January 31, 2022

Mr. Willie Botha
Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue
New York, NY 10017

Re: Exposure Draft – Proposed International Standard on Auditing (ISA) for Audits of Financial Statements of Less Complex Entities (Exposure Draft or ISA for LCE)

Dear Mr. Botha:

The American Institute of Certified Public Accountants (AICPA) Auditing Standards Board (ASB) is pleased to respond to the International Auditing and Assurance Standards Board’s (IAASB) above referenced Exposure Draft. We appreciate the opportunity to help inform the IAASB’s standard-setting process. We strongly support the IAASB’s efforts to address the challenges of applying the International Standards on Auditing (ISAs) in audits of less complex entities (LCEs) and more broadly to address the complexity, understandability, scalability, and proportionality (CUSP) of the ISAs. We agree that resources can be developed that would appropriately address scalability issues for auditors of LCEs and provide additional clarity regarding the requirements related to such audits. Further, we are always in support of standard-setting and non-authoritative guidance that assists auditors in performing high quality audits of nonissuers.

To assist the IAASB in developing resources to address the issues for auditors of LCEs, we offer certain constructive suggestions based on our experiences and the feedback received from auditors who perform audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), which are substantially converged with the ISAs. More specifically, we performed outreach with those who perform audits in accordance with U.S. GAAS.

1 References to “we,” “our,” or “us” refer to the AICPA’s ASB and not to the AICPA as a whole or to members or member firms.
2 We issued a comment letter dated September 12, 2019 on the Discussion Paper: Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the ISAs that also expressed this support. See Auditing Standards Board’s September 12, 2019 comment letter.
3 Our responses are provided from the perspective of audits of financial statements of less complex private companies, nonprofit organizations, and federal, state and local governments (nonissuers) in the United States of America based on the remit of the ASB.
through a survey on the topic of audits of LCEs. Those responses informed our concerns and recommendations in this letter.\(^4\)

We commend the tremendous work effort undertaken by the IAASB and the IAASB’s Audits of LCEs Task Force (the Task Force) in preparing the Exposure Draft and related materials, including the Mapping Documents – ISAs to Proposed ISA for LCE (the “Mapping Documents”), which illustrate how requirements from the ISAs map to the Exposure Draft. We performed a detailed review of the Mapping Documents and agree with many of the principles applied and conclusions reached by the Task Force to determine the ISA requirements that are applicable to an audit of the financial statements of an LCE.\(^5\) Our review of the Mapping Documents is also an important element in the formation of our responses.

I. Overall Comments Regarding Direction

While we agree with the goals of addressing the challenges of applying the ISAs in audits of LCEs and addressing the CUSP of the ISAs, we believe a different mechanism for issuing the material in the Exposure Draft should be used to meet the public interest and the overall objectives of this project. Consistent with our comment letter from September 12, 2019, we recommend that the IAASB use the material in the Exposure Draft to develop an “audit guide” on the application of ISAs for audits of LCEs. This recommendation is supported by the results of our survey which found that:

- 93% of respondents believe additional application material within the auditing standards should be provided regarding scalability of certain requirements to audits of LCEs;
- 86% of respondents believe audit guides or practice aids (outside of the auditing standards) should be provided related to scaling auditing standards to audits of LCEs; and
- there was little consensus on the need for a separate standalone standard for audits of LCEs in that 42% of the respondents support the development of a separate standalone standard, while 37% do not support the development of a separate standalone standard.

Additionally, survey respondents most frequently cited the difficult and time-consuming nature of the work required to obtain an understanding of and document internal control in the LCE context. Respondents also frequently noted that the nature, timing, and extent of requirements related to risk assessment procedures often can be perceived as being overly prescriptive and counterintuitive to the nature of an LCE audit. These concerns can be more effectively addressed in guidance illustrating how the ISA requirements can be scaled for audits of LCEs.

---

\(^4\) Refer to Appendix A for a summary of the responses to our survey.

\(^5\) Refer to Appendix B for a summary of identified areas in which the omission, or rewording, of requirements from the ISAs will result in the auditor experiencing challenges to obtaining the same level of assurance as that obtained in an audit performed in accordance with the ISAs.
While we recognize that audit guides issued by the IAASB are non-authoritative, the IAASB has previously used the mechanism of issuing non-authoritative guidance\(^6\) and we believe doing so in this instance is in the public interest as it is the best way to meet the needs of auditors of LCEs. Issuing non-authoritative guidance would:

- Allow the IAASB to express its vision of “scale” and focus on developing a range of approaches that an auditor could apply when considering the nature, timing, and extent of procedures necessary to comply with the ISA audit requirements when auditing the financial statements of an LCE. This could also lead to the IAASB developing a more comprehensive scaling strategy, including how future ISAs could be designed for scale;

- Promote audit quality and more widespread adoption and application of the ISAs, as all audits would be performed in accordance with the ISAs while auditors of LCEs would be able to scale. Additionally, jurisdictions could more easily incorporate changes for legal or regulatory requirements and other relevant circumstances of their jurisdiction;

- Avoid potential significant issues with respect to maintenance of audit methodologies and the need for auditors to understand two sets of standards (the Exposure Draft and the ISAs) if those auditors audit both LCEs and more complex entities;

- Reduce implementation challenges, as an audit guide would be immediately usable (without regard to an effective date);

- Facilitate a field-testing approach of the materials for audits of LCEs to study implementation and audit work effort, costs and benefits, user needs, and jurisdictional impacts without being locked into an issued standard;

- Avoid potential confusion among regulators, investors, those charged with governance, and others in the capital market ecosystem as to the difference between an LCE audit and an ISA audit. This includes possible stakeholder perception of a lesser quality audit due to the reference in the auditor’s report on the financial statements to the application of a separate LCE auditing standard; and

- Avoid creating a two-tiered profession in which some auditors only perform audits in accordance with the Exposure Draft, which would cause those auditors to not develop the breadth of experience and expertise of auditing in accordance with the ISAs. Additionally, those auditors may not recognize a complex issue that would require the audit to be performed in accordance with the ISAs as they would be unfamiliar with those standards.

