

# Supplement 1-06 to Agenda Item 6

**Audits of Less Complex Entities – ED-ISA for LCE – Q16 Should a separate Part on the ISA-800 series be included within ED-ISA for LCE? Please provide reasons for your response.**

**Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\1) Yes (Include Part on 800s)\a. Before Finalization**

## **3. Regulators and Audit Oversight Authorities**

### **Independent Regulatory Board for Auditors (IRBA)**

We agree that a separate Part on the ISA 800 series be included in the proposed standard now, before it is finalised and issued.

ISA 800 should be included in the proposed standard, so that it can also be applied to audit clients that prepare their financial statements on special purpose frameworks (e.g. entity specific basis of accounting). LCEs may typically be such types of entities; and considering that the proposed standard may not be used in conjunction with the ISAs, not including ISA 800 may preclude the use of the proposed standard for these types of entities.

Additional considerations may need to be added to the Authority to determine when these types of audits will be considered less complex, to ensure that the proposed standard is appropriately applied in the specific circumstances.

Further, we suggest that the proposed standard excludes engagements to report on summary financial statements, ISA 810 (Revised), as this may be considered complex.

## **5. Accounting Firms**

### **MNP LLP**

We believe that a separate Part on the ISA-800 series should be included within ED-ISA for LCE. There are many circumstances where we perform audits over special purpose financial statements for less complex entities. We do not expect it to require a high level of effort in order to incorporate these sections into the new standard, therefore it would be better to include now than to consider including after the new standard is effective.

## **7. Professional Accountancy and Other Professional Organizations**

### **Eurasian Group of Accountants and Auditors**

We believe that it would be appropriate to include in the ED-ISA for LCE a separate part on the application of the ISA-800 series for LCE. We often conduct audits of special purpose financial statements of entities that can be classified as LCEs. Such a part must be developed and included in the ED, i.e. before the issuance of the ISA for LCE.

### **Self-Regulatory Organization of Auditors Association (SRO AAS)**

In ED ISA for LCE, it is advisable to include a separate part on the application of the ISA-800 series for LCE. We used to conduct an audit of special purpose financial statements of those organizations that can be attributed as LCE. Such a part may be considered relevant for development and inclusion in the ED, that is, before the ISA for the LCE is adopted.

**Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\1) Yes (Include Part on 800s)\b. Later is Acceptable**

## **5. Accounting Firms**

### **KPMG IFRG Limited**

We recognise that the IAASB does not propose to include core requirements from the ISA 800 series in the LCE ISA, as the LCE ISA is aimed at “typical” LCEs that request an audit of a complete set of general-purpose financial statements.

We acknowledge the Board’s rationale regarding the ISA 800-series, however, we recommend inclusion of these core requirements, perhaps in the medium term, recognising that an entity may use a special purpose framework because it is a less complex entity and such a framework may be more suited to the users’ needs. Accordingly, we believe it would be helpful for the standard to include relevant requirements, however, we note that these could be set out within a separate section of the standard, to avoid clutter.

### **Price Bailey LLP**

Response: We think this should be considered over time and added. We do report under ISA-800 for a number of LCE’s and therefore for this to be an option would be beneficial.

## RSM International

If the IAASB can include a section of the ISA-800 series in the same timeframe as including a section on Groups, then we would support this. However, the urgency of completing and issuing the final LCE standard is such that we would not want to see its issue delayed by the inclusion of the ISA-800 series. If this is likely to happen then our view is that the ISA-800 series should be considered for a later update to the standard.

## 7. Professional Accountancy and Other Professional Organizations

### Association of Practising Accountants

Response: We think this should be considered over time and added. Within the UK we do report under ISA-800 for a number of LCE's and therefore for this to be an option would be beneficial.

### Institute of Chartered Accountants in England and Wales

A separate part on the ISA-800 series should be included at a later date. In the UK, ISA 800 is used as the basis for work performed on less complex entities such as micro-entities and service charge audits. However, we believe it more important for IAASB to focus its efforts on the key areas of the standard for now.

### Institute of Chartered Accountants of Ghana

Response: Yes, it should. But given the early stages of development of this standard, we agree with the authors that this can be deferred to a later date when the dust has settled. It is anticipated that most SMEs who use ISA -800 might also be classified as less complex entities.

## Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE1) Yes (Include Part on 800s)\c. No Timeframe Specified

*[Comments as per themes below – Did not include again to avoid repetition]*

## Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE1) Yes (Include Part on 800s)\d. ISA 800s Relevant for LCE Engagements

## 3. Regulators and Audit Oversight Authorities

### Independent Regulatory Board for Auditors (IRBA)

We agree that a separate Part on the ISA 800 series be included in the proposed standard now, before it is finalised and issued.

