

International Auditing and Assurance Standards Board
529 Fifth Avenue
New York
10017 USA

Date: 24 September 2019

Subject: COMMENTS ON AUDITS OF LESS COMPLEX ENTITIES

Dear Sirs,

I am writing you on behalf of Public Audit Oversight Board (further "PAOB"). This is an organization responsible for audit oversight in the Czech Republic. The Board of the PAOB appreciates the opportunity to provide comments on the IAASB project exploring the possible options to address the challenges in applying the ISAs in audits of less complex entities.

We are of the opinion that less complex entities play an important role in the economies of many countries. They are, however, in many cases part of a broader group, involving both bigger and smaller entities. In case the standards for audits of less complex entities should be developed and approved, this should be done at the international rather than local level. In addition, such standards should be used only for small **and** less complex entities and in no case they should be used for public interest entities.

Our preference, however, would be to stick to the same set of international standards on auditing for all entities. The main reasons for this conclusion are as follows:

1. We believe that having individual entities in a group audited according to different standards might not simplify the situation, on contrary, it could cause confusion for all involved parties. Questions may arise regarding the assurance obtained from the audit or the audit quality.
2. Most auditors audit both less complex and other companies. For them it would mean the necessity to learn two sets of standards. This will create more space for error and omissions.
3. ISAs are flexible enough to enable sensible application to less complex entities. Rare cases where this is not entirely true should be investigated to identify the main issues and propose potential amendments of the current standards.

We believe that IAASB will assess properly the necessity to introduce a second set of standards

Kind regards,



Pavel Racoča
President
Public Audit Oversight Board