



Mr. Tom Seidenstein
Chair
International Auditing and Assurance Standards Board
529 5th Avenue
10017, New York
USA

Barcelona, 31 January 2022

Subject: IAASB ED

Dear Sir,

AUREN is a network member of the Forum of Firms (www.auren.com). We are just on 11 countries, in Europe and in Latin America, and mainly our clients are SME. We are deeply connected with an Association, ANTEA, Alliance of Independent Firms (www.antea-int.com). We are pleased to provide you with our comments to the Exposure draft of proposed International Standard on Auditing of Financial statements of Less Complex Entities (LCEs).

We share the importance of being sensible to the specific characteristics of Less Complex Entities, but in our understanding the solution is not to have a different set of standards but to escalate the actual standards, We value the importance given by IAASB to provide a solution of the complexity of the ISAs, when used on LCE, and the will of afford this problem as soon as possible, but in our view a different of standards is not the right solution. We understand the constrains of time to make the review and adaptation of all the present standards, and we know the intention of IAASB to proceed to incorporate scalability on the present standards, as a more final solution to the present problem, but we are afraid that the set of LCE standards will remain in future, and meanwhile will create several problems.

We consider that the solution is not the issuance of a separate standard. We think it could lead to some unintended consequences.

First of that is that a different standard could give the impression of less quality for audits conducted under the LCE standards, especially on the ecosystem of SME where people would not have high financial knowledge. We think this could lead to the impression of having two categories of audits, and that the care established on LCE standard is lower that the applied on full standard. And so, the professionals would be perceived as in two classes, those performing full standards and those on LCE.

Because of that, we think there is a risk of decrease in audit fees. We would need to convince our clients that an audit of a less complex entity is not always of a less value or entails less audit work than when using the full suite.

There would be a confusion on the market. On similar circumstances, and auditor can use full standards and other use LCE one. Client would not understand the reason for that, and the perception of the market would be also confused, especially as said at SME environment.



It would open the room for more litigation. An additional reason for a demand could be why in a particular circumstance LCE standard has been used, and not full suite, even if the result would have been the same.

We think this could create more complexity on networks, as maybe some countries would not introduce LCE as recognized standard (or not at the same time), and so to keep updated procedures and quality manuals, and to train on that, networks should pay attentions to two different sets of rules and focus, the present one as we already know, and the LCE one, based on the flux of the audit work. So different focus and more difficulties on training activities.

Complexity is not a binary question. In some cases, there would be the doubt of what standard is more appropriate, in some audits, one particular aspect is "less complex" or in others some point is "high complex". How this situation would be afforded? Of course, professional judgement is essential in all circumstances, and so professionals should know both suites. At the end instead of simplifying and make easier the life of SMPs it would be more complex.

We insist on IAASB to start with a project to address scalable reading and application of the standards, adopting an approach to apply a single suite of standards for the case of audits of less complex entities.

Best regards.

AUREN

A handwritten signature in blue ink, appearing to read "Antoni Gómez". The signature is fluid and cursive, with a long horizontal stroke at the end.

Antoni Gómez
International President