



# สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

FEDERATION OF ACCOUNTING PROFESSIONS  
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

December 15, 2021

International Auditing and Assurance Standards Board (IAASB)

529 Fifth Avenue, 6<sup>th</sup> floor

New York 10017

USA

Dear Sir/Madam,

The Federation of Accounting Professions of Thailand welcomes the opportunity to comment on the Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE).

Please find our comments on the proposed standard in the attachment. We believe that this proposed standard will help many practitioners who are involved in the audit of small and medium entities and hope that our comments are useful in improving the implementation of the proposed standard.

If you need any clarifications, please kindly contact the Federation of Accounting Professions of Thailand.

Yours sincerely,

Mr. Winid Silamongkol

Chairman of the Auditing Profession Committee

Federation of Accounting Professions of Thailand

Bangkok, Thailand

## **Questions**

### **Section 4A – Overarching Positioning of ED-ISA for LCE**

1. Views are sought on:
  - (a) The standalone nature of the proposed standard, including detailing any areas of concern in applying the proposed standard, or possible obstacles that may impair this approach?
  - (b) The title of the proposed standard.
  - (c) Any other matters related to ED-ISA for LCE as discussed in this section (Section 4A).

We believe the proposed standard allows the consideration of local law and regulation of the countries that will apply this standard. Currently all audit firms, including small and medium size audit firms, in Thailand apply the ISAs when performing the audits of any size. As a result, we do not believe that there will be a significant impact from the application of this proposed standard in Thailand.

2. Do you agree with the proposed conforming amendments to the IAASB Preface (see paragraphs 39-40)? If not, why not, and what further changes may be needed?

We have no comments on this matter.

### **Section 4B – Authority of the Standard**

3. Views are sought on the Authority (or scope) of ED-ISA for LCE (Part A of the proposed standard). In particular:
  - (a) Is the Authority as presented implementable? If not, why not?  
Yes. We believe it is implementable.
  - (b) Are there unintended consequences that could arise that the IAASB has not yet considered?

The confusions/complications between the audits of the same entity when the status of LCE may change to non-LCE and back to LCE over years. IAASB should consider providing more detailed guidance of when there are changes in the status of LCE, as it will cause a burden and difficulty on both entity being audited and the auditor.

(c) Are there specific areas within the Authority that are not clear?

See 3(b) above.

(d) Will the Authority, as set out, achieve the intended objective of appropriately informing stakeholders about the scoping of the proposed standard?

We believe we can achieve the intended objective to informing stakeholders about the scoping of the proposed standard.

(e) Is the proposed role of legislative or regulatory authorities or relevant local bodies with standard setting authority in individual jurisdictions clear and appropriate?

Yes.

4. Do you agree with the proposed limitations relating to the use of ED-ISA for LCE? If not, why and what changes (clarifications, additions or other amendments) need to be made? Please distinguish your response between the:

(a) Specific prohibitions; and

Yes.

(b) Qualitative characteristics.

Yes.

If you provide comments in relation to the specific prohibitions or qualitative characteristics, it will be helpful to clearly indicate the specific item(s) which your comments relate to and, in the case of additions (completeness), be specific about the item(s) that you believe should be added and your reasons.

5. Regarding the Authority Supplemental Guide:

(a) Is the guide helpful in understanding the Authority? If not, why not?

Yes. The supplemental guide enough helpful explanations.

(b) Are there other matters that should be included in the guide?

No.

6. Are there any other matters related to the Authority that the IAASB should consider as it progresses ED-ISA for LCE to finalization?

None.

#### **Section 4C – Key Principles Used in Developing ED-ISA for LCE**

7. Views are sought on the key principles used in developing ED-ISA for LCE as set out in this Section 4C. Please structure your response as follows:

(a) The approach to how the ISA requirements have been incorporated in the proposed standard (see paragraphs 74-77).

None. We believe the context of the proposed standard is sufficient and appropriate.

(b) The approach to the objectives of each Part of the proposed standard (see paragraphs 78-80).

None. We believe the context of the proposed standard is sufficient and appropriate.

(c) The principles in relation to professional skepticism and professional judgement, relevant ethical requirements and quality management (see paragraphs 81-84)

None.

(d) The approach to EEM (see paragraphs 85–91) including:

(i) The content of the EEM, including whether it serves the purpose for which it is intended.

(ii) The sufficiency of EEM.

(iii) The way the EEM has been presented within the proposed standard.

We suggest that the proposed standard provides a bit more examples on most EEM sections, covering more varieties of the aspects under consideration.

#### **Section 4D – Overall Design and Structure of ED-ISA for LCE**

8. Please provide your views on the overall design and structure of ED-ISA for LCE., including where relevant, on the application of the drafting principles (paragraph 98-101).

None. We believe the overall design and structure of proposed standard is sufficient and appropriate.

#### **Section 4E – Content of ED-ISA for LCE**

9. Please provide your views on the content of each of Parts 1 through 8 of ED-ISA for LCE, including the completeness of each part. In responding to this question, please distinguish your comments by using a subheading for each of the Parts of the proposed standard.

We believe the content of proposed exposure draft is primarily based on the international auditing standards and is therefore complete.

10. For **Part 9**, do you agree with the approach taken in ED-ISA for LCE with regard to auditor reporting requirements, including:

- (a) The presentation, content and completeness of Part 9.

Agreed, the example provided is cleared and concise.

- (b) The approach to include a specified format and content of an unmodified auditor's report as a requirement?