---

\(^6\) For example, the IAASB’s Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting Assurance Engagements.
The suggested non-authoritative guidance for audits of LCEs would also be consistent with, and take into account, important considerations related to coherence with the overall body of the IAASB standards, relevance, timeliness, and scalability. These qualitative characteristics guide the IAASB and the Public Interest Oversight Board in assessing a standard’s responsiveness to the public interest. We acknowledge that others may believe that the Exposure Draft is responsive to other qualitative characteristics in the Public Interest Framework (PIF) and anticipate that some Exposure Draft respondents will support a standalone standard as an ideal mechanism to address audit challenges for LCEs. The July 2020 Monitoring Group report notes the importance of a standard setting process that “appropriately balances alternative outcomes and interests in terms of their expected responsiveness to the public interest.” Issuing non-authoritative guidance is in the public interest and is the most appropriate response because it appropriately weighs the important qualitative characteristics of coherence, relevance, timeliness, and scalability. Moreover, this approach sufficiently addresses CUSP considerations related to LCEs without compromising auditors’ ability to obtain reasonable assurance or otherwise undermining the integrity of the ISAs.

II. Concerns with the Exposure Draft

While we recommend the IAASB develop non-authoritative guidance to assist auditors in applying the ISAs to audits of LCEs, we have significant concerns about the Exposure Draft. If the IAASB continues with the development of a separate standalone standard for audits of LCEs we are concerned that it would:

A. Create significant diversity in practice because of the ambiguity in determining which entities are less complex;

B. Impair audit quality because it will result in a standard that does not provide auditors a sufficient ability to obtain reasonable assurance for audits of LCEs; and

C. Prohibit auditors from transitioning from an audit performed in accordance with the Exposure Draft to an audit performed in accordance with the ISAs.

For readability, we have organized this comment letter based on core concerns that will challenge an auditor’s ability to perform a high-quality audit. We acknowledge that the Exposure Draft included 26 separate “IAASB Request for Comments – Specific Questions.” Refer to Appendix C for a table that cross-references the 26 “IAASB Request for Comments – Specific Questions” to sections where answers are provided to those specific questions.

---

7 Public Interest Framework (PIF) published by the Monitoring Group in July 2020 (as part of their report “Strengthening the International Audit and Ethics Standard-Setting System.” The PIF will become effective during the life cycle of the project addressing issues related to audits of LCEs, therefore we considered the PIF in developing the responses in this letter.
A. Exposure Draft Misapplication

If a separate standalone standard for audits of LCEs is issued, we strongly believe that a clear, understandable, and workable definition of an LCE is necessary.\(^8\) Definitional clarity would resolve concerns regarding when the Exposure Draft would apply and differentiate between an audit performed in accordance with the Exposure Draft and an audit performed in accordance with the ISAs. A clear definition is in the public interest and the absence of one will exacerbate users’ expectation gap. We would be pleased to work with the IAASB in developing a definition of an LCE.

If a definition of an LCE is not developed, then the criteria in the proposed Supplemental Guidance for the Authority of the Proposed ISA for Audits of Financial Statements of LCEs (the “Authority Document”) need to be revised to ensure more consistent use of the Exposure Draft. As currently presented, the criteria for application of the Exposure Draft are largely based on auditor judgment.\(^9\) While we support the principle of the auditor applying professional judgment, we believe the shortcomings in the Authority Document will confound the appropriate exercise of professional judgment, inevitably resulting in:

- Inappropriate application to audits of financial statements of entities to which the Exposure Draft is not intended to apply;\(^10\)

- Reduced confidence in the value of an audit performed in accordance with the Exposure Draft as compared to an audit performed in accordance with the ISAs; and

- Challenges to the auditor’s determination by third parties.\(^11\)

If the concerns regarding the lack of a definition of an LCE or the Authority Document are not addressed, it is probable that there will be substantial confusion and uncertainty among users and other important stakeholders about when the Exposure Draft should be used and what it means when it is applied.\(^12\)

---

\(^8\) In our September 12, 2019 comment letter, we stated that an exact global definition is not critical. However, as we considered the Exposure Draft, our position has changed.

\(^9\) Paragraph 26 of the Authority Document.

\(^10\) Our views are supported by the results of our survey in which 71% of respondents indicated that the determination as to whether a separate standalone standard for LCEs could be applied would be based on auditor judgment and may result in inconsistent use of the standard.

\(^11\) Our views are supported by the results of our survey in which 70% of respondents indicated that the auditor’s determination as to whether the standard could be applied would be subject to challenge by others.

\(^12\) Our views are supported by the results of our survey in which 63% of respondents indicated that a significant drawback to a separate standard for audits of LCEs is a potential that users of the entity’s financial statements and the auditor’s report thereon will not understand the differences between an audit performed in accordance with a separate standard and the full standards, including differences in the auditor’s report.
Aside from the concerns regarding application of the standard, we strongly disagree with certain issues being prima facie indicators of complexity if the IAASB determines to retain the Authority Document. For example, we do not agree that group audits are necessarily complex. 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.

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.

B. Hindrances to the Auditor in Obtaining Reasonable Assurance

If the IAASB decides to continue with the development of a separate standalone standard for audits of LCEs, further action is needed to improve the Exposure Draft. Specifically, we are concerned that the Exposure Draft will hinder the auditor’s ability to obtain reasonable assurance due to:
1. A prohibition against the auditor “topping-up” the work performed in accordance with the Exposure Draft by consulting the ISAs;

2. Omitted requirements from the ISAs;

3. Insufficient explanatory material to guide the auditor in the proper and consistent application of the requirements; and

4. Wording differences between the Exposure Draft and the ISAs that may suggest a lesser work effort than is intended.

1. Prohibition against the auditor “topping-up” the work performed by consulting the ISAs

The Exposure Draft states:

The IAASB developed ED-ISA for LCE as a standalone “self-contained” standard. The proposed standard is separate from the ISAs with no intended need to directly reference back to the requirements or application material in the ISAs in its application. This means that if there is a circumstance that has not been contemplated in the design of ED-ISA for LCE as addressed in the Authority of the proposed standard (Part A), relevant ISA requirements cannot be used to “top-up” ED-ISA for LCE in order to address the circumstance. Accordingly, the overall decision for the audit engagement is whether ED-ISA for LCE is appropriate for use given the nature and circumstances of the entity; the proposed standard does not address complex matters or circumstances, and is not permitted to be used for audits that are not audits of financial statements of LCEs.13

As currently designed, the Exposure Draft would require the auditor, utilizing the Authority Document and exercising professional judgment, to make a good-faith determination regarding whether the entity whose financial statements are subject to audit is an LCE. If the auditor makes such a good-faith determination only to encounter an area (or areas) that is not addressed in the Exposure Draft, then the Exposure Draft would require the auditor to perform such an engagement in accordance with the ISAs. It is impractical to prohibit the auditor of an LCE from consulting the ISAs for additional guidance when the auditor encounters unexpected issues (for example, in the case of auditing an estimate). The ability to continue to use the Exposure Draft and consult the ISAs for additional guidance would facilitate high-quality audits by providing auditors with the resources to be able to conclude that reasonable assurance has been obtained.

Our recommendation that the IAASB use the material in the Exposure Draft to create a guide on the application of ISAs for audits of LCEs would eliminate this concern, and the development of a clear and understandable definition of an LCE (as recommended previously) would significantly reduce this concern.

13 Paragraph 26 of the Exposure Draft.
Further, allowing auditors the ability to consult the ISAs would be consistent with:

a) the fundamental requirement in paragraph 21 of ISA 200 (Revised), *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With International Standards on Auditing*, which states that to achieve the overall objectives of the audit, the auditor shall determine whether any audit procedures in addition to those required by individual ISAs are necessary and evaluate whether sufficient appropriate audit evidence has been obtained.

b) the approach to obtaining limited assurance in an engagement performed in accordance with International Standard on Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements*. In such engagements, the practitioner is required, in obtaining sufficient appropriate evidence as the basis for a conclusion on the financial statements, to design and perform inquiry and analytical procedures but is not precluded from performing other procedures when the practitioner determines that limited assurance has not been obtained from the inquiry and analytical procedures alone. When the practitioner performs such additional procedures (for example, procedures from the ISAs), the nature of the engagement (that is, a review), is unchanged.\(^{14}\)

2. **Omitted requirements from the ISAs**

In our review of the Mapping Documents, we agreed with many of the decisions made and the principles applied by the Task Force to determine the ISA requirements that are applicable to an audit of the financial statements of an LCE. However, there are ISA requirements that have been omitted from the Exposure Draft that will make it difficult for the auditor to obtain reasonable assurance.\(^ {15}\) The omission of such requirements is inconsistent with the IAASB’s stated intent to exclude from the Exposure Draft only the ISA requirements that are not applicable to the audit of the financial statements of an LCE.

The omission of these requirements from the Exposure Draft results in the proposed standard not adequately addressing the audit areas that we identified in our September 12, 2019 comment letter as the most challenging in auditing the financial statements of an LCE, including:

- Group audits,
- The requirement to perform risk assessment procedures and obtain an understanding of internal control,
- Accounting estimates,

---

\(^{14}\) Paragraph 47 and A81-A82 of ISRE 2400 (Revised).

\(^{15}\) Refer to Appendix B for a summary of identified areas in which the omission, or rewording, of requirements from the ISAs will result in the auditor experiencing challenges to obtaining the same level of assurance as that obtained in an audit performed in accordance with the ISAs.
Mr. Willie Botha  
January 31, 2022

- Required communications with those charged with governance, and
- Onerous audit documentation requirements.

3. Insufficient explanatory material

In response to stakeholder feedback, the IAASB has issued an Exposure Draft that is significantly less in scope and shorter than the full ISAs. However, in many instances in which the Exposure Draft contains requirements that are the same as, or very similar to, the requirements in the ISAs, the corresponding application material from the ISAs has been omitted entirely or significantly shortened in the corresponding explanatory material in the Exposure Draft. As a result, the Exposure Draft does not contain sufficient explanatory material to guide the auditor in proper and consistent application of the requirements (in particular, in relation to risk assessment). This lack of guidance creates a risk that the standard will not enable consistent achievement of audit quality or reasonable assurance, especially when coupled with the IAASB’s stated view that there is no need to directly reference back to the application material in the ISAs.

4. Wording differences between the Exposure Draft and the ISAs

Throughout the Exposure Draft, requirements and guidance from the ISAs have been incorporated but revised with the intent to be clearer and more concise. We understand that the Task Force applied the drafting principles designed to address CUSP in the ISAs. While we share the goal of simplifying language, we are concerned that the differential language will have unintended consequences as auditors who perform audits in accordance with the proposed standard and in accordance with the ISAs develop their audit methodologies. If the IAASB believes that the wording in the Exposure Draft is more appropriate, then the corresponding ISA requirement should be revised and issued at the same time as any ISA for LCEs standard. We strongly believe that wording must be the same if the action is intended to be the same.

For example, with respect to going concern, the Exposure Draft seems to run to the more appropriate "going concern assumption" as opposed to the "going concern basis of accounting." The auditor’s consideration of going concern should be the same whether the auditor is performing the audit in accordance with the Exposure Draft or performing the audit in accordance with the ISAs. If the IAASB believes that the proposed wording is clearer and therefore more appropriate, then ISA 570 (Revised), Going Concern should be amended to be issued at the same time as the Exposure Draft.

C. Inability to Transition from the Exposure Draft to an Audit in Accordance with the ISAs

Absent a clear and understandable definition of an LCE that would reduce the risk of an inappropriate application of the Exposure Draft, it will become necessary for the auditor to transition from an audit performed in accordance with the Exposure Draft to an audit performed
in accordance with the ISAs if the auditor makes a good faith determination that the entity is less complex only to encounter an area (or areas) of complexity during the audit. As exposed, the auditor would have to re-establish the terms of the engagement and repeat communications with those charged with governance. This inflexibility will:

- Unnecessarily complicate the design of an audit plan to obtain reasonable assurance;
- Overly complicate the development of a fee estimate as such estimate would be inherently contingent; and
- Result in limited utility of the proposed standard.

