

# 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



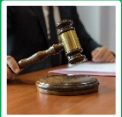
## The Nature of the Standard

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

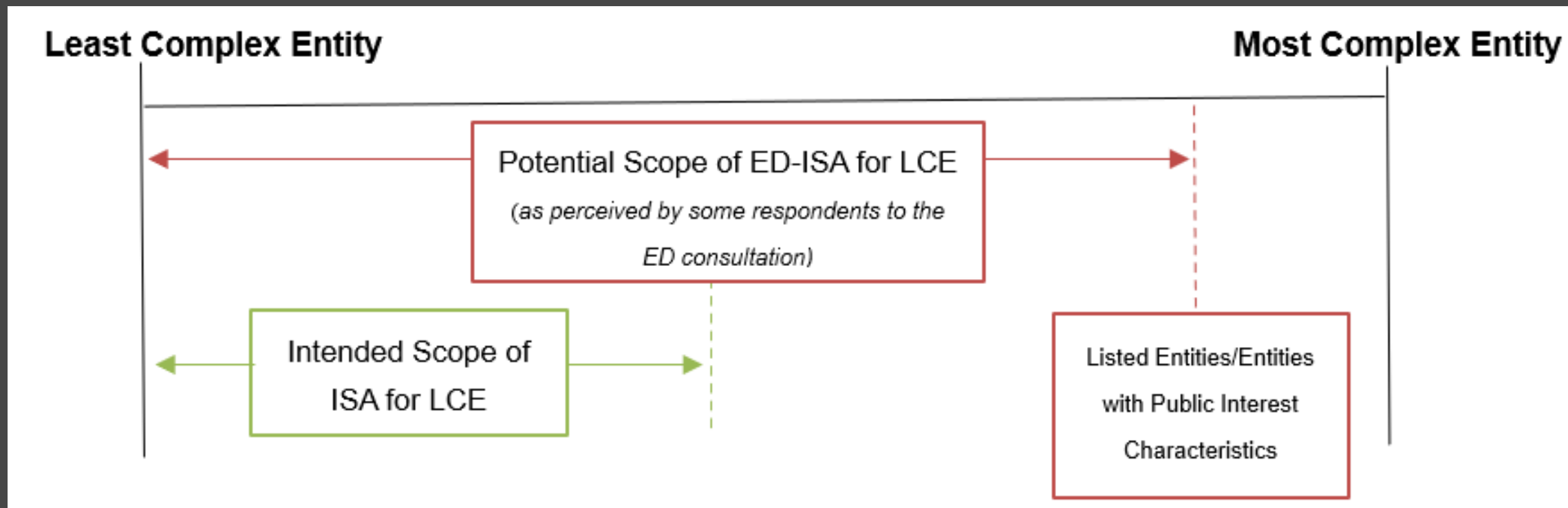
Better describe who the standard is for  
Explore use of quantitative thresholds



## 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

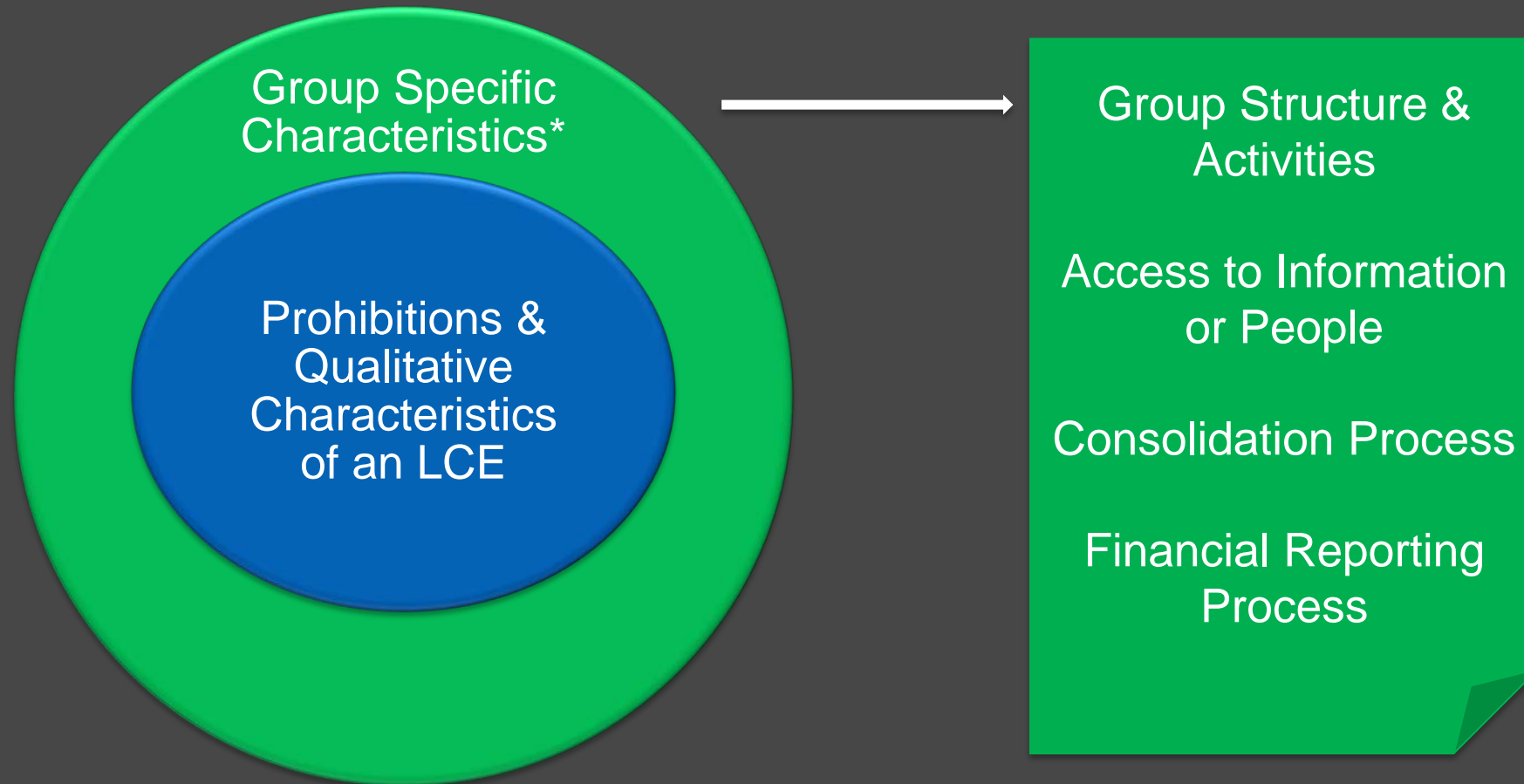
## Quantitative Thresholds (new)

- 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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