

Audits of Less Complex Entities (LCEs)
**Proportionality of the ISAs to the International Standard on Auditing for
Financial Statements of Less Complex Entities (the ISA for LCE)**
Parts 1 – 6 of the ISA for LCE

This document ('mapping') has been provided to illustrate how the requirements from the ISAs have been included (or not) within the ISA for LCE.

1. In developing the ISA for LCE, the objectives and requirements of the International Standards on Auditing (ISA) have been "mapped" to the objectives and requirements within the ISA for LCE, to illustrate the proportionality of the ISAs to an audit of an LCE.
2. This agenda item (together with Agenda Item 4-B(2)) is provided to illustrate how the specific requirements within the ISAs have or have not been addressed within the ISA for LCE. There is also a brief supporting description with regard to how the ISA for LCE 'aligns' to the ISAs (in the last column of the table).
3. 'Alignment principles' have been developed to help explain why an ISA requirement has been modified or not included in the ISA for LCE. These alignment principles have been used to describe how each ISA requirement has (or has not) been addressed in the ISA for LCE. The alignment principles include:
 - a) Whether the requirement is relevant in the circumstances of an audit of an LCE, and if not, why not.
 - b) If applicable, why the requirement has been changed to make it more relevant to the circumstances of an LCE.
 - c) If applicable, whether any changes made for the purpose of the ISA for LCE would still result in requirements meeting the objectives for each Part and therefore that the auditor's procedures would still enable the objectives to be met and reasonable assurance to be achieved.

If a requirement has not been included and the explanation provided in (a), then (b) and (c) have not been addressed as there would be no further changes to that requirement. "(c)" is intended to address that the changes in (b).
4. Standards have been presented within this mapping document in ISA order mapped to the relevant requirement within ISA for LCE. Any essential explanatory material added to ISA for LCE is shown in the ISA for LCE column (at the end of the relevant ISA) but the application material in the ISA has not been presented.

5. This mapping is set out in the table below and includes the ISAs most relevant to Parts 1–6 of the ISA for LCE and covers the following ISAs:

- Part 1—ISA 200¹
- Part 2—ISA 220 (Revised)²
- Part 3—ISA 230,³ ISA 500,⁴ ISA 260 (Revised),⁵ ISA 520⁶ and ISA 530⁷
- Part 4—ISA 210⁸ and ISA 510⁹
- Part 5—ISA 300,¹⁰ ISA 320¹¹ and ISA 620¹²
- Part 6—ISA 315 (Revised 2019)¹³

Agenda Item 4-B(2) includes the ‘mapping’ for the remainder of the ISAs most relevant to Parts 7–9 of the ISA for LCE.

6. The ‘mapping’ in **Agenda Items 4-B(1) and 4-B(2)** (in the ISA column) reflect the most recently approved ISAs, including ISA 315 (Revised 2019) and ISA 220 (Revised), and conforming and consequential amendments to other standards, and the amendments to the IAASB Standards as a result of revisions made to the International Ethics Standards Board for Accountants’ (IESBA) Code.¹⁴
7. The Preface has not been mapped as contained information relevant to using the standard but does not create any obligations for the auditor. Part A (Applicability) has also not been mapped as this is unique to the ISA for LCE and does not have an equivalent within the ISAs. These mapping documents do not include mapping for standards that are not included in ISA for LCE, including **ISA 600,¹⁵ ISA 610 (Revised 2013)¹⁶ and ISA 701.¹⁷**

¹ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

² ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

³ ISA 230, *Audit Documentation*

⁴ ISA 500, *Audit Evidence*

⁵ ISA 260 (Revised), *Communication with Those Charged with Governance*

⁶ ISA 520, *Analytical Procedures*

⁷ ISA 530, *Audit Sampling*

⁸ ISA 210, *Agreeing the Terms of Audit Engagements*

⁹ ISA 510, *Initial Audit Engagements—Opening Balances*

¹⁰ ISA 300, *Planning an Audit of Financial Statements*

¹¹ ISA 320, *Materiality in Planning and Performing an Audit*

¹² ISA 620, *Using the Work of an Auditor’s Expert*

¹³ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

¹⁴ *International Code of Ethics for Professional Accountants (including International Independence Standards (“the IESBA Code” or “the Code”))*