If the IAASB continues towards the development of a separate standalone standard for audits of LCEs, guidance needs to be included to assist auditors when they need to transition from the Exposure Draft to the ISAs. For example, guidance as to how to update the existing agreed-upon terms of the engagement would be needed.

III. Meeting the Overall Objective of the Project

Based on the aforementioned comments, we are concerned that issuing a standalone standard for audits of LCEs presents more risks than benefits to the public interest, auditors, and stakeholders in the financial reporting ecosystem. We are also concerned that, as drafted, the Exposure Draft will not meet its intended objective. Accordingly, the issues that we have raised will need to be deliberated and resolved before the Exposure Draft can be issued as a final standard. Recognizing the importance of timely and helpful guidance on how to apply the ISAs to LCE audits and that such guidance is of high importance to many jurisdictions, including the United States, we reiterate our suggestion that the material in the Exposure Draft be used to issue non-authoritative guidance, with the intention of monitoring its use and determining appropriate next steps based on its effectiveness and usefulness.

****

Thank you for the opportunity to present our views on the Exposure Draft. The IAASB will undoubtedly hear from many other constituents and may take actions such as re-exposing the proposed standard and its related materials. We would support such an action and would also be pleased to discuss our comments or answer any questions that the IAASB or staff may have regarding the views expressed in this letter. If you have any questions regarding the comments in this letter or any of the attached appendices, please feel free to contact the Chair of the ASB, Tracy Harding, at tharding@berrydunn.com or the AICPA’s Chief Auditor, Jennifer Burns, at jennifer.burns@aicpa-cima.com.
Mr. Willie Botha  
January 31, 2022  

Respectfully submitted on behalf of the ASB,  

Tracy Harding  
Chair, Auditing Standards Board  

Jennifer Burns, CPA  
Chief Auditor  
Professional Standards and Services  

Appendixes:  
A – Summary of LCE Survey Findings  
B – Outcome of the ASB’s review of the Mapping Documents  
C – Cross-reference of specific Exposure Draft questions to content of our comment letter  

*****  
About the AICPA Auditing Standards Board  
The ASB is the senior committee of the AICPA designated to issue auditing, attestation, and quality control standards applicable to the performance and issuance of audit and attestation reports for non-issuers. Its mission is to develop and communicate comprehensive performance, reporting, and quality control standards and practice guidance to enable auditors of non-issuers to provide high quality, objective audit and attestation services at a reasonable cost and in the best interests of the profession and the beneficiaries of those services, with the ultimate purpose of serving the public interest by improving existing and enabling new audit and attestation services.  

About the American Institute of CPAs  
The American Institute of CPAs® (AICPA®) is the world’s largest member association representing the CPA profession, with more than 428,000 members in the United States and worldwide, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education, and consulting. The AICPA sets ethical standards for its members and U.S. auditing standards for private companies, not-for-profit organizations, and federal, state, and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent, and drives continuing education to advance the vitality, relevance, and quality of the profession.
Appendix A

Summary of LCE Survey Findings

The Auditing Standards Board (ASB) developed a survey to capture the experiences and perceptions of auditors of less complex entities (LCEs). The survey was distributed to members of the AICPA’s Center for Plain English Accounting and to those who signed up for the distribution lists of the Accounting and Review Services Committee and the Technical Issues Committee. The ASB received 276 completed surveys from auditors at firms of different sizes as follows:

<table>
<thead>
<tr>
<th>Firm Size (Number of Professionals)</th>
<th>% of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than 10</td>
<td>9.1</td>
</tr>
<tr>
<td>11–50</td>
<td>23.9</td>
</tr>
<tr>
<td>51–100</td>
<td>20.7</td>
</tr>
<tr>
<td>101–200</td>
<td>18.9</td>
</tr>
<tr>
<td>201–300</td>
<td>7.1</td>
</tr>
<tr>
<td>301–400</td>
<td>3.5</td>
</tr>
<tr>
<td>More than 400</td>
<td>16.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Responses were received from auditors with an average of 24 years of audit experience and who serve clients in a wide variety of industries including not-for-profit, manufacturing, construction, service providers, government, real estate, and health care. Overall, survey respondents estimated that 69.3% of their current clients would be considered an LCE.

While the ASB’s survey was directed towards actions that the ASB may take, the responses may be helpful to the IAASB as it considers its next steps with respect to audits of LCEs. The ASB substantially converges US GAAS to the corresponding ISAs.

Applying Auditing Standards Generally Accepted in the United States of America (U.S. GAAS) to Audits of LCEs

A majority (61%) of respondents did not believe that current U.S. GAAS is scalable to audits of LCEs. This attitude was more pronounced among respondents from the smallest firms in the survey. In addition, 73% of respondents reported that they are reluctant to scale or modify requirements in U.S. GAAS when auditing an LCE primarily because of concerns related to peer review. The survey also revealed concerns related to the cost/benefit relationship of audits of LCEs. Specifically, 75% of respondents believed that the costs of an audit exceed the benefits for LCEs. Several respondents provided written comments regarding the cost of LCE audits.

---

16 Unless otherwise noted, findings reported in this summary are robust across a variety of respondent demographic factors.
respondent with substantial experience stated “There are a lot of LCEs that require audits or want audits and the costs involved with following US GAAS are too high in relation to... the benefits received by the users of the financial statements. The end goal for all audits should still be the same regardless of the entity - to provide reasonable assurance and to obtain sufficient appropriate evidence to provide a basis for our audit opinion. But how that is achieved should be studied/evaluated to keep costs down, especially for those entities that can least afford it.”

