

## Agenda Item 9 (Supplement D)

### Mapping of the LCE Specific Standard planning section to ISA 300, *Planning an Audit of Financial Statements*

**Note:**

The detailed mapping of the objective and requirements of the LCE Specific Standard planning section to ISA 300, *Planning an Audit of Financial Statements* has been prepared by IAASB Staff for illustration purposes only.

Section	Reference & Heading		Text		Comparison
	LCE Specific Standard	ISA	LCE Specific Standard	ISA	
<b>Objective</b>	LCE Specific Standard Paragraph 24	ISA 300 Paragraph 4	The objective of the auditor is to plan the audit so that it will be performed in an effective manner to include the application of the concept of materiality appropriately in planning and performing the audit.	The objective of the auditor is to plan the audit so that it will be performed in an effective manner.	The objective from ISA 300 is fully included in the LCE Specific Standard. The LCE Specific Standard combines the objectives from ISA 300 and 320.
<b>Requirements</b>	n/a	ISA 300 Paragraph 5 <b>Involvement of Key Engagement Team Members</b>	n/a	The engagement partner and other key members of the engagement team shall be involved in planning the audit, including planning and participating in the discussion among engagement team members. (Ref: Para. A4)	The requirement for the engagement partner and other key members of the engagement team be involved in planning the audit as well as participating in the discussion among engagement team members is not included within the LCE Specific Standard.
<b>Requirements</b>	LCE Specific Standard Paragraph 5	ISA 300 Paragraph 6	The engagement partner shall take responsibility for:  .....	The auditor shall undertake the following activities at the beginning of the current audit engagement:	The LCE Specific Standard within the section on Supervision and Quality Control requires the engagement partner to "take

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Section	Reference & Heading		Text		Comparison
	LCE Specific Standard	ISA	LCE Specific Standard	ISA	
	Supervision and Quality Control LCE Specific Standard Paragraph 19-23 Acceptance or Continuation of an Audit Engagement	<b>Preliminary Engagement Activities</b>	<ul style="list-style-type: none"> <li>• determining that appropriate procedures regarding acceptance and continuance of the audit engagement have been followed and determining that conclusions reached in that regard are appropriate;</li> <li>• the direction, supervision and performance of the audit engagement in compliance with professional standards, relevant ethical requirements and applicable legal and regulatory requirements;</li> </ul> <p>.....</p>	(a) Performing procedures required by ISA 220 regarding the continuance of the client relationship and the specific audit engagement; (b) Evaluating compliance with relevant ethical requirements, including independence, in accordance with ISA 220, and (c) Establishing an understanding of the terms of the engagement, as required by ISA 210. (Ref: Para. A5–A7)	responsibility" for "determining that appropriate acceptance and continuance of the audit engagement have been followed" and for "compliance with relevant ethical requirements". ISA includes requirements that if the engagement partner obtains information that would have caused the firm to decline the audit engagement had that information been available earlier. This is not included in the LCE Specific Standard.  The LCE Specific Standard covers Acceptance or Continuation of an Audit Engagement in a separate section of the Standard.
<b>Requirements</b>	LCE Specific Standard Paragraph 25 <b>Scope, Timing and Direction</b>	ISA 300 Paragraph 7 <b>Planning Activities</b>	The auditor shall set the scope, timing and direction of the audit that supports the development of the audit.	The auditor shall establish an overall audit strategy that sets the scope, timing and direction of the audit, and that guides the development of the audit plan.	Both ISA for the LCE Specific Standard require the auditor to set the "scope, timing and direction" in planning the audit. The LCE Specific Standard does not use the terms "audit strategy" or "audit plan" as found in ISA.