¹⁵ ISA 600, *Special Considerations—Using the Work of an Auditor’s Expert*

¹⁶ ISA 610 (Revised 2013), *Using the Work of Internal Auditors*

¹⁷ ISA 701, *Key Audit Matters in the Independent Auditor’s Report*


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing					
Effective Date	All ISA	Paragraph 1.1.1. Fundamental Concepts and General Principles Effective Date	Each ISA includes the effective date for that ISA.	This standard is effective for audits of [financial statements / historical financial information] for periods beginning on or after [XXX].	This is not a requirement but there is a paragraph for the effective date in the ISA for LCE.
Definitions	-	Paragraph 1.2.1 Fundamental Concepts and General Principles Definitions	-	For purposes on the ISA for LCE, the definitions contained in the ISAs, as compiled in the <i>Glossary of Terms</i> (the Glossary) included in the [2020] <i>IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements</i> , apply. The Glossary also includes descriptions of other terms used in the ISA for LCE standard to assist in consistent application and interpretation.	1. Are definitions relevant in the circumstances of an audit of an LCE? Yes. Each ISA has a separate section on the definitions. The reference in Part 1 of the ISA for LCE Makes the link to the specific definitions applicable rather than providing the definitions within each Part. 2 & 3 are not applicable as this is not a requirement.
Requirements	-	Paragraph 1.2.2 Fundamental Concepts and General Principles Definitions	-	Within this standard, on first use in a Part, if a word or term is defined or described in the glossary, it is underlined.(<i>Note for Board – this has only been done so far for ISA 200, ISA 220 (revised) and ISA 315 (Revised 2019 – this is for discussion at the Board meeting)</i>)	1. Are definitions relevant in the circumstances of an audit of an LCE? Yes (see above). This paragraph describes how definitions are described with the ISA for LCE 2 & 3 are not applicable as are no relevant requirements.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Objective	ISA 200 Paragraph 11	Paragraph 1.4.1. Fundamental Concepts and General Principles Overall Objectives of the Auditor	In conducting an audit of financial statements, the overall objectives of the auditor are: (a) To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and (b) To report on the financial statements, and communicate as required by the ISAs, in accordance with the auditor's findings.	To achieve the overall objectives, the auditor shall achieve the objectives in each Part of the ISA for LCE. The overall objectives of the auditor when conducting an audit of financial statements using the ISA for LCE are to: (a) Obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, to enable the auditor to express an opinion on whether the financial statements are prepared, in all material respects in accordance with an applicable financial reporting framework; and (b) Report on the financial statements, and communicate as required by the ISA for LCE, in accordance with the auditor's findings.	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? n/a
Objective	ISA 200 Paragraph 12 Overall Objectives of the Auditor		In all cases when reasonable assurance cannot be obtained and a qualified opinion in the auditor's report is insufficient in the circumstances for purposes of reporting to the intended users of the financial statements, the ISAs	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – however modified opinions, including disclaimers of opinions, have been adequately addressed in Part

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			require that the auditor disclaim an opinion or withdraw (or resign) from the engagement, where withdrawal is possible under applicable law or regulation.		<p>9.5 of the ISA for LCE and therefore no additional requirement in Part 1.</p> <p>Paragraph 9.5.6 of the ISA for LCE addresses disclaimers of opinion. In addition, the table in paragraph A1 of ISA 705 (Revised) on modified opinions has been included in the ISA for LCE in Part 9.5.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 200 Paragraph 14 Ethical Requirements Relating to an Audit of Financial Statements	Paragraph 1.3.1. Fundamental Concepts and General Principles Ethical Requirements Relating to an Audit of Financial Statements	The auditor shall comply with relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements.	The <u>auditor</u> is subject to <u>relevant ethical requirements</u> , including those relating to independence, relating to financial statement audit engagements. Relevant ethical requirements ordinarily comprise the <i>International Code of Ethics for Professional Accountants, Including International Independence Standards</i> (Code of Ethics) related to an audit of <u>financial statements</u> together with national	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – although not presented as a requirement, the outcome expected to be similar.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				requirements that are more restrictive. The ISA for LCE is premised on the basis that the auditor is complying with the Code of Ethics or to national requirements that are at least as demanding.	Although not presented as a requirement, the outcome expected to be similar. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, similar outcome is expected to be achieved.
Requirements	-	Paragraph 1.3.2 Fundamental Concepts and General Principles Ethical Requirements Relating to an Audit of Financial Statements	-	Systems of quality management, including the policies or procedures are the responsibility of the <u>firm</u> . International Standard on Quality Management (ISQM) 1, <i>Quality Management for Firms that Perform Audits or Reviews for Financial Statements, or Other Assurance or Related Services Engagements</i> applies to all firms that perform audits. The ISA for LCE is premised on the basis that the firm is subject to ISQM 1 or to national requirements that are at least as demanding.	There is no equivalent requirement in the ISAs, but added as provides context for quality management
Requirements	-	Paragraph 1.3.3 Fundamental Concepts and General Principles Firm Quality Management	-	If an <u>engagement quality review</u> is required by the policies or procedures that are in accordance with ISQM 1, ISQM 2, <i>Engagement Quality Reviews</i> , deals with the appointment and eligibility of the <u>engagement quality reviewer</u> , and the	There is no equivalent requirement in the ISAs, but added as provides context for quality management