Agreed in the approach to include a specified format and content of an unmodified auditor's report as a requirement.

- (c) The approach to providing example auditor's reports in the Reporting Supplemental Guide.

Agreed, the example provided is cleared and concise.

11. With regard to the Reporting Supplemental Guide:

- (a) Is the support material helpful, and if not, why not?

- (b) Are there any other matters that should be included in relation to reporting?

The supplemental guide are helpful to help the user get more understanding of the standard.

We believe the supplemental guide is sufficient.

12. Are there any areas within Parts 1–9 of the proposed standard where, in your view, the standard can be improved? If so, provide your reasons and describe any such improvements. It will be helpful if you clearly indicate the specific Part(s) which your comments relate to.

We believe that the content of the proposed standard is appropriate.

## Section 4F – Other Matters

13. Please provide your views on transitioning:

- (a) Are there any aspects of the proposed standard, further to what has been described above, that may create challenges for transitioning to the ISAs?
- (b) What support materials would assist in addressing these challenges?

Currently, the exposure draft does not address in details or provide guidance for the auditor in case where the auditor plans to apply this ISA for LCE at the beginning of the year and due to changes in the circumstances, resulting in the ISA for LCE not being allowed by the year-end or vice versa. Examples of the topics to be covered may include how the auditor should address on scope change, additional work to be done for the comparative financial data, special treatments in the audit report.

14. Do you agree with the proposed approach to the future updates and maintenance of the Standard and related supplemental guidance?

Yes.

15. For any subsequent revisions to the standard once effective, should early adoption be allowed? If not, why not?

If the revisions result in an improvement of the standard, we do not have any concerns for early adoption.

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

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

17. In your view, would ED-ISA for LCE meet the needs of users and other stakeholders for an engagement that enables the auditor to obtain reasonable assurance to express an audit opinion and for which the proposed standard has been developed? If not, why not. Please structure your comments to this question as follows:

- (a) Whether the proposed standard can, and will, be used in your jurisdiction.

Yes.

- (b) Whether the proposed standard meets the needs of auditors, audited entities, users of audited financial statements and other stakeholders.

Yes, as the standard is based on the principles of the existing auditing standards in which we currently apply.

- (c) Whether there are aspects of the proposed standard that may create challenges for implementation (if so, how such challenges may be addressed).

Except for the concern as addressed in the answers to question 13 above regarding the transitioning and changes of the LCE status, we believe the standard can be implemented without major issues.

18. Are there any other matters related to ED-ISA for LCE that the IAASB should consider as it progresses the proposed standard to finalization?

Before finalization of the proposed standard, IAASB should provide more guidance for the concern raised in question 13 above regarding the transitioning and changes of the LCE status.

#### **Section 4G - Approach to Consultation and Finalization**

19. What support and guidance would be useful when implementing the proposed standard?

A checklist or a summary of differences of the audit practice and audit requirements between the existing ISAs and the ISAs for LCE would be helpful.

20. Translations—recognizing that many respondents may intend to translate the final ISA for LCE in their own environments, the IAASB welcomes comment on potential translation issues noted in reviewing ED-ISA for LCE.

We have no concerns or issues on the translation into the local language.

21. Effective Date—Recognizing ISA for LCE is a new standard, and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for the standard would be for financial reporting periods beginning at least 18 months after the approval of a final standard. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA for LCE.

We agreed that the proposed effective date after the standard is issued is appropriate.

## Section 5 – Group Audits

22. The IAASB is looking for views on whether group audits should be excluded from (or included in) the scope of ED-ISA for LCE. Please provide reasons for your answer.

Group audits should be included in the scope of ED-ISA for LCE only for the entities where the nature of the group audits is straightforward. Qualitative criteria should be provided, including, for example, the number/geography of entities in the group, the process of consolidation.

23. Respondents in public practice are asked to share information about the impact of excluding group audits from the scope of ED-ISA for LCE on the use of the proposed standard. In particular:

- (a) Would you use the standard if group audits are excluded? If not, why not?
- (b) Approximately what % of the audits within your firm or practice would be group audits that would likely be able to use ED-ISA for LCE (i.e., because it is likely that such group audits could be considered less complex entities for the purpose of the proposed standard) except for the specific exclusion?
- (c) What common examples of group structures and circumstances within your practice would be considered a less complex group.

Not applicable.

24. If group audits are to be included in the scope of ED-ISA for LCE, the IAASB is looking for views about how should be done (please provide reasons for your preferred option):

- (a) The IAASB establishes a proxy(ies) for complexity for when the proposed standard may be used (“Option 1 - see paragraph 169); or
- (b) ED-ISA for LCE sets out qualitative characteristics for complexity specific to groups (Option 2 - see paragraph 176), to help users of the proposed standard to determine themselves whether a group would meet the complexity threshold.

Option 24(b) is preferable since actual circumstances may not necessarily reflected by the proxies and may be subjective to manipulations.



25. Are there other ways that group audits could be incorporated into the scope of the proposed standard that is not reflected in the alternatives described above? For example, are there proxies for complexity other than what is presented in paragraph 169 that the IAASB should consider?

As mentioned in Question 24, option 1 is not preferable.

26. If group audits are included in ED-ISA for LCE, how should the relevant requirements be presented within the proposed standard (please provide reasons for your preferred option):

(a) Presenting all requirements pertaining to group audits in a separate Part; or

(b) Presenting the requirements pertaining to group audits within each relevant Part.

We believe option (a) is preferable since it would be easier for the practitioners to refer to when conducting the audits.