ISA 800 should be included in the proposed standard, so that it can also be applied to audit clients that prepare their financial statements on special purpose frameworks (e.g. entity specific basis of accounting). LCEs may typically be such types of entities; and considering that the proposed standard may not be used in conjunction with the ISAs, not including ISA 800 may preclude the use of the proposed standard for these types of entities.

## 4. National Auditing Standard Setters

### American Institute of Certified Public Accountants

While group audits are specifically excluded from the Authority Document, there are other circumstances that are not addressed in the Exposure Draft, which implies that they are potentially perceived to be an indication that the entity is complex:

- the auditor's communication of key audit matters in the auditor's report when the auditor is engaged to do so,
- use of internal audit, and
- financial statements prepared in accordance with a special purpose framework.

The last circumstance is specifically troublesome as many LCEs prepare financial statements in accordance with a special purpose framework, such as the modified cash basis or income tax basis of accounting. Many such frameworks are inherently less complex than a general-purpose framework such as International Financial Reporting Standards (IFRS). The International Accounting Standards Board implicitly acknowledges the complexities included in IFRS with the issuance of IFRS for Small- and Medium-Sized Entities.

While, as noted above, it is important to articulate a clear definition of an LCE, we do not believe that group audits or special purpose frameworks should be categorically excluded from that definition. The reference to these and other matters that are not prima facie indicators of complexity could be conditional. That is, the requirement could be such that when the auditor encounters such issues during the audit of the financial statements of an LCE, then certain requirements would apply. When

these types of circumstances exist, the inability to perform the audit in accordance with the Exposure Draft will result in a significant impediment to adoption.

### **Canadian Auditing and Assurance Standards Board**

Yes. Some stakeholders noted that there are special purpose framework audits of LCEs. Also, summary financial statements may be prepared for LCEs.

### **Hong Kong Institute of Certified Public Accountants**

In Hong Kong, it is not uncommon that a special purpose audit under ISA 800 (Revised) or ISA 805 (Revised) be carried out for regulatory or other purposes. The application of ISA 800 (Revised) and ISA 805 (Revised) eases auditors' effort to duplicate the work already performed in auditing the underlying general purpose financial statements under the ISAs.

The absence of a section equivalent to the ISA 800 (Revised) series would restrict auditors from using ED-ISA for LCE to perform special purpose audits. This is particularly burdensome if a special purpose audit is required after the auditor completes an audit under ED-ISA for LCE.

### **Japanese Institute of Certified Public Accountants**

We think that a separate Part on the ISA-800 series should be included within ISA for LCE.

The ISA-800 series is relevant to audit engagements, especially those for not-for-profit organizations (NPOs), in Japan. Therefore, they should be included within ISA for LCE. Financial statements of NPOs may be prepared in accordance with special purpose frameworks so that they can meet the needs of specific users. Further, as many NPOs in Japan are determined as less complex entities, ISA for LCE could also be applied to such organizations.

### **Malaysian Institute of Accountants**

Response: There needs to be a consistent application of the use for LCE audits regardless of whether the audit relates to a general purpose or special purpose financial statements as it is the underlying entity which is determined to be complex or less complex rather than the financial statements itself. Excluding ISA-800 series in the proposed standard may arguably fail to cover all circumstances of an LCE audit scenario, possibly creating gap that can lead to the proposed standard being unable to achieve its desired intention of providing an alternative approach.

### **New Zealand Auditing and Assurance Standards Board**

The NZAuASB recommends that requirements relating to the ISA 800-series should be included in the ISA for LCE. In New Zealand, only companies that meet the requirements of 'large' as defined by the Financial Reporting Act 2013 are required to be audited and prepare general purpose financial reports. This means that many entities that are not 'large' sit below the statutory audit threshold. However, some entities still require financial statements to be audited for different purposes, such as tax. These entities would prepare special purpose financial reports (SPFR) in accordance with minimum requirements set by Inland Revenue. Certain financial institutions also require SPFR financial statements to be prepared for banking and lending purposes. Although there are no requirements for these to be audited, there is an option to get these audited to provide assurance over the financial statements prepared. In many instances, ISA-800 audits might apply to entities that are less complex and auditors therefore might benefit from being allowed to make use of the proposed standard, with clear requirements outlined on the authority of ED-ISA for LCE for these audits.

## **5. Accounting Firms**

### **BDO International**

Response: We believe that ISA 800 should be included in the proposed LCE standard because many 'less complex entities' prepare special purpose financial statements and single-financial statements which are often subject to audit too. Excluding the requirements of the ISA 800 series may limit the applicability of ISA for LCE even more than it would already be in many jurisdictions.