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Section	Reference & Heading		Text		Comparison
	LCE Specific Standard	ISA	LCE Specific Standard	ISA	
<b>Requirements</b>	LCE Specific Standard Paragraph 25 <b>Scope, Timing and Direction</b>	ISA 300 Paragraph 8 <b>Planning Activities</b>	<p>In establishing the scope, timing and direction of the audit, the auditor shall:</p> <ul style="list-style-type: none"> <li>• identify the characteristics of the engagement that define its scope;</li> <li>• ascertain the expected timing of the audit and the nature of the communications and reporting required;</li> <li>• consider the factors that, in the auditor’s professional judgment, are significant in determining the scope, timing and direction of the audit;</li> <li>• consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for this entity is relevant; and</li> <li>• ascertain the nature, timing and extent of resources necessary to perform the audit.</li> </ul>	<p>In establishing the overall audit strategy, the auditor shall:</p> <p>(a) Identify the characteristics of the engagement that define its scope;</p> <p>(b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;</p> <p>(c) Consider the factors that, in the auditor’s professional judgment, are significant in directing the engagement team’s efforts;</p> <p>(d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and</p> <p>(e) Ascertain the nature, timing and extent of resources necessary to perform the engagement. (Ref: Para. A8–A11)</p>	<p>The LCE Specific Standard does not use the terms "audit strategy" or "audit plan" as found in ISA and require the auditor to set the "scope, timing and direction" in planning the audit.</p> <p>Differences are also observed in some of the bullet points as follows:</p> <ul style="list-style-type: none"> <li>• Differences are observed in ISA bullet point (b) and second bullet point in the LCE Specific Standard.</li> <li>• The LCE Specific Standard in bullet point three refers to factors that are significant in determining the scope, timing and direction of the audit, while ISA in bullet point (c) considers factors significant in directing the engagement team’s efforts.</li> <li>• The LCE Specific Standard refers to “the audit” while ISA refers to “the engagement” (last bullet point in the LCE Specific Standard and bullet point (e) in ISA).</li> </ul>

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Section	Reference & Heading		Text		Comparison
	LCE Specific Standard	ISA	LCE Specific Standard	ISA	
<b>Requirements</b>	<p>LCE Specific Standard Paragraph 14</p> <p><b>Documenting the Engagement</b></p> <p><i>Documentation Requirements</i></p>	<p>ISA 300 Paragraph 9</p> <p><b>Planning Activities</b></p>	<p>The auditor shall prepare audit documentation on a timely basis that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand:</p> <ul style="list-style-type: none"> <li>• the nature, timing and extent of the audit procedures planned and performed to comply with this standard and applicable legal and regulatory requirements, including significant changes made during the audit in relation to the timing and extent of procedures performance and work reviewed, including who performed the work;</li> <li>• the results of the audit procedures performed, and the audit evidence obtained, including the characteristics of the specific items or matters tested; and</li> <li>• significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.</li> </ul>	<p>The auditor shall develop an audit plan that shall include a description of:</p> <p>(a) The nature, timing and extent of planned risk assessment procedures, as determined under ISA 315 (Revised).</p> <p>(b) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ISA 330.</p> <p>(c) Other planned audit procedures that are required to be carried out so that the engagement complies with ISAs. (Ref: Para. A12-A14)</p>	<p>ISA requires the auditor to develop an audit plan. The LCE Specific Standard does not use the terms "audit strategy" or "audit plan" as found in ISA. The LCE Specific Standard does require the auditor to document "the nature, timing and extent of the audit procedures planned and performed" and this requirement is included under Documentation Requirements (Section on Documenting the Engagement).</p>