Challenges Applying U.S. GAAS to Audits of LCEs

Respondents identified multiple challenges with applying U.S. GAAS to audits of LCEs. From most to least challenging, these matters included (1) the requirements to perform risk assessment procedures and gain an understanding of internal control, (2) overly complex requirements in the auditing standards that are not applicable to LCEs, (3) overly detailed requirements in the auditing standards, (4) audit documentation requirements that are too onerous, and (5) difficulties scaling the substantive audit procedures performed in response to the assessed risk of material misstatement. However, there was significant variability in these responses across individuals, suggesting a generally low level of consensus about how these challenges ranked. A comment from a highly experienced respondent illustrates some of these challenges: “Firm methodologies generally make the risk assessment process by assertion and walk through of key controls more complex than they need to be for LCEs. Small firm reliance on methodology providers... makes it difficult for practitioners to scale for LCEs without having a strong knowledge of GAAS. For some LCEs the entire risk assessment and planning phase could be done in a short memo, however, taking the time to map that back to the GAAS requirements would be time consuming given the complexity of GAAS.”

Actions the ASB Should Pursue with Respect to LCEs

Survey respondents were also asked their views on actions the ASB should pursue with respect to audits of LCEs. The overwhelming majority of respondents (93%) believed the ASB should offer additional application material within U.S. auditing standards that provide guidance regarding scalability of certain requirements to the audits of LCEs. A slightly smaller proportion of respondents (86%) believed additional audit guides or practice aids (outside U.S. auditing standards) related to scaling U.S. GAAS to the audits of LCEs should be provided, although respondents from smaller firms were more supportive than respondents from larger firms. Finally, there was little consensus as to whether the ASB should issue a separate standalone standard with 42% of respondents supporting, 37% not supporting, and 21% neither supporting nor opposing the issuance of a separate standalone standard for audits of LCEs. Respondents from larger firms were less supportive of a standalone standard while respondents with larger proportions of LCE audit clients were more supportive than those with smaller proportions of LCE

---

17 Because respondents were asked to indicate the extent to which they believed the ASB should pursue various actions, the percentages reported provide an important measure of consensus among survey respondents as to how the ASB should address the challenges associated with audits of LCEs.
audit clients. It should also be noted that analysis of responses to open-ended survey questions indicates support for additional application guidance as well as guidance regarding how to scale existing auditing standards for audits of LCEs.

**Drawbacks of a Standalone Standard for Audits of LCEs**

Respondents were asked to identify drawbacks, if any, associated with a separate standalone standard for audits of LCEs. Most respondents expressed concern that the determination as to whether the audit should be performed in accordance with either the separate standalone LCE standard or U.S. auditing standards would be based on auditor judgment and may result in inconsistent use of the standards (71%) or would be subject to challenge by others (70%). Many respondents (63%) were also concerned that clients and users of the LCE’s financial statements would not understand the relationship between the standalone LCE standard and U.S. auditing standards, including differences in the auditor’s report, which may exacerbate clients’ and users’ expectations gap. A similar number of respondents expressed concern that adding a new LCE audit standard may result in marketplace confusion. A highly experienced respondent’s comment highlights potential confusion associated with a standalone standard: “There are many audits of entities that are LCEs except for one or two unique areas of complexity. A separate standard would create confusion in the profession, confusion in the marketplace, and likely be ineffective for a huge number of potential auditees that would fall in the gray area. Better application guidance would allow for increased scalability where appropriate within an audit, as opposed to either applying LCE guidance or not for an entire audit.” Other drawbacks noted by respondents included concerns that adding what amounts to another set of standards (i.e., a standalone LCE standard) creates unnecessary complexity (35%), the existence of a separate standalone LCE standard in addition to U.S. GAAS will create significant issues with respect to maintenance of audit methodologies (31%), and a standalone LCE standard with fewer audit requirements and less guidance may result in the auditor obtaining less than reasonable assurance (22%).
Appendix B

This appendix illustrates the outcome of the Auditing Standards Board’s (ASB) review of the Mapping Documents – ISAs to Proposed ISA for LCE (the “Mapping Documents”). The ASB’s review informed the recommendations made and views expressed in this comment letter.

Key Findings: Our work determined that there are three ISAs for which the corresponding requirements in the Executive Summary will not, in our view, result in the auditor obtaining reasonable assurance. Those ISAs are:

- ISA 315, Identifying and Assessing the Risks of Material Misstatement
- ISA 450, Evaluation of Misstatements Identified During the Audit
- ISA 550, Related Parties

Across these standards, the pattern we see is that the impediments to obtaining reasonable assurance are most prominent with the omission or revision of certain audit procedures associated with assessing risk over the course of an audit.

Additionally, we identified omissions or revisions to 16 ISAs - which in and of themselves may not result in an impediment to an auditor obtaining reasonable assurance - but taken together most likely will threaten obtaining reasonable assurance. Many of those changes center on certain aspects of quality management. The omissions or revisions to the 16 ISAs that may threaten obtaining reasonable assurance are:

- ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With International Standards on Auditing
- ISA 210, Agreeing the Terms of Audit Engagements
- ISA 220, Quality Management for an Audit of Financial Statements
- ISA 240, The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements
- ISA 320, Materiality in Planning and Performing an Audit
- ISA 330, The Auditor’s Responses to Assessed Risks
- ISA 402, Audit Considerations Relating to an Entity Using a Service Organization
- ISA 500, Audit Evidence
- ISA 501, Audit Evidence – Specific Considerations for Selected Items
- ISA 505, External Confirmations
- ISA 530, Audit Sampling
- ISA 540, Auditing Accounting Estimates and Related Disclosures
- ISA 560, Subsequent Events
- ISA 570, Going Concern
- ISA 705, Modifications to the Opinion in the Independent Auditor’s Report
- ISA 720, The Auditor’s Responsibilities Related to Other Information
Altogether, the above impediments are an integral aspect of our overall concerns regarding a separate standalone standard for audits of LCEs. If the IAASB progresses toward the issuance of a separate standalone standard for audits of LCEs, the concerns listed in our letter, including this appendix, should be addressed.