### **ETY sas**

Yes, in our jurisdiction assurance engagements within the scope of ISA-800 series are commonly required by Less Complex Entities. Thus the standalone nature of the [draft] ISA for LCE should require the ISA 800 series being taken into account for the standard to be complete and consistent with needs of auditors and stakeholders.

### **Grant Thornton International Limited**

If the separate standard for audits of the financial statements of LCEs is to go ahead, we would support a separate Part on the ISA 800 series to be included. Audits are currently performed under these ISAs and there appears to be no rationale as to why such audits could not be performed in the same manner if the entity subject to audit qualifies to be audited under ED-ISA for LCE.

## **Mazars**

Yes. ISA 800 and ISA 805 reports are also used within LCE-entities for various stakeholders such as agencies providing grants or government support requiring that the receiver of the grant reports the usage of the resources obtained and that these reports are subject to assurance by an auditor. These assurance engagements are often based on the statutory audit performed with adding procedures adequate for the circumstances. There need to be an "easy way" to use the 800-series for ISA for LCE as well. In our view it is important that ISA for LCE can be the basis for these type of assurance engagements as well.

## **MNP LLP**

We believe that a separate Part on the ISA-800 series should be included within ED-ISA for LCE. There are many circumstances where we perform audits over special purpose financial statements for less complex entities. We do not expect it to require a high level of effort in order to incorporate these sections into the new standard, therefore it would be better to include now than to consider including after the new standard is effective.

## **PriceWaterhouseCoopers**

The ISA 800 series should be incorporated. In our experience, smaller and less complex entities can and do use special purpose frameworks. In territories where there is no statutory audit requirement, entities may still request an audit due to lending or other arrangements. Third parties often also request an audit of an individual financial statement or elements thereof for similar reasons. The ISA 800 series contains limited additional requirements, and therefore their incorporation into the LCE standard should not be unduly onerous.

## **7. Professional Accountancy and Other Professional Organizations**

### **Chamber of Auditors of the Czech Republic**

We believe that there should be a separate Part for the audit of special purpose financial statements or single statements or separate elements of the financial statements (ISA 800 and 805 equivalents). For example, in our jurisdiction, such audit is often required by the legislation or government grant rules. Such audits are also common in business combinations.

### **Chamber of Financial Auditors of Romania**

Response:

From our point of view an ISA 800 series would be highly recommended. Based on our observation of the local market, there are a lot of start-ups created by a mother company located in EU or outside EU. As a rule, parent companies request an audit of financial statements (even that local entities do not meet the criteria to be audited – statutory audit). These entities may fall into the LCE category and a set of ISAs for these types of entities are potential market demand.

### **Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants**

In respect of the ISA-800 series, most of our stakeholders were in favour of the standard addressing special purpose financial statements and audits of elements of financial reports or single statements. Particularly in the NFP sectors, less complex entities may receive government funding that requires a grant acquittal audit or similar engagement or may prepare special purpose financial statements under their regulatory frameworks or governing documents. If practitioners have to perform special purpose engagements under the full ISAs, it is a disincentive to adopt ISA for LCEs as they will not necessarily wish to maintain two audit methodologies.

In our view, it does not make sense for a practitioner to be able to audit an LCE's general purpose financial report under ISA for LCEs but have to revert to a full ISA engagement for special purpose or other financial reporting engagements they may need. We therefore support that ISA for LCE should include a section that addresses the requirements of the ISA-800 series.

### **Chartered Accountants Ireland**

We believe that ISA 800 series will be relevant and therefore should be included here.

### **Eurasian Group of Accountants and Auditors**

e believe that it would be appropriate to include in the ED-ISA for LCE a separate part on the application of the ISA-800 series for LCE. We often conduct audits of special purpose financial statements of entities that can be classified as LCEs. Such a part must be developed and included in the ED, i.e. before the issuance of the ISA for LCE.

We believe that it would be appropriate to include in the ED-ISA for LCE a separate part on the application of the ISA-800 series for LCE. We often conduct audits of special purpose financial statements of entities that can be classified as LCEs. Such a part must be developed and included in the ED, i.e. before the issuance of the ISA for LCE.

### **Indonesian Committee on Public Accountant Profession (KPAP)**

Response: KPAP believes that a separate Part on the ISA-800 series needs to be included within ED-ISA for LCE. There are several circumstances where auditors perform audits over special purpose financial statements for less complex entities. Thus, it would be better to include a separate section on the ISA-800 series in the ED-ISA for LCE.