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				performance and documentation of the engagement quality review.	
Requirements 	ISA 200 Paragraph 15 Professional Skepticism	Paragraph 1.5.6. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit <i>Professional Skepticism</i>	The auditor shall plan and perform an audit with professional skepticism recognizing that circumstances may exist that cause the financial statements to be materially misstated.	The auditor shall plan and perform the audit <u>with professional skepticism</u> recognizing that circumstances may exist that cause the financial statements to be materially misstated.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? No Do the changes result in requirements that still achieve reasonable assurance? Both standards are aligned.
Requirements	ISA 200 Paragraph 16 Professional Judgment	Paragraph 1.5.9. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit <i>Professional Judgment</i>	The auditor shall exercise professional judgment in planning and performing an audit of financial statements.	The auditor shall exercise <u>professional judgment</u> in planning and performing the audit.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? No – does not change the substance of the requirement. Do the changes result in requirements that still achieve reasonable assurance?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Both standards are aligned.
Requirements	ISA 200 Paragraph 17 Sufficient Appropriate Audit Evidence and Audit Risk	Paragraph 1.5.5. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit <i>Sufficient Appropriate Audit Evidence</i>	To obtain reasonable assurance, the auditor shall obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level and thereby enable the auditor to draw reasonable conclusions on which to base the auditor's opinion.	To obtain reasonable assurance, the auditor shall obtain sufficient appropriate <u>audit evidence</u> to reduce <u>audit risk</u> to an acceptably low level and thereby enable the auditor to draw reasonable conclusions on which to base the auditor's opinion.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? Both standards are aligned
Requirements	ISA 200 Paragraph 18 Conduct of an Audit in Accordance with ISAs <i>Complying with ISAs Relevant to the Audit</i>	Paragraphs 1.5.1. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit	The auditor shall comply with all ISAs relevant to the audit. An ISA is relevant to the audit when the ISA is in effect and the circumstances addressed by the ISA exist.	When an audit is performed in accordance with the ISA for LCE, the auditor shall comply with all relevant requirements. A requirement is relevant when the circumstances addressed by the requirement exist.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE. The ISA for LCE is one standard with multiple requirements and does not consist of multiple ISAs. Paragraph 1.3.1 addresses