Methodology: The ASB formed a Working Group, which was comprised of 9 (out of 19) ASB members; all 7 members of the Accounting and Review Services Committee (this committee of the AICPA issues the standards for financial statement preparation, compilation, and review engagements); and 1 member of the AICPA’s Private Companies Practice Section Technical Issues Committee, which provides standard setters with the unique perspective of local public accounting firms on accounting, auditing and reporting issues. All 17 members of the Working Group are active public accounting professionals.

Upon the posting of the Mapping Documents in September 2021, the 17 members of the Working Group and certain AICPA staff designed an internal process to perform a detailed review of the Mapping Documents. From that review and the related deliberations, the Working Group assigned a “significance rating” to each individual line item for a particular ISA for purposes of determining whether the requirement or material would likely result in the auditor’s obtaining reasonable assurance. The rating convention was as follows:

A. Impediment to obtaining reasonable assurance. A line item that was assigned this rating was evaluated as an impediment to the auditor obtaining reasonable assurance in an audit performed in accordance with the Exposure Draft because of its omission or because of the nature of the revision of the ISA requirement.

B. Potential issue for auditors. A line item receiving this rating was evaluated such that each individual line item in and of itself may not result in an impediment to an auditor obtaining reasonable assurance, however, multiple such line items in the aggregate (such as within an ISA where other omissions or revisions occurred or across other ISAs with similar omissions or revisions impacting the nature of an auditor’s procedure such as risk assessment), may result such an impediment.

C. No issue. A line item assigned this rating was evaluated to have no apparent impediment to an auditor obtaining reasonable assurance in an audit performed in accordance with the Exposure Draft.

The Working Group focused on whether the changes from the individual ISAs to the Exposure Draft result in requirements that still achieve reasonable assurance (the third question that the IAASB Task Force provided an answer to for each individual line item in the Mapping

---

18 In this context, a “line item” is the stand-in term we use for each individual ISA requirement, essential explanatory item, or other element of an extant ISA standard that was evaluated by the IAASB’s LCE Task Force.
Documents). After robust and extensive evaluation and deliberation, the results provided in this appendix represent the views of the Working Group as a whole.

19 The Working Group did not focus on the first two questions that the IAASB Task Force provided responses to as the bottom-line is whether the Exposure Draft provides the appropriate requirements and guidance that will result in an auditor obtaining reasonable assurance.
**Detailed Findings**: The following table is intended to highlight those items which we assigned an “A” rating – meaning that omission or revision of the ISA requirement will, in our view, create an impediment to the auditor obtaining reasonable assurance in an audit performed in accordance with the Exposure Draft.

<table>
<thead>
<tr>
<th>ISA Section</th>
<th>ISA for LCE</th>
<th>ISA Text</th>
<th>ISA for LCE Text</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISA 315 (Revised 2019) Paragraph 21</td>
<td>Paragraph 6.3.6. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <strong>Understanding the Entity's Internal Control System</strong></td>
<td>The auditor shall obtain an understanding of the control environment relevant to the preparation of the financial statements, through performing risk assessment procedures, by: (a) Understanding the set of controls, processes and structures that address: (i) How management’s oversight responsibilities are carried out, such as the entity’s culture and management’s commitment to integrity and ethical values; (ii) <strong>When those charged with governance are separate from management, the independence of, and oversight over the entity's system of internal control by, those charged with governance;</strong> (iii) The entity's assignment of authority and responsibility; (iv) <strong>How the entity attracts, develops, and retains competent individuals; and</strong> (v) <strong>How the entity holds individuals accountable for their responsibilities in the pursuit of the objectives of the system of internal control;</strong></td>
<td>The auditor shall evaluate whether management (with the oversight of those charged with governance, if applicable) has created and maintained a control environment that provides an appropriate foundation for the other components of the entity’s internal control system, including determining whether there are any deficiencies in the control environment that undermine the other components of the entity’s internal control system. For this purpose, the auditor shall understand: (a) How management, and where appropriate, those charged with governance, oversee the entity, and demonstrate integrity and ethical values; (b) The entity’s assignment of authority and</td>
<td>1. We disagree that we would fundamentally understand the control environment (CE) differently in an audit of an LCE. It is scalable and documentation may be less for an LCE audit but eliminating certain requirements from the ISA makes this requirement less robust than ISA 315 which could result in less assurance than an ISA audit.</td>
</tr>
<tr>
<td><strong>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity’s System of Internal Control Understanding the Components of the Entity’s System of internal Control Control Environment</strong></td>
<td><strong>Understanding the Environment, the Applicable Financial Reporting Framework and the Entity’s System of Internal Control Understanding the Components of the Entity’s System of internal Control Control Environment</strong></td>
<td><strong>Understanding the Environment, the Applicable Financial Reporting Framework and the Entity’s System of Internal Control Understanding the Components of the Entity’s System of internal Control Control Environment</strong></td>
<td><strong>Understanding the Environment, the Applicable Financial Reporting Framework and the Entity’s System of Internal Control Understanding the Components of the Entity’s System of internal Control Control Environment</strong></td>
<td>2. The ISA for LCE has eliminated the requirement to evaluate whether management has created and maintained a culture of honesty and ethical behavior. This is just as relevant in an audit of an LCE as in an audit of a more complex entity. The ISA for LCE requires the auditor to understand this - but not evaluate it.</td>
</tr>
<tr>
<td><strong>Other aspects of the CE (independence of TCWG,</strong></td>
<td><strong>Other aspects of the CE (independence of TCWG,</strong></td>
<td><strong>Other aspects of the CE (independence of TCWG,</strong></td>
<td><strong>Other aspects of the CE (independence of TCWG,</strong></td>
<td>3. Other aspects of the CE (independence of TCWG,**</td>
</tr>
</tbody>
</table>
and
(b) **Evaluating whether:**
   (i) Management, with the oversight of those charged with governance, **has created and maintained a culture of honesty and ethical behavior**;
   (ii) The control environment provides an appropriate foundation for the other components of the entity’s system of internal control considering the nature and complexity of the entity; and
   (iii) Control deficiencies identified in the control environment undermine the other components of the entity’s system of internal control.