## **Institute for the Accountancy Profession in Sweden (FAR)**

ISA 800 and ISA 805 reports are also used within LCE-entities for various stakeholders such as agencies providing grants or government support requiring that the receiver of the grant reports the usage of the resources obtained and that these reports are subject to assurance by an auditor. These assurance engagements are often based on the statutory audit performed with adding procedures adequate for the circumstances. There need to be an "easy way" to use the 800-series for ISA for LCE as well. In our view it is important that ISA for LCE can be the basis for these type of assurance engagements as well.

## **Institute of Chartered Accountants of Pakistan**

Response:

ISA-800 series is widely used due to varied need and utility of specialized reportings and auditors reports thereon. Less complex entities could be required to prepare reporting as per special purpose framework.

In case the ISA for LCE is based on the approach of a standalone standard then part of the ISA-800 series should be included within the ISA for LCE. On the other hand, if ISA for LCE is not made part of ISAs then ISA-800 series can be linked to cover the less complex entities.

## **Instituto Mexicano de Contadores Públicos (IMCP)**

Surely, we believe that a separate part of the ISA 800 series should be included within the ED-ISA for LCE. We estimate that the use of the new set of standards for LCE will be to the same extent as it will be used for entities preparing financial statements under a general purpose framework.

To date, only financial statements prepared under a general purpose financial reporting framework are referred to in both the glossary and paragraphs 6 to 9 of the ED-ISA for LCE. However, we will find entities that prepare their financial statements under a Financial Reporting Framework for specific Purposes or Users, which will qualify as LCE, therefore, it should be part of the project to include this type of entities.

In fact, ISAs refer to financial statements prepared for specific purposes only in the appendices of ISA 200 and of course in ISA 800, so we believe it is straightforward to include this section within the ED-ISA for LCE.

## **Korean Institute of Certified Public Accountants**

We believe that it is recommended that the ISA-800 series be included within the ISA for LCE. The ISA-800 series is applicable to entities regardless of their level of complexity. Thus, less complex entities should also be able to apply the ISA-800 series.

## **Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA-BF)**

Response:

Yes, in our jurisdiction assurance engagements within the scope of ISA-800 series are commonly required by Less Complex Entities. Thus the standalone nature of the [draft] ISA for LCE should require the ISA 800 series being taken into account for the standard to be complete and consistent with needs of auditors and stakeholders.

## **Self-Regulatory Organization of Auditors Association (SRO AAS)**

In ED ISA for LCE, it is advisable to include a separate part on the application of the ISA-800 series for LCE. We used to conduct an audit of special purpose financial statements of those organizations that can be attributed as LCE. Such a part may be considered relevant for development and inclusion in the ED, that is, before the ISA for the LCE is adopted.

## **Society of Certified Accountants and Auditors of Kosovo (SCAAK)**

Response: We encourage inclusion of part on ISA-800 series since in cases where an entity would prepare a single financial statement or financial statements are prepared in accordance with special purpose framework would be excluded from using ISA for LCE and full ISAs would be required to audit these entireties. Majority of cases when ISA 800/805 is used in our country are with non-for-profit organizations funded by different donors which in nature are non-complex entities.

## **South African Institute of Chartered Accountants (2)**

In terms of the LCE Standard, "the draft standard may not be used for audits that are not audits of financial statements of LCEs. If the [draft] ISA for LCE is used for an audit outside the intended scope of this [draft] standard, compliance with the requirements of the [draft] ISA for LCE will not be sufficient for the auditor to obtain sufficient appropriate audit evidence to support a reasonable assurance opinion." [Paragraph A.2]. South Africa has various entities that derive their existence from different pieces of legislation. There is a view that the audits of some of these entities may not necessarily be complex and that the LCE standard may be appropriate in conducting their audits. However, for some of these engagements, the auditor has to form an opinion based on a compliance framework rather than a fair presentation framework. SAICA's view is that the scope of the LCE standard should be expanded beyond fair presentation frameworks, where applicable.

114. Consideration should be given for ISA 800 to be included so that the LCE standard may also be applied at audits of entities who prepare financial statements on special purpose frameworks. The types of entities may fit the LCE criteria and considering



that the LCE standard may not be used in conjunction with the ISAs, not including ISA 800 may preclude the use of ISA for LCE at these types of entities. In South Africa for example, the audit of certain schools would be audited using a special purpose framework. These audits are not necessarily complex and the transactions would be relatively routine. In such scenario, the use of the LCE standard would make sense.

## 8. Academics

### Argentine institute of Auditing Professors

Response: We consider it necessary to include in the regulatory body of ISA for LCE a part that contemplates all the assignments regulated in the ISA-800 since they are useful works requested by complex entities and will also be required by entities qualified as less complex.

## 9. Individuals and Others

### Cristian Munarriz

Response: Yes, I think it is critical because it is very common for LCE to use special purpose frameworks (e.g. tax standards). Also a LCE may be required to provide an audited statement of financial position, or an audit of specific accounts (e.g. revenue) for compliance with specific regulations or contractual requirements (for example, in the case of a merger). It should be a separate section.

## Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE1) Yes (Include Part on 800s)\e. Other Supportive Comments

## 5. Accounting Firms

### RSM International

Response: Yes, we believe that the ISA-800 series should be included in the ISA for LCE because the principles in ED-ISA for LCE could equally be applied to engagements performed under ISA-800.

## 6. Public Sector Organizations

### Auditor-General of New Zealand

We appreciate that this is not a matter of great urgency. However, the development of a separate Part on the ISA-800 series should be included in the proposed standard. This is a natural expansion of the proposed standard because, for example, stakeholders are increasingly more likely to read summary financial statements to obtain a “snapshot” of the performance and position of an entity than read the full financial statements.

## 7. Professional Accountancy and Other Professional Organizations

### ASSIREVI

Specific information on the ISA 800 series should definitely be included in ED-ISA for LCE.

The current ISA 800 series frequently refers directly and indirectly to other auditing standards. Should an LCE need to have a single financial statement or an element of a financial statement audited (a very frequent circumstance in Italy due to specific laws or regulations or professional practice), the auditor would have to refer to the ISA 800 series and, accordingly, apply all the auditing standards it refers to, with a paradoxical effect given that application of the proposed ISA for LCE excludes the application of the other standards.

### Chamber of Auditors of the Republic of Azerbaijan

16. A separate part on the ISA-800 series should be included within ED-ISA for LCE as the audit of special purpose financial statements is an integral part of audit services.

### Institute of Certified Public Accountants of Cyprus

Response: Yes, it could be included as a separate part.

### Institute of Certified Public Accountants of Uganda

ICPAU supports the inclusion of a separate part of the ISA 800 series within the ED- ISA for LCEs to address specialized areas of audits of LCEs.

### Institute of Chartered Accountants of Jamaica

YES; it should be included because ISA 800 deals with audits of financial statements prepared in accordance with special purpose framework.

## **Institute of Chartered Accountants of the Maldives**

We are of the opinion that a separate part of the ISA 800 series should be included within the proposed Exposure Draft for LCEs. As it is considered as a standalone standard, special considerations audits of financial statements prepared in accordance with special purpose frameworks should be addressed in the standard.

## **Instituto dos Auditores Independentes do Brasil**

Yes.

## **Polish Chamber of Statutory Auditors Warsaw (Regional Branch)**

Yes.

## **REA Auditores**

We think will be useful the development of a part for the ISA-800 series to be included in the ED-ISA for LCE.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\1) Yes (Include Part on 800s)\f. Other Comments**

### **3. Regulators and Audit Oversight Authorities**

#### **Independent Regulatory Board for Auditors (IRBA)**

Additional considerations may need to be added to the Authority to determine when these types of audits will be considered less complex, to ensure that the proposed standard is appropriately applied in the specific circumstances.

### **4. National Auditing Standard Setters**

#### **American Institute of Certified Public Accountants**

If the IAASB disagrees with this recommendation and, instead, believes that the preceding matters (and other circumstances that were not contemplated in the design of the Exposure Draft) are prima facie indicators of complexity, we recommend that the Authority Document be revised to include a list of all such circumstances so that the auditor is aware of the limitations on the use of the proposed standard prior to the commencement of the engagement.

#### **Canadian Auditing and Assurance Standards Board**

Since the requirements would not apply to all audits of LCEs, we believe this should be done in a separate Part or appendix.

### **5. Accounting Firms**

#### **ETY sas**

It is suggested that IAASB modifies any wording of the name/title of the standard to reflect that choice and amend any other relevant wording accordingly.

#### **RSM International**

If the IAASB can include a section of the ISA-800 series in the same timeframe as including a section on Groups, then we would support this. However, the urgency of completing and issuing the final LCE standard is such that we would not want to see its issue delayed by the inclusion of the ISA-800 series. If this is likely to happen then our view is that the ISA-800 series should be considered for a later update to the standard.

### **7. Professional Accountancy and Other Professional Organizations**

#### **Belgian Institute of Registered Auditors (IBR-IRE)**

Yes, provided that specific and exceptional circumstances require a reference to ISA-800.

#### **Instituto Mexicano de Contadores Públicos (IMCP)**

In fact, ISAs refer to financial statements prepared for specific purposes only in the appendices of ISA 200 and of course in ISA 800, so we believe it is straightforward to include this section within the ED-ISA for LCE.

