audited entity. For the Australian market, we believe the Auditor’s Independence Declaration Statement is the most sensible mechanism for the proposed disclosure.]

28. Federation of Accounting Professions of Thailand

There is no requirement in Thailand 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. Our standard on the reviews is translated from the ISRE 2400. Therefore, the review report only includes a sentence stating, “This Standard also requires us to comply with relevant ethical requirements”

29. Institute of Chartered Accountants in England and Wales (ICAEW)

ISRE 2400 (Revised) has not been adopted by the Financial Reporting Council in the UK.

Under ISRE (UK) 2410 (Revised) there is no specific requirement for firms to publicly disclose when they have applied the independence requirements for Public Interest Entities (PIEs) for interim review engagements.

30. Institute of Chartered Accountants of Nigeria

There is no additional jurisdictional requirement beside that of the IESBA which is applied in our jurisdiction.

31. Institute of Chartered Accountants of Scotland (ICAS)

The UK Financial Reporting Council has not adopted ISRE 2400 (Revised).

With respect to ISRE 2410 (UK) (Revised), there is no specific requirement.

32. International Federation of Accountants’ Small and Medium Practices Advisory Groups (SMPAG)

We did not identify any specific translation issues in reviewing this ED.

However, we would like to take the opportunity to make the IAASB aware that we continue to hear significant challenges from both member organizations and SMPs about keeping up with the pace of change in international standards, in particular with translations. This has been heightened with the pandemic and coupled with the economic challenges in some regions with inflation and rising interest rates, has placed an increased burden on SMPs who are trying to support and service their clients.

33. Korean Institute of Certified Public Accountants (KICPA)

Korea has adopted ISRE 2400 and ISRE 2410 as standards for review engagement. There is no other disclosure requirement relevant to independence under laws in our jurisdiction.

34. Malaysian Institute of Certified Public Accountants (MICPA)

We, in Malaysia, adopted the standards issued by the International Auditing and Assurance Standards Board ("IAASB") 'word for word' including the review engagement standards. Other than the above-mentioned standards, there is no other requirement in Malaysia relating to the review engagement.

35. Pan-African Federation of Accountants (PAFA)

We are not aware of specific jurisdictions that have this requirement.

36. Saudi Organization for Chartered and Professional Accountants (SOCPA)

We apply the IAASB's auditing standards whereby professionals are required to disclose that they are independent while conducting a review engagement, as requested by the applicable ethical requirements issues by the IESBA.

37. South African Institute of Chartered Accountants (SAICA)

There are no such requirements in South Africa.

38. South African Institute of Professional Accountants (SAIPA)

We are not aware of specific jurisdictions that have this requirement.