(c) The culture of the entity, including whether the culture supports honesty and ethical behavior; and
(d) When applicable, how owner-managers have an active involvement and influence the risks arising from management override of controls due to lack of segregation of duties.

### Key Findings

- Competent individuals, accountability) highlighted in **bold italics** are not included in the ISA for LCE. These are relevant for LCE and their understanding could affect the identification of risks of material misstatement. They seemed to have been left out because they refer to internal control, but we believe these aspects of the CE are relevant for an LCE.

---

<table>
<thead>
<tr>
<th>ISA Section</th>
<th>ISA for LCE</th>
<th>ISA Text</th>
<th>ISA for LCE Text</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISA 315</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Revised 2019)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paragraph 23</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity’s System of Internal Control</strong></td>
<td><strong>Understanding the Components of the Entity’s System of Internal Control</strong></td>
<td><strong>The Entity’s Risk Assessment System</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>If the auditor identifies risks of material misstatement that management failed to identify, the auditor shall:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>This could be scalable for an LCE but shouldn’t be eliminated altogether. The LCE should have a risk assessment process (even informal) and this requirement may help auditors identify risks of material misstatement. This is less robust than the requirement in ISA 315 and will result in less assurance than an ISA audit. The requirement could be retained in the Exposure Draft and some of the ISA 315 application material included in the separate standard to show how it can be applied in a scalable manner (for example, by</td>
</tr>
<tr>
<td>ISA Section</td>
<td>ISA for LCE</td>
<td>ISA Text</td>
<td>ISA for LCE Text</td>
<td>Key Findings</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>----------</td>
<td>-----------------</td>
<td>--------------</td>
</tr>
<tr>
<td>ISA 450 Paragraph 7 Consideration of Identified Misstatements as the Audit Progresses</td>
<td></td>
<td>if, at the auditor’s request, management has examined a class of transactions, account balance or disclosure and corrected misstatements that were detected, the auditor shall perform additional audit procedures to determine whether misstatements remain.</td>
<td></td>
<td>explaining it may be an informal risk assessment process).</td>
</tr>
</tbody>
</table>

The Mapping Document states that while the requirement is relevant and appropriate in the circumstances of an audit of an LCE, it is “addressed in the overarching requirement to document all misstatements and whether they have been corrected (paragraph 7.7.1(f)) which would include performing procedures to make that determination. It is not considered necessary to include a separate requirement specifically for those where the auditor requested, they be corrected because of the way that [draft] ISA for LCE has been presented.” While the documentation requirement may result in the auditor obtaining sufficient appropriate audit evidence that all identified misstatements have been corrected, the auditor would not have obtained evidence regarding whether other misstatements remain. Therefore, the exclusion of the
<table>
<thead>
<tr>
<th>ISA Section</th>
<th>ISA for LCE</th>
<th>ISA Text</th>
<th>ISA for LCE Text</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISA 550</td>
<td>-</td>
<td>The objectives of the auditor are: (a) Irrespective of whether the applicable financial reporting framework establishes related party requirements, to obtain an understanding of related party relationships and transactions sufficient to be able: (i) To recognize fraud risk factors, if any, arising from related party relationships and transactions that are relevant to the identification and assessment of the risks of material misstatement due to fraud; and (ii) To conclude, based on the audit evidence obtained, whether the financial statements, insofar as they are affected by those relationships and transactions: a. Achieve fair presentation (for fair presentation frameworks); or b. Are not misleading (for compliance frameworks); and (b) In addition, where the applicable financial reporting framework establishes related party requirements, to obtain sufficient appropriate audit evidence about whether related party relationships and transactions have</td>
<td>-</td>
<td>The impact of related party transactions on the financial statements can be material and addressing in the risk assessment area alone is insufficient to provide reasonable assurance.</td>
</tr>
<tr>
<td>Paragraph 9</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISA Section</td>
<td>ISA for LCE</td>
<td>ISA Text</td>
<td>ISA for LCE Text</td>
<td>Key Findings</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>----------</td>
<td>------------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>been appropriately identified, accounted for and disclosed in the financial statements in accordance with the framework.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The following represents those ISA paragraphs and corresponding ISA for LCE paragraphs that we assigned a “B” rating – meaning that omission or revision of the ISA requirement might create an issue for auditors when any one item is aggregated with another or others. We are pleased to provide additional information if requested.

From Mapping Document #1

- ISA 200, paragraphs A31-A33/with ISA for LCEs paragraph 2.2.2
- ISA 210, paragraph 18/- (omitted from Exposure Draft)
- ISA 210, paragraph 19/- (omitted from Exposure Draft)
- ISA 210, paragraph 20/- (omitted from Exposure Draft)
- ISA 220, paragraph 19/ISA for LCEs paragraph 3.2.5(b)
- ISA 220, paragraph 24/- (omitted from Exposure Draft)
- ISA 220, paragraph 32/ISA for LCEs paragraph 8.7.3
- ISA 315, paragraph 36/- (omitted from Exposure Draft)
- ISA 315, paragraph 13/ISA for LCEs paragraph 6.2.1
- ISA 315, paragraph 14/ISA for LCEs paragraph 6.2.2
- ISA 315, paragraph 15/ISA for LCEs paragraph 6.2.4
- ISA 315, paragraph 27/ISA for LCEs paragraph 6.3.13
- ISA 315, paragraph 28/ISA for LCEs paragraph 6.4.1
- ISA 315, paragraph 31/ISA for LCEs paragraph 6.5.1(b)
- ISA 315, paragraph 37/ISA for LCEs paragraph 6.5.10
- ISA 315, paragraph 38/ISA for LCEs paragraphs 6.8.1(a) and (c)-(e)
- ISA 315, paragraphs A92, A93 and A95; paragraph 315.12(m)/with ISA for LCEs paragraph 6.3.5
- ISA 320, paragraphs A4-A5/with ISA for LCEs paragraph 5.3.1
- ISA 500, paragraph 11/ISA for LCEs paragraph 2.3.4
- ISA 530, paragraph 4/- (omitted from Exposure Draft)
- ISA 530, paragraph A9/with ISA for LCEs paragraph 7.3.6

