

Audits of Less Complex Entities: ISA for LCE

Kai Morten Hagen, Task Force Chair
IAASB CAG September 2022 Meeting
Agenda Item B.1



ED-ISA for LCE: Feedback

- 24 IAASB Organized Events: Roundtables, Presentations, Linked-In Live
- 90+ Countries Reached
- Paris Conference: 130+ participants
- 33 Jurisdictions

145 Comment Letters
250 Survey Responses



ED-ISA for LCE: Key Themes from Feedback



The Nature of the Standard

Remain standalone (“self-contained”)
Explore approach to complex estimates



The Basis for the Design of the Standard

Clarify nature of typical LCE to guide revisions
Explore further differentiation from the ISAs



The Authority of the Standard

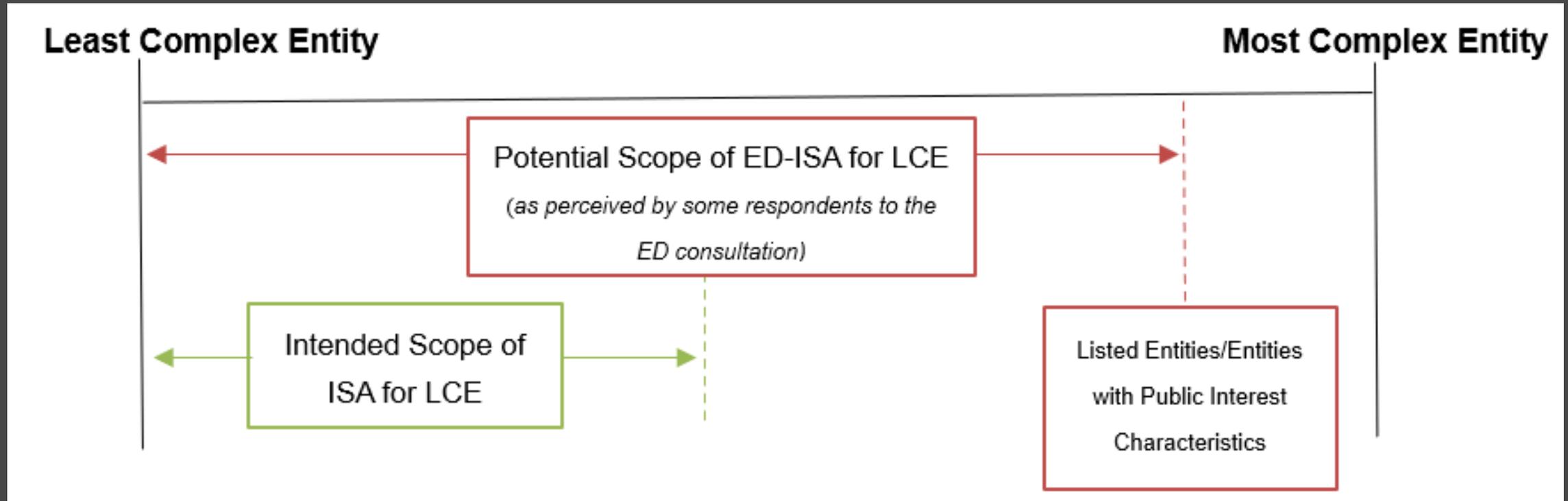
Better describe who the standard is for
Explore use of quantitative thresholds



The Inclusion of Audits of Group Financial Statements (Group Audits)

Explore how to be included and presented
Authority: add group specific characteristics