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>both paragraph 18 and 22 of ISA 200.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the same outcome is achieved.</p>
Requirements	<p>ISA 200</p> <p>Paragraph 19</p> <p>Conduct of an Audit in Accordance with ISAs</p> <p><i>Complying with ISAs Relevant to the Audit</i></p>	<p>Paragraphs 1.5.3.</p> <p>Fundamental Concepts and General Principles</p> <p>Fundamental Concepts and General Principles for Performing the Audit</p>	<p>The auditor shall have an understanding of the entire text of an ISA, including its application and other explanatory material, to understand its objectives and to apply its requirements properly.</p>	<p>The auditor shall have an understanding of the entire text of this standard to understand its objectives and apply its requirements properly.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the ISA for LCE. The ISA for LCE is one standard that does not contain application and other explanatory material.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the same outcome is achieved.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 200 Paragraph 20 Conduct of an Audit in Accordance with ISAs <i>Complying with ISAs Relevant to the Audit</i>	Paragraphs 1.5.2. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit	The auditor shall not represent compliance with ISAs in the auditor's report unless the auditor has complied with the requirements of this ISA and all other ISAs relevant to the audit.	The auditor shall not represent that an audit was performed in accordance with the ISA for LCE unless all applicable requirements have been met.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE. Rearticulated to represent that the audit was performed in accordance with the ISA for LCE. Slight modification to simplify the language used in the requirement, but all aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.</p>
Requirements	ISA 200 Paragraph 21 Conduct of an Audit in Accordance with ISAs Objectives	Paragraph 1.4.2. Fundamental Concepts and General Principles Overall Objectives of the Auditor	To achieve the overall objectives of the auditor, the auditor shall use the objectives stated in relevant ISAs in planning and performing the audit, having regard to the interrelationships among the ISAs, to:	Because the circumstances of audit engagements vary widely and all such circumstances cannot be anticipated, the auditor shall determine whether procedures in addition to those required by the ISA for LCE are required to	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Stated in Individual ISAs		<p>(a) Determine whether any audit procedures in addition to those required by the ISAs are necessary in pursuance of the objectives stated in the ISAs; and</p> <p>(b) Evaluate whether sufficient appropriate audit evidence has been obtained.</p>	achieve the objectives in each Part.	<p>for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the ISA for LCE. The ISA for LCE is one standard with multiple objectives and does not consist of multiple ISAs. Paragraph 21(b) of ISA 200 has not been included as it is included elsewhere in the Standard. Slight modification to simplify the language in the requirement to improve its readability. All aspects of the auditor action are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the same outcome is achieved.</p>
Requirements	<p>ISA 200 Paragraph 22 Conduct of an Audit in Accordance with ISAs Complying with</p>	<p>Paragraphs 1.5.1. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit</p>	<p>Subject to paragraph 23, the auditor shall comply with each requirement of an ISA unless, in the circumstances of the audit:</p> <p>(a) The entire ISA is not relevant; or</p> <p>(b) The requirement is not relevant because it is</p>	<p>When an audit is performed in accordance with the ISA for LCE, the auditor shall comply with all relevant requirements. A requirement is relevant when the circumstances addressed by the requirement exist.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Relevant Requirements		conditional and the condition does not exist.		<p>Yes. The requirement has been adapted to the circumstances of the ISA for LCE. The ISA for LCE is one standard with multiple requirements and does not consist of multiple ISAs. Slight modification to simplify the language in the requirement to improve its readability. All aspects of the auditor action are retained. Paragraph 1.3.1 addresses both paragraph 18 and 22 of ISA 200.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the same outcome is achieved.</p>
Requirements	ISA 200 Paragraph 23 Conduct of an Audit in Accordance with ISAs Complying with Relevant Requirements	Paragraph 1.5.4. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit	In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA. In such circumstances, the auditor shall perform alternative audit procedures to achieve the aim of that requirement. The need for the auditor to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be performed and, in the specific	In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement. In such circumstances, the auditor shall perform alternative procedures to achieve the aim of that requirement. The need for the auditor to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No – does not change the substance of the requirement.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			circumstances of the audit, that procedure would be ineffective in achieving the aim of the requirement.	performed and, in the specific circumstances of the audit, that procedure would be ineffective in achieving the aim of the requirement.	3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	<p>ISA 200 Paragraph 24 Conduct of an Audit in Accordance with ISAs Failure to Achieve an Objective</p>	<p>Paragraph 1.4.3. Fundamental Concepts and General Principles Overall Objectives of the Auditor</p> <p>Paragraph 8.2.4 . Concluding The Auditor's Evaluations and Other Activities to Support the Conclusion <i>Concluding</i></p> <p>Paragraph 8.9.4 Concluding Specific Documentation Requirements</p>	<p>If an objective in a relevant ISA cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs, to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA 230.</p>	<p>1.4.3 If the objective(s) of a particular part cannot be achieved, the auditor shall consider the effect on achieving the overall objective, for example the auditor may be required to:</p> <ul style="list-style-type: none"> • Modify the auditor's opinion; or • Withdraw from the engagement. <p>*****</p> <p>If an objective of a particular Part within the ISA for LCE cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby require the auditor to modify the audit opinion.</p> <p>*****</p> <p>If applicable, the auditor shall document the failure to meet an objective of any Part of the ISA for LCE, and the resulting action (such as the effect on the auditor's opinion or withdrawal from the</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE within the different Parts of the Standard. Slight modifications to simplify the language used in the requirements to improve readability. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.</p>


Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				engagement if the overall objective of the auditor cannot be met).	
Application Material	ISA 200 Paragraph A2	Part 1.5 Fundamental Concepts and General Principles <i>Preparation of the Financial Statements</i>		<p><i>Law or regulation may establish the responsibilities of management, and where appropriate, those charged with governance, in relation to financial reporting. An audit in accordance with the ISA for LCE is conducted on the premise that management (or where appropriate, those charged with governance) have acknowledged and understood that they have responsibility:</i></p> <ul style="list-style-type: none"> <i>For the preparation of the financial statements in accordance with the applicable financial reporting framework.</i> <i>To provide the auditor with access to all information of which they are aware that is relevant to the preparation of the financial statements, and persons within the entity from whom the auditor determines it necessary to obtain audit evidence.</i> 	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Introduction	ISA 200 Paragraph 5	Part 1.5. Fundamental Concepts and General Principles <i>Reasonable Assurance</i>		<i>As the basis for the auditor's opinion, the ISA for LCE requires the auditor to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance. It is obtained when the auditor has obtained sufficient appropriate audit evidence to reduce audit risk (that is, the risk that the auditor expresses an inappropriate opinion when the financial statements are materially misstated) to an acceptably low level. However, reasonable assurance is not an absolute level of assurance, because there are inherent limitations of an audit which result in most of the audit evidence on which the auditor draws conclusions and bases the auditor's opinion being persuasive rather than conclusive.</i>	Essential Explanatory Material
Application Material	ISA 200 Paragraph A47	Part 1.5. Fundamental Concepts and General Principles <i>Inherent Limitations of an Audit</i>		<i>There are inherent limitations of an audit, which result in most of the audit evidence on which the auditor draws conclusions and bases the auditor's opinion being persuasive rather than conclusive</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>in nature. The inherent limitations of an audit arise from:</i></p> <ul style="list-style-type: none"> <i>• The nature of financial reporting frameworks;</i> <i>• The nature of audit procedures; and</i> <i>• The need for audits to be conducted within a reasonable time and at a reasonable cost.</i> 	
Application Material	ISA 200 Paragraph A49	Part 1.5. Fundamental Concepts and General Principles <i>Inherent Limitations of an Audit</i>		<p><i>There are also practical and legal limitations on the auditor's ability to obtain audit evidence. For example:</i></p> <ul style="list-style-type: none"> <i>• Not all relevant information may be provided to the auditor, either intentionally or unintentionally.</i> <i>• Fraud may be occurring which is designed to conceal it, and audit procedures may therefore be ineffective.</i> <i>• An audit is not an official investigation into alleged wrongdoing. Accordingly, the auditor is not given specific legal authority, such as the powers of search, which may be necessary for such an investigation.</i> 	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material 	ISA 200 Paragraph A22	Below Paragraph 1.5.7. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit <i>Professional Skepticism</i>	-	<i>Professional skepticism is necessary to the critical assessment of audit evidence, and the auditor remains alert to, for example:</i> <ul style="list-style-type: none"> <i>Audit evidence that contradicts other audit evidence obtained.</i> <i>Information that brings into question the reliability of documents and responses to inquiries to be used as audit evidence.</i> <i>Conditions that may indicate possible fraud.</i> <i>Circumstances that suggest the need for audit procedures in addition to those required by the ISA for LCE.</i> 	Essential Explanatory Material
Application material	ISA 200 Paragraph A26-A29	Below paragraph 1.5.9. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit <i>Professional Judgment</i>	-	<i>The exercise of professional judgment in any particular case is based on the facts and circumstances that are known to the auditor up to the date of the auditor's report, and decisions made by auditors whose training, knowledge and experience are appropriate to achieve reasonable professional judgments (i.e., the professional judgment reached reflects a competent application of auditing and accounting principles</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>and is appropriate in the circumstances).</i></p> <p><i>Professional judgment needs to be appropriately documented in accordance with the requirements of the ISA for LCE.</i></p>	
Application Material	ISA 200 Paragraphs A31-A33	<p>Below paragraph 1.5.5. Fundamental Concepts and General Principles</p> <p>Fundamental Concepts and General Principles for Performing the Audit</p> <p><i>Sufficient Appropriate Audit Evidence</i></p>	-	<p><i>Sufficiency is the measure of the quantity of audit evidence, and is affected by the auditor's risks of material misstatement (the higher the assessed risks, the more evidence is likely to be required) and also the quality of the evidence (the higher the quality, the less may be required).</i></p> <p><i>Obtaining more evidence, however, may not compensate if it is of poor quality.</i></p> <p><i>Appropriateness is the measure of the quality of the audit evidence, that is its relevance and reliability in providing support for the conclusions on which the auditor's opinion is based. The reliability of evidence is influenced by its source and by its nature, and dependent on the individual circumstances under which it is obtained.</i></p> <p><i>Whether sufficient appropriate audit evidence has been obtained to reduce audit risk to an acceptably low level, and thereby</i></p>	Essential Explanatory Material