From Mapping Document #2

- ISA 240, paragraph 39/ISA for LCEs paragraph 1.5.2
- ISA 330, paragraph 13/ISA for LCEs paragraph 7.3.12
- ISA 330, paragraph 17/ISA for LCEs paragraph 7.3.15
- ISA 330, paragraph 22/ISA for LCEs paragraph 7.3.19
- ISA 330, paragraph 26/ISA for LCEs paragraph 8.5.5
- ISA 330, paragraph 29/- (omitted from Exposure Draft)
- ISA 330, paragraphs A19 and A17/with ISA for LCEs paragraph 7.3.2
- ISA 330, paragraph A48/with ISA for LCEs paragraph 7.3.20
- ISA 330, paragraph A60/with ISA for LCEs paragraph 8.5.1
- ISA 402, paragraph 10/ISA for LCEs paragraph 7.3.17
- ISA 402, paragraph A7/with ISA for LCEs paragraph 6.3.17
- ISA 501, paragraph 10/ISA for LCEs paragraph 7.4.23
- ISA 501, paragraph 11/ - (omitted from Exposure Draft)
- ISA 505, paragraph 15/ - (omitted from Exposure Draft)
- ISA 540, paragraph 30/ - (omitted from Exposure Draft)
- ISA 550, paragraph 14/ISA for LCEs paragraph 6.3.14(f)
- ISA 560, paragraph 12/ - (omitted from Exposure Draft)
- ISA 560, paragraph 13/ - (omitted from Exposure Draft)
- ISA 560, paragraph 16/ - (omitted from Exposure Draft)
- ISA 560, paragraph 17/ - (omitted from Exposure Draft)
- ISA 570, paragraph 9/ISA for LCEs paragraph 7.1.1 (c)
- ISA 570, paragraph 19/ISA for LCEs paragraph 8.5.9
- ISA 570, paragraph 23/ISA for LCEs paragraph 9.5.1 Q-R
- ISA 705, paragraph 11/ - (omitted from Exposure Draft)
- ISA 705, paragraph 13/ - (omitted from Exposure Draft)
- ISA 705, paragraph 14/ - (omitted from Exposure Draft)
- ISA 705, paragraph 24/ - (omitted from Exposure Draft)
- ISA 720, paragraph 13/ISA for LCEs paragraph 9.8.1
- ISA 720, paragraph 19/ - (omitted from Exposure Draft)
## Appendix C

### Cross-reference of specific Exposure Draft questions to content of our comment letter

<table>
<thead>
<tr>
<th>Question# from Exposure Draft</th>
<th>Section of this comment letter that provides AICPA ASB’s response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (a)</td>
<td>Omitted requirements from the ISAs</td>
</tr>
<tr>
<td></td>
<td>Pages 8-9 of this comment letter</td>
</tr>
<tr>
<td></td>
<td>Prohibition against the auditor “topping-up” the work performed by consulting the ISAs</td>
</tr>
<tr>
<td></td>
<td>Pages 7-8 of this comment letter</td>
</tr>
<tr>
<td>1. (b) – (c)</td>
<td>NO SPECIFIC COMMENTS</td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Exposure Draft Misapplication</td>
</tr>
<tr>
<td></td>
<td>Pages 5-6 of this comment letter</td>
</tr>
<tr>
<td>4.</td>
<td>Omitted requirements from the ISAs</td>
</tr>
<tr>
<td></td>
<td>Pages 8-9 of this comment letter</td>
</tr>
<tr>
<td>5. – 6.</td>
<td>NO SPECIFIC COMMENTS</td>
</tr>
<tr>
<td>7.</td>
<td>Omitted requirements from the ISAs</td>
</tr>
<tr>
<td></td>
<td>Pages 8-9 of this comment letter</td>
</tr>
<tr>
<td></td>
<td>Insufficient explanatory material</td>
</tr>
<tr>
<td></td>
<td>Page 9 of this comment letter</td>
</tr>
<tr>
<td>Question# from Exposure Draft</td>
<td>Section of this comment letter that provides AICPA ASB’s response</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>8.</td>
<td>Wording differences between the Exposure Draft and the ISAs</td>
</tr>
<tr>
<td></td>
<td>Page 9 of this comment letter</td>
</tr>
<tr>
<td>9.</td>
<td>Omitted requirements from the ISAs</td>
</tr>
<tr>
<td></td>
<td>Pages 8-9 of this comment letter</td>
</tr>
<tr>
<td>10. – 12.</td>
<td>NO SPECIFIC COMMENTS</td>
</tr>
<tr>
<td>13.</td>
<td>Inability to transition from the Exposure Draft to an audit in accordance with the ISAs</td>
</tr>
<tr>
<td></td>
<td>Pages 9-10 of this comment letter</td>
</tr>
<tr>
<td>14.</td>
<td>Wording differences between the Exposure Draft and the ISAs</td>
</tr>
<tr>
<td></td>
<td>Page 9 of this comment letter</td>
</tr>
<tr>
<td>15.</td>
<td>As the Exposure Draft should be revised at the same time as any revisions to the corresponding ISAs, the effective date of such revisions, including whether early adoption is allowed, should be the same as the effective date of the corresponding ISA.</td>
</tr>
<tr>
<td>16.</td>
<td>Omitted requirements from the ISAs</td>
</tr>
<tr>
<td></td>
<td>Pages 8-9 of this comment letter</td>
</tr>
<tr>
<td>17. – 21.</td>
<td>NO SPECIFIC COMMENTS</td>
</tr>
<tr>
<td>22.</td>
<td>Omitted requirements from the ISAs</td>
</tr>
<tr>
<td></td>
<td>Pages 8-9 of this comment letter</td>
</tr>
<tr>
<td>Question# from Exposure Draft</td>
<td>Section of this comment letter that provides AICPA ASB’s response</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>23. – 26.</td>
<td>NO SPECIFIC COMMENTS</td>
</tr>
</tbody>
</table>