#### **Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA-BF)**

It is suggested that IAASB modifies any wording of the name/title of the standard to reflect that choice and amend any other relevant wording accordingly.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\1) Yes (Include Part on 800s)\g. But Exclude ISA 810**

### **3. Regulators and Audit Oversight Authorities**

#### **Independent Regulatory Board for Auditors (IRBA)**

We agree that a separate Part on the ISA 800 series be included in the proposed standard now, before it is finalised and issued.

ISA 800 should be included in the proposed standard, so that it can also be applied to audit clients that prepare their financial statements on special purpose frameworks (e.g. entity specific basis of accounting). LCEs may typically be such types of entities; and considering that the proposed standard may not be used in conjunction with the ISAs, not including ISA 800 may preclude the use of the proposed standard for these types of entities.

Additional considerations may need to be added to the Authority to determine when these types of audits will be considered less complex, to ensure that the proposed standard is appropriately applied in the specific circumstances.

Further, we suggest that the proposed standard excludes engagements to report on summary financial statements, ISA 810 (Revised), as this may be considered complex.

### **7. Professional Accountancy and Other Professional Organizations**

#### **South African Institute of Chartered Accountants (2)**

113. Yes, it would be useful to include a separate section on the ISA-800 series to provide more details about special audit considerations, with the exception of ISA 810 (Revised), Engagements to report on Summary Financial Statements, as this is unlikely to apply to LCE audits.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\1) Yes (Include Part on 800s)\h. Should be Framework Neutral**

### **4. National Auditing Standard Setters**

#### **Malaysian Institute of Accountants**

Response: There needs to be a consistent application of the use for LCE audits regardless of whether the audit relates to a general purpose or special purpose financial statements as it is the underlying entity which is determined to be complex or less complex rather than the financial statements itself. Excluding ISA-800 series in the proposed standard may arguably fail to cover all circumstances of an LCE audit scenario, possibly creating gap that can lead to the proposed standard being unable to achieve its desired intention of providing an alternative approach.

### **8. Academics**

#### **Hunter College Graduate Program**

16. Yes, it should be included within ED-ISA for LCE because the auditing standard should be framework-neutral. There shouldn't be any difference between the auditing standards on LCE audits and special purpose framework audits, because regardless of what framework the company is using, such as accrual basis, cash basis, tax basis, the overall audit procedures should be the same. For example, the auditors have to check the existence of the inventory and who has the title of the inventory, regardless of what framework the client uses. Therefore, the audit standard ISA-800 should be and can be included in ED-ISA for LCE since it's framework neutral.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\1) Yes (Include Part on 800s)\i. Comments on Interrelationship with ISAs**

### **4. National Auditing Standard Setters**

#### **Hong Kong Institute of Certified Public Accountants**

The ISA-800 series would also need to be updated to clarify interaction with the proposed ISA for LCE on matters such as:

- Could an auditor conduct a special purpose audit using ISA 800/ISA 805 and ISA for LCE? In special purpose audits, other ISAs in addition to ISA 800/ISA 805 are also applicable.
- What is the interaction between ED-ISA for LCE and ISA 805 (Revised) for an adverse opinion or a disclaimer of opinion issued under ISA for LCE?



- Could a report on the summary financial statements be performed under ISA 810 (Revised) where the financial statements are audited under ED-ISA for LCE?

It would be helpful if the IAASB could clarify the interaction between the proposed standard and the ISA-800 series, or include a separate part on the ISA-800 series in the ED to address the issue.

## 7. Professional Accountancy and Other Professional Organizations

### ASSIREVI

The current ISA 800 series frequently refers directly and indirectly to other auditing standards. Should an LCE need to have a single financial statement or an element of a financial statement audited (a very frequent circumstance in Italy due to specific laws or regulations or professional practice), the auditor would have to refer to the ISA 800 series and, accordingly, apply all the auditing standards it refers to, with a paradoxical effect given that application of the proposed ISA for LCE excludes the application of the other standards.

### Chamber of Auditors of the Czech Republic

If the separate Part on the ISA-800 issues is not included, it needs to be clarified whether a full set of ISA is required to be used when dealing with audit of special purpose financial statements, single statements or elements of the financial statement or whether ISA for LCA can still be applied.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\2) No (Dont Include Part on 800s)\a. ISA for LCE for General-Purpose Only**

### 4. National Auditing Standard Setters

#### Institute of Chartered Accountants of India

In our view, a separate Part on the ISA-800 series need not be included within ED-ISA for LCE because ED-ISA for LCE should be restricted to audit of complete set of general-purpose financial statements.

### 7. Professional Accountancy and Other Professional Organizations

#### Accountancy Europe

No, we do not believe that additional sections or requirements should be added to the ISA for LCE which should stay as a standard for auditing a full set of general-purpose financial statements. Some of our members observe a need for separate ISA 800 series for LCE, hence, the IAASB may consider its future actions based on the responses to this consultation.