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>enable the auditor to draw reasonable conclusions on which to base the auditor's opinion, is a matter of professional judgment.</i>	
ISA 210, Agreeing the Terms of Audit Engagements					
Objective	ISA 210 Paragraph 3	Paragraph 4.1.1.(a) Acceptance or Continuance of an Audit Engagement and Initial Engagements Objective	The objective of the auditor is to accept or continue an audit engagement only when the basis upon which it is to be performed has been agreed, through: (a) Establishing whether the preconditions for an audit are present; and (b) Confirming that there is a common understanding between the auditor and management and, where appropriate, those charged with governance of the terms of the audit engagement.	The objectives of the auditor are: (a) To accept or continue an audit engagement only when the basis upon which it is to be performed has been agreed, through: (i) Establishing whether the preconditions for an audit are present; and (ii) Confirming that there is a common understanding between the auditor and management and, where appropriate those charged with governance, of the terms of the audit engagement.	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? No 3. Do the changes result in the objective that still achieve reasonable assurance? -
Requirements	ISA 210 Paragraph 6 Preconditions for an Audit	Paragraph 4.2.1. Acceptance or Continuance of an Audit Engagement and Initial Engagements Preconditions for an Audit	In order to establish whether the preconditions for an audit are present, the auditor shall: (a) Determine whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable; and	In order to establish whether the preconditions for an audit are present, the <u>auditor</u> shall: (a) Determine whether the financial reporting framework to be applied in the preparation of the <u>financial statements</u> is acceptable;	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(b) Obtain the agreement of management that it acknowledges and understands its responsibility:</p> <p>(i) For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation;</p> <p>(ii) For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and</p> <p>(iii) To provide the auditor with:</p> <p>a. Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;</p> <p>b. Additional information that the auditor may request from management for the purpose of the audit; and</p> <p>c. Unrestricted access to persons within the entity</p>	<p>(b) Obtain the agreement of <u>management</u> that it acknowledges and understands its responsibility:</p> <p>(i) For the preparation of the financial statements in accordance with the <u>applicable financial reporting framework</u>, including where relevant their fair presentation;</p> <p>(ii) For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and</p> <p>(iii) To provide the auditor with:</p> <p>a. Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;</p> <p>b. Additional information that the auditor may request from</p>	<p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			from whom the auditor determines it necessary to obtain audit evidence.	management for the purpose of the audit; and c. Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain <u>audit evidence</u> .	
Requirements	ISA 210 Paragraph 7 Limitation on Scope Prior to Audit Engagement Acceptance	Paragraph 4.2.2. Acceptance or Continuance of an Audit Engagement and Initial Engagements Preconditions for an Audit	If management or those charged with governance impose a limitation on the scope of the auditor's work in the terms of a proposed audit engagement such that the auditor believes the limitation will result in the auditor disclaiming an opinion on the financial statements, the auditor shall not accept such a limited engagement as an audit engagement, unless required by law or regulation to do so.	If management or <u>those charged with governance</u> impose a limitation on the scope of the auditor's work such that the auditor believes that the limitation will result in the auditor disclaiming the opinion on the financial statements, the auditor shall not accept such a limited engagement as an audit engagement, unless required by law or regulation to do so.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Slight modification to simplify the language used in the requirement to improve its readability. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 210</p> <p>Paragraph 8</p> <p>Other Factors Affecting Audit Engagement Acceptance</p>	<p>Paragraph 4.2.3.</p> <p>Acceptance or Continuance of an Audit Engagement and Initial Engagements</p> <p>Preconditions for an Audit</p>	<p>If the preconditions for an audit are not present, the auditor shall discuss the matter with management. Unless required by law or regulation to do so, the auditor shall not accept the proposed audit engagement:</p> <p>(a) If the auditor has determined that the financial reporting framework to be applied in the preparation of the financial statements is unacceptable, except as provided in paragraph 19; or</p> <p>(b) If the agreement referred to in paragraph 6(b) has not been obtained.</p>	<p>If the preconditions for an audit are not present, the auditor shall discuss the matter with management. Unless required by law or regulation to do so, the auditor shall not accept the proposed audit engagement:</p> <p>(a) If there are any threats to compliance with <u>relevant ethical requirements</u> (that have not been addressed by appropriate safeguards), including independence;</p> <p>(b) If the auditor has determined that the financial reporting framework to be applied in the preparation of the financial statements is unacceptable; or</p> <p>(c) If the agreement of management that it acknowledges and understands its responsibility has not been obtained.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the ISA for LCE. Paragraph 4.2.3.(a) has been included to address threats to compliance with relevant ethical requirements (even though it is not a requirement in ISA 210). Slight modification to simplify the language used in the requirement to improve its readability. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the same outcome is achieved.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 210 Paragraph 9 Agreement on Audit Engagement Terms	Paragraph 4.3.1. Acceptance or Continuance of an Audit Engagement and Initial Engagements Terms of the Audit Engagement	The auditor shall agree the terms of the audit engagement with management or those charged with governance, as appropriate.	The auditor shall agree the terms of the audit engagement, in writing, with management or those charged with governance, as appropriate.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE. The ISA for LCE includes that the terms of the engagement need to be agreed “<i>in writing</i>”.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.</p>
Requirements 	ISA 210 Paragraph 10 Agreement on Audit Engagement Terms	Paragraph 4.6.2. Acceptance or Continuance of an Audit Engagement and Initial Engagements Specific Documentation Requirements	Subject to paragraph 11, the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and shall include: (a) The objective and scope of the audit of the financial statements;	The agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and include: (a) The objective and scope of the audit of the financial statements;	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			(b) The responsibilities of the auditor; (c) The responsibilities of management; (d) Identification of the applicable financial reporting framework for the preparation of the financial statements; and (e) Reference to the expected form and content of any reports to be issued by the auditor; and (f) A statement that there may be circumstances in which a report may differ from its expected form and content.	(b) The responsibilities of the auditor; (c) The responsibilities of management; (d) Identification of the applicable financial reporting framework for the preparation of the financial statements; (e) Reference to the expected form and content of any reports to be issued by the auditor; and (f) A statement that there may be circumstances in which a report may differ from its expected form and content.	Yes. The requirement has been adapted to the circumstances of the ISA for LCE. Reference to ISA 210, paragraph 11 has been removed. Slight modification to simplify the language used in the requirement to improve its readability (two “shalls” within the intro – one has been removed). All aspects of auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.
Requirements 	ISA 210 Paragraph 11 Agreement on Audit Engagement Terms	Paragraph 4.6.3. Acceptance or Continuance of an Audit Engagement and Initial Engagements Specific Documentation Requirements	If law or regulation prescribes in sufficient detail the terms of the audit engagement referred to in paragraph 10, the auditor need not record them in a written agreement, except for the fact that such law or regulation applies and that management acknowledges and understands its responsibilities as set out in paragraph 6(b).	If law or regulation prescribes in sufficient detail the terms of the audit engagement referred to in this standard, the auditor need not record them in a written agreement, except for the fact that such law or regulation applies and that management acknowledges and understands its responsibilities.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Reference to ISA 210, paragraph references to 10 and 6(b) have been removed. All aspects of auditor action retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.
Requirements	ISA 210 Paragraph 12 Agreement on Audit Engagement Terms	-	If law or regulation prescribes responsibilities of management similar to those described in paragraph 6(b), the auditor may determine that the law or regulation includes responsibilities that, in the auditor's judgment, are equivalent in effect to those set out in that paragraph. For such responsibilities that are equivalent, the auditor may use the wording of the law or regulation to describe them in the written agreement. For those responsibilities that are not prescribed by law or regulation such that their effect is equivalent, the written agreement shall use the description in paragraph 6(b).	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not included due to the nature of the LCE standard and the Task Force does not believe that this would reduce the ability to obtain reasonable assurance. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 210 Paragraph 13 Recurring Audits	Paragraph 4.3.2. Acceptance or Continuance of an Audit	On recurring audits, the auditor shall assess whether circumstances require the terms of the audit engagement to be revised	On recurring engagements, the auditor shall assess whether circumstances require the terms of the audit engagement to be	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Engagement and Initial Engagements Terms of the Audit Engagement	and whether there is a need to remind the entity of the existing terms of the audit engagement.	revised and whether there is a need to remind the engaging party of the existing terms of engagements.	2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Minor modification to the requirement has been adapted to the circumstances of the ISA for LCE. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – same outcome will be achieved
Requirements	ISA 210 Paragraph 14 Acceptance of a Change in the Terms of the Audit Engagement	Paragraph 4.3.3. Acceptance or Continuance of an Audit Engagement and Initial Engagements Terms of the Audit Engagement	The auditor shall not agree to a change in the terms of the audit engagement where there is no reasonable justification for doing so.	The auditor shall not agree to a change in the terms of the audit engagement where there is no reasonable justification for doing so.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 210 Paragraph 15 Acceptance of a Change in the Terms of the Audit Engagement	Paragraph 4.3.4. Acceptance or Continuance of an Audit Engagement and Initial Engagements Terms of the Audit Engagement	If, prior to completing the audit engagement, the auditor is requested to change the audit engagement to an engagement that conveys a lower level of assurance, the auditor shall determine whether there is reasonable justification for doing so.	If, prior to completing the audit engagement, the auditor is requested to change the audit engagement to an engagement that conveys a lower level of assurance, the auditor shall determine whether there is reasonable justification for doing so.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 210 Paragraph 16 Acceptance of a Change in the Terms of the Audit Engagement	Paragraph 4.3.5. Acceptance or continuance of an audit engagement Terms of the Audit Engagement	If the terms of the audit engagement are changed, the auditor and management shall agree on and record the new terms of the engagement in an engagement letter or other suitable form of written agreement.	If the terms of the audit engagement are changed, the auditor and management shall agree on and record the new terms of the engagement in an engagement letter or other suitable form of written agreement.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 210 Paragraph 17 Acceptance of a Change in the Terms of the Audit Engagement	Paragraph 4.3.6. Acceptance or continuance of an audit engagement Terms of the Audit Engagement	If the auditor is unable to agree to a change of the terms of the audit engagement and is not permitted by management to continue the original audit engagement, the auditor shall: (a) Withdraw from the audit engagement where possible under applicable law or regulation; and (b) Determine whether there is any obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners or regulators.	If the auditor is unable to agree to a change of the terms of the audit engagement and is not permitted by management to continue the original audit engagement, the auditor shall: (a) Withdraw from the audit engagement where possible under applicable law or regulation; and (b) Determine whether there is any obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners or regulators.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 210 Paragraph 18 Additional Considerations in Engagement Acceptance <i>Financial Reporting Standards Supplemented by Law or Regulation</i>	-	If financial reporting standards established by an authorized or recognized standards setting organization are supplemented by law or regulation, the auditor shall determine whether there are any conflicts between the financial reporting standards and the additional requirements. If such conflicts exist, the auditor shall discuss with management the nature of the additional requirements and shall agree whether: (a) The additional requirements can be met through additional	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? 2. Yes – but not included due to the nature of the LCE standard. The Task Force does not believe that this would reduce the ability to obtain reasonable assurance. Should / could the requirement be simplified for the circumstances of an LCE? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>disclosures in the financial statements; or</p> <p>(b) The description of the applicable financial reporting framework in the financial statements can be amended accordingly.</p> <p>If neither of the above actions is possible, the auditor shall determine whether it will be necessary to modify the auditor's opinion in accordance with ISA 705.</p>		<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 210 Paragraph 19 Additional Considerations in Engagement Acceptance <i>Financial Reporting Framework Prescribed by Law or Regulation—Other Matters Affecting Acceptance</i></p>	-	<p>If the auditor has determined that the financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation, the