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Section	Reference & Heading		Text		Comparison
	LCE Specific Standard	ISA	LCE Specific Standard	ISA	
<b>Requirements</b>	<p>LCE Specific Standard Paragraph 41</p> <p><b>Identifying and Assessing the Risk of Material Misstatement</b> <i>Reassessment of Risk</i></p>	<p>ISA 300 Paragraph 10</p> <p><b>Planning Activities</b></p>	<p>The auditor's assessment of the risks of material misstatement at the assertion level may change during the course of the audit as additional audit evidence is obtained. In circumstances where the auditor obtains audit evidence from performing further audit procedures, or if new information is obtained, either of which is inconsistent with the audit evidence on which the auditor originally based the assessment, the auditor shall revise the assessment and modify the further planned audit procedures accordingly.</p>	<p>The auditor shall update and change the overall audit strategy and the audit plan as necessary during the course of the audit. (Ref: Para. A15)</p>	<p>ISA require the audit strategy and audit plan to be updated when necessary. The LCE Specific Standard includes a requirement within the section of Identifying and Assessing the Risk of Material Misstatement to reassess the risk assessment and modify the further planned audit procedures in the course of the audit as additional audit evidence is obtained.</p>
<b>Requirements</b>	<p>LCE Specific Standard Paragraph 5</p> <p><b>Supervision and Quality Control</b></p>	<p>ISA 300 Paragraph 11</p> <p><b>Planning Activities</b></p>	<p>The engagement partner shall take responsibility for:</p> <p>.....</p> <ul style="list-style-type: none"> <li>the direction, supervision and performance of the audit engagement in compliance with professional standards, relevant ethical requirements and applicable legal and regulatory requirements;</li> </ul>	<p>The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work. (Ref: Para. A16–A17)</p>	<p>ISA requires the auditor to "plan" the direction and supervision of "the engagement team members" and review of their work. The LCE Specific Standard within the section on Supervision and Quality Control requires the engagement partner to "take responsibility" for the direction, supervision and performance of "the audit engagement" and "reviews being performed."</p>

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	LCE Specific Standard	ISA	LCE Specific Standard	ISA	
			<ul style="list-style-type: none"> <li>• reviews being performed in accordance with the firm's review policies and procedures;</li> </ul> <p>.....</p>		
<b>Requirements</b>	<p>LCE Specific Standard Paragraph 30</p> <p><b>Additional Documentation Requirements</b></p>	<p>ISA 300 Paragraph 12</p> <p><b>Documentation</b></p>	<p>In addition to the general documentation requirements (13-16) for an audit engagement, the auditor shall include the following in the audit documentation:</p> <ul style="list-style-type: none"> <li>• the scope, timing and direction of the audit, and significant changes made during the audit, together with the reasons for such changes.</li> <li>• the materiality, including any revisions, for the financial statements as a whole, and judgments made in determining materiality, to include: <ul style="list-style-type: none"> <li>- materiality level or levels for particular classes of transactions, account balances or disclosures;</li> <li>- performance materiality</li> </ul> </li> </ul>	<p>The auditor shall include in the audit documentation:</p> <ul style="list-style-type: none"> <li>(a) The overall audit strategy;</li> <li>(b) The audit plan; and</li> <li>(c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes. (Ref: Para. A18–A21)</li> </ul>	<p>The LCE Specific Standard does not use the terms "audit strategy" or "audit plan" as found in ISA and require the auditor to set the "scope, timing and direction" in planning the audit.</p> <p>The LCE Specific Standard combines the additional documentation requirements from ISA 300 and 320.</p>

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	LCE Specific Standard	ISA	LCE Specific Standard	ISA	
<b>Requirements</b>	LCE Specific Standard Paragraph 5 Supervision and Quality Control	ISA 300 Paragraph 13 <b>Additional Considerations in Initial Audit Engagements</b>	The engagement partner shall take responsibility for: ..... • determining that appropriate procedures regarding acceptance and continuance of the audit engagement have been followed and determining that conclusions reached in that regard are appropriate; .....	The auditor shall undertake the following activities prior to starting an initial audit:  (a) Performing procedures required by ISA 220 regarding the acceptance of the client relationship and the specific audit engagement; and  (b) Communicating with the predecessor auditor, where there has been a change of auditors, in compliance with relevant ethical requirements. (Ref: Para. A22)	The LCE Specific Standard within the section on Supervision and Quality Control requires the engagement partner to "take responsibility" for "determining that appropriate acceptance and continuance of the audit engagement have been followed". ISA includes requirements if the engagement partner obtains information that would have caused the firm to decline the audit engagement had that information been available earlier. This is not included in the LCE Specific Standard.  There is no requirement of communication with the predecessor auditor in the LCE Specific Standard.