#### Institute of Chartered Accountants of Scotland

We are not convinced by the need to include a separate Part on the ISA-800 series in the ED-ISA for LCEs. We believe it is preferable for the focus on the ISA for LCEs to be solely on an audit of general-purpose financial statements.

#### Malaysian Institute of Certified Public Accountants

In the event that the IAASB goes ahead to issue it as a standard, we suggest to keep the ED-ISA for LCE for general purpose framework only. Hence, we suggest to exclude the ISA-800 from ED-ISA for LCE.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\2) No (Dont Include Part on 800s)\b. ISA 800 Series Engagements Could Be Complex**

### 5. Accounting Firms

#### Baker Tilly International

Baker Tilly comments: This is only an issue by requiring a standalone ISA for LCE. No, special purpose frameworks is a degree of complexity which would usually demand ISAs.

#### PKF International Limited

Response:

In our view, a separate Part on the ISA-800 series should not be included within ED-ISA for LCE as the types of engagements to which the ISA-800 series applies have the potential for increasing the complexity of the underlying engagement.

**Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\2) No (Dont Include Part on 800s)\c. Not Necessary (General)**

**4. National Auditing Standard Setters**

**Indonesian Institute of Certified Public Accountants (IAPI)**

Response: No. Will be too complicated.

**5. Accounting Firms**

**Duncan & Toplis Limited**

Response: Not at this stage, at least. We agree that the initial focus must be on general purpose financial statements. There may be scope in the future for this, but we feel that this may lead to further confusion as to which standard or set of standards to use for specialised situations.

**MHA Monahans**

We do not think the ISA-800 series should be included in the ISA for LCE. These are specialist areas and better kept within the existing documents ISA 800 and ISA 805.

**SRA**

Inclusion of a separate part on the 800-series is not necessary.

**7. Professional Accountancy and Other Professional Organizations**

**CPA Australia**

We support excluding engagements under the ISA-800 series at this stage. The LCE standard will not be as relevant to all of these engagements as some are much narrower scope than an audit of a set of financial statements. It may be more appropriate to develop additional standards in due course to address these different types of engagements. Seeking to address too many different circumstances is likely to undermine the usefulness of the LCE standard.

**CPA Ireland**

We do not consider that it is necessary to include the ISA-800 series within the ED-ISA for LCE.

**European Federation of Accountants and Auditors for SMEs**

We see limited, if any, need for a separate Part on the ISA-800 series.

**9. Individuals and Others**

**Vera Massarygina**

Response: This point is not of great importance.

**Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\2) No (Dont Include Part on 800s)\d. Separate ISA 800 for LCE**

**7. Professional Accountancy and Other Professional Organizations**

**Union of Chambers of Certified Public Accountants of Turkey (TURMOB)**

No, we do not believe a part on the ISA-800 series should be within ISAs for LCE. A separate ISA 800 for LCE, can be considered.

**Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\2) No (Dont Include Part on 800s)\e. Instead Allow Reference to ISAs**

**5. Accounting Firms**

**Crowe Global**

Should a separate Part on the ISA-800 series be included within ED-ISA for LCE? Please provide reasons for your response.

To avoid creating further Parts to the proposed Standard, users should be permitted to the ISA 800 series of standards if the themes of these standards are relevant to the engagement.

## **Famme & Co. Professional Corporation**

We can foresee situations when engagements making use of the 800 series might qualify for LCE application. We would hope there would be no need to include a complete re-write of these as an integral part of the LCE standard, but instead, there could be cross reference to them and wording to the effect of “application of the principles as detailed in the 800 series.”

## **7. Professional Accountancy and Other Professional Organizations**

### **Federation of Accounting Professions of Thailand**

No. The ISA 800 series are not frequently used by LCE. Should the situations require, references to the original ISAs can be made.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\3) Unclear or Mixed Views**

### **3. Regulators and Audit Oversight Authorities**

#### **Botswana Accountancy Oversight Authority**

ISA 800 does not override the requirements of the other ISAs. The standard still refers to various ISAs such as ISA 200, 315 and 700. These are the standards which were shown to have been trimmed with the ISAs for LCE. It would therefore make sense to have a separate ISA-800 be included within the exposure draft so it takes care of all the changes brought by the ISA for LCE.

#### **Finance Professions Supervisory Centre Indonesia**

If there is urgency and it is possible to include the ISA 800-series in the ED-ISA for LCE, then it is necessary. By concentrating on the matters contained in the ISA 800-series, such as explaining in detail how to distinguish between the parties responsible for supervising the preparation of financial statements prepared according to a special framework, as well as other matters related to the ISA 800-series.