ED-ISA for LCE – Feedback on Scope



Proposed Changes to Authority

Prohibitions

- Limitation for group audits removed

Qualitative Characteristics

- Described what “less complex” is
- Changed individual characteristics

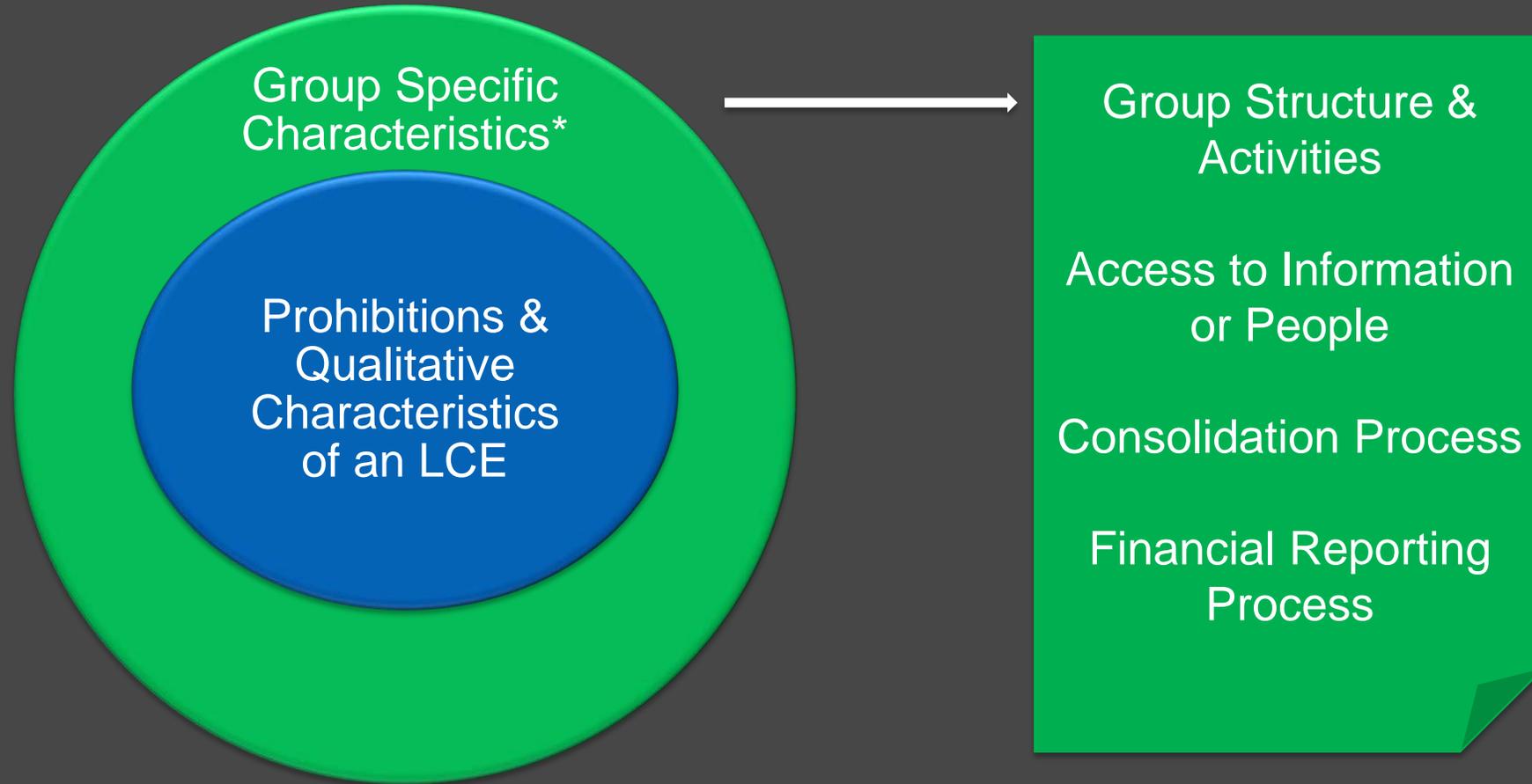
Quantitative Thresholds (new)

- Added placeholder
- Included guidance for jurisdictions to determine thresholds

EEM

- Movement of content to EEM
- Clarified other topics not included (e.g., use of internal audit)

Approach to Authority: Group Audits



*Considered in addition to the Prohibitions and Qualitative Characteristics of an LCE

Matters for IAASB CAG Consideration

Authority

The Representatives are asked for their views on:

1. The proposed changes to the Authority in **Agenda Item B.3** (including changes for group audits)

Part 10, Audits of Group Financial Statements

ISA 600 (Revised)

Requirements relevant to LCE

Requirements NOT relevant to typical LCE



Part 10, Audits of Group Financial Statements



Addressed in other parts of ISA for LCE



Use of Component Auditors

Matters for IAASB CAG Consideration

Group Audits & Other Matters

2. The Representatives are asked for their views on the drafting of Part 10, Group Audits as presented in **Agenda Item B.2**
3. Any other matters Representatives may wish to raise on the project

The Way Forward

- ✓ Next Board discussion:
September 2022 IAASB meeting
- ✓ Continue to analyze responses to exposure draft
- ✓ Commence drafting in priority areas
- ✓ Public exposure - Part 10, *Audits of Group Financial Statements*



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