

Audits of Less Complex Entities: Separate Standard

Presented by:

Kai Morten Hagen, Task Force Chair

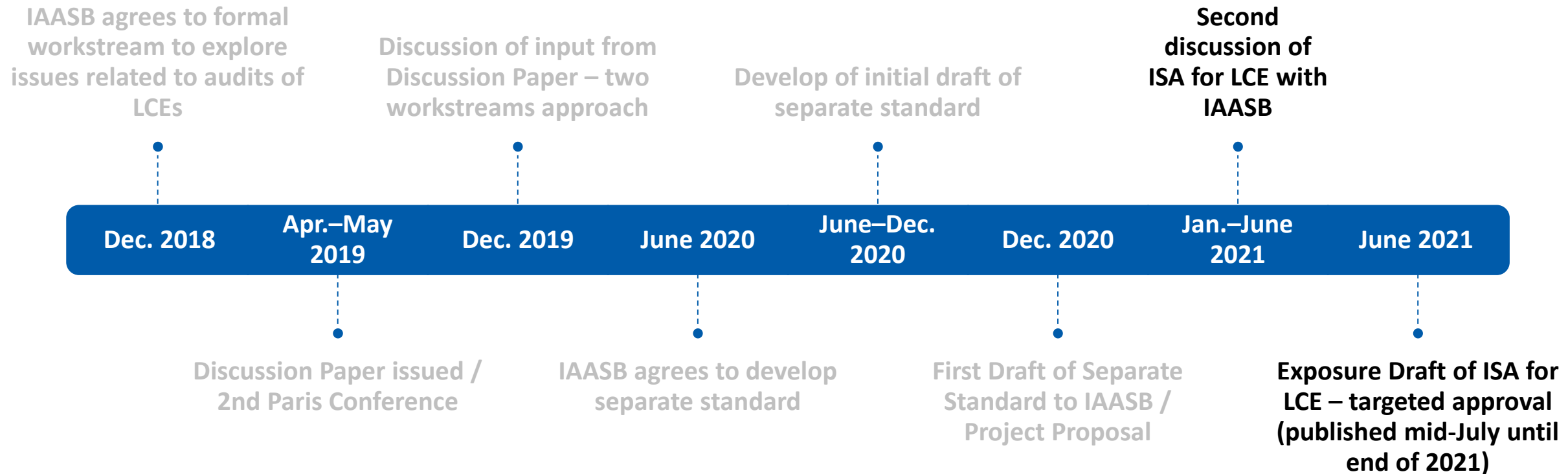
CAG Meeting

March 8, 2021

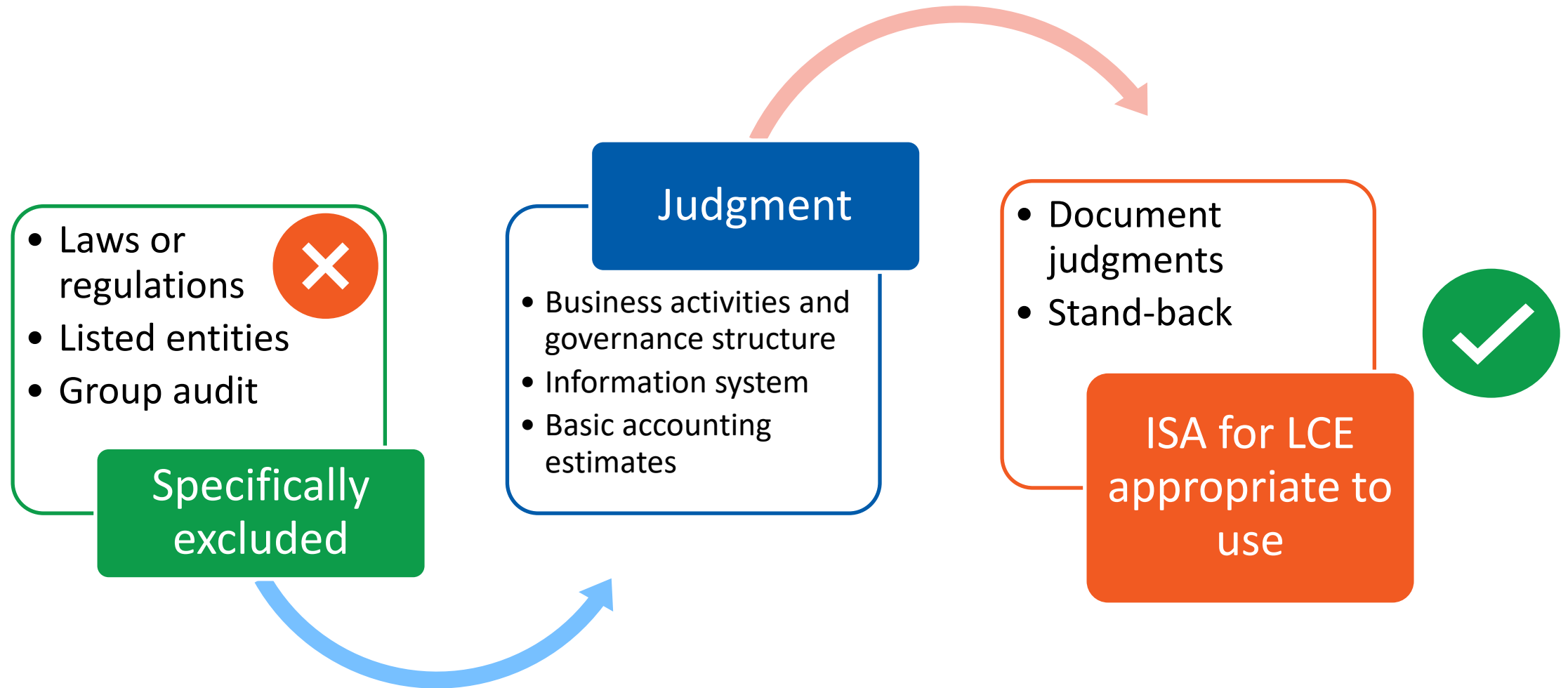
By Videoconference



Timeline –Where We Are



Applicability



Reporting

- Succinct, straightforward requirements
 - Setting out content of auditor's report, when auditor's report is to be modified
- Comply with "ISA for LCE"
- Example report (clean) in appendix
 - Shorter and only contains auditor's conclusion and basis for the auditor's opinion
 - All standard text in an appendix
- Support guide with examples of modified reports, emphasis of matter and other matter paragraphs, and material uncertainty with respect to going concern paragraphs
- ISA 701 – Key Audit Matters
 - If voluntarily reported – need to comply with ISA 701 (conditional requirement)

Other Key Matters

- Maintenance of the standard – stable platform (updated not less than every 3 years)
- Definitions
- Revising the standard as appropriate to the circumstances of an LCE (e.g., identifying and assessing the risks of material misstatement)
- Essential explanatory material
- Support guidance for application of the standard
- Outreach when standard is out for consultation

Matters for CAG Consideration

1. In this meeting, Representatives are asked for views on:
 - a) The applicability of the draft ISA for LCE (see **Agenda Item D.4**, Section A).
 - b) The reporting requirements of the draft ISA for LCE (Part 9 and Appendix 6 of **Agenda Item D.4**).
2. Representatives are also asked whether there are any other comments in relation to the draft ISA for LCE that the LCE Task Force should consider as it finalizes the draft for exposure.



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