### **4. National Auditing Standard Setters**

#### **Public Accountants and Auditors Board Zimbabwe**

Response. We believe for stakeholder consultation should be done before embarking on the project. ISA 800 is more relevant to complex entities than LCEs

#### **Royal Netherlands Institute of Chartered Accountants (NBA)**

Response: We recommend at least to explain why the ISA-800 series are not included and how these type of audits interact with the LCE audit standard.

### **5. Accounting Firms**

#### **Ernst & Young Global Limited**

From a global point of view, we do not see an issue with scoping out the ISA 800 series for the ED-ISA for LCE. However, we believe that the IAASB needs to perform further information gathering from jurisdictions on the prevalence of ISA 800 engagements that are for LCEs. Certain jurisdictions may have specific needs for the requirements and guidance of ISA 800 with respect to audits of financial statements of LCEs prepared in accordance with special purpose frameworks (e.g., frameworks that comply with specific requirements of partnership agreements, lender agreements, joint venture agreements, private equity funds).

## **7. Professional Accountancy and Other Professional Organizations**

### **Nordic Federation of Public Accountants**

ISA 800 and ISA 805 reports are also used with regard to LCEs for various stakeholders, such as for agencies providing grants or government support requiring that the receiver of the grant reports the usage of the resources obtained and that these reports are subject to assurance by an auditor. These assurance engagements are often based on the statutory audit performed with added procedures adequate for the circumstances. Moving forward, it would be helpful to further explore the possibilities of linking ISA for LCEs to ISA 800 and ISA 805.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\4) Consider Later (No Explicit Yes)\b. Consider Later**

### **4. National Auditing Standard Setters**

#### **Austrian Chamber of Tax Advisors and Public Accountants (KSW)**

Yes, later considerations are appropriate on a timely basis.

## **Compagnie Nationale des Commissaires aux Comptes and Conseil Supérieur de l'Ordre des Experts-Comptables**

Yes, we believe that it might be interesting to include a separate Part on the ISA-800 within the ED-ISA for LCE, but at a later stage. It is not a major and urgent problem at this stage.

### **6. Public Sector Organizations**

#### **Government Accountability Office (USA)**

We believe that the IAASB should, as indicated, consider part of the ISA-800 series in the ED-ISA for LCE. The timing of the consideration may be more appropriate after the ED-ISA is effective. In addition, it may be appropriate to assess the needs of the audit community regarding this additional area of potential application.

### **7. Professional Accountancy and Other Professional Organizations**

#### **Chartered Governance and Accountancy Institute in Zimbabwe**

Response: We support the IAASB's approach to focus on developing an auditing standard for audits of complete sets of general-purpose financial statements of LCEs first and considering adding parts of the ISA 800 series as necessary in order to avoid over complicating the proposed LCEs standard at this early stage.

#### **Confederation of Swedish Enterprise**

Response: Not an urgent issue now. Can be considered later.

#### **Institute of Certified Public Accountants of Kenya**

We support the IAASB's approach to focus on developing an auditing standard for audits of complete sets of general-purpose financial statements of LCEs first and considering, if needs be, adding parts of the ISA 800 series as necessary in order to avoid over complicating the proposed LCEs standard at this early stage.

#### **International Federation of Accountants' Small and Medium Practices Advisory Groups**

In our opinion, a separate Part on the ISA-800 series should not be included if it would delay the finalization of the standard. However, this could be developed as soon as practicable.

#### **Pan-African Federation of Accountants (PAFA)**

We support the IAASB's approach to focus on developing an auditing standard for audits of complete sets of general-purpose financial statements of LCEs first and considering, if needs be, adding parts of the ISA 800 series as necessary in order to avoid over complicating the proposed LCEs standard at this early stage.

#### **South African Institute of Professional Accountants**

Response: We support the IAASB's approach as to the requirements relating to the ISA 800, which have not been included in ED-ISA for LCE as the IAASB agreed to focus on developing an auditing standard for audits of complete sets of general-purpose financial statements of LCEs first. And we recognise that consideration would be given at a later stage.

## **Specific Questions\Section 4F – Other Matters\Question 16 - Should a Separate Part on the ISA-800 series be included within ED-ISA for LCE\4) Consider Later (No Explicit Yes)\b. Later But Exclude ISA 810**

### **4. National Auditing Standard Setters**

#### **Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)**

At the present time, we believe that the LCE standard should be limited to audits of complete sets of general purpose financial statements. If the IAASB determines that there is market demand (which we believe there is) for audits of special purpose financial statements, or of single financial statements or elements of financial statements, of LCEs, then the IAASB should commence a separate project to augment the LCE standard for modules that cover ISAs 800 and 805. We are not convinced that ISA 810 is relevant to most audits of financial statements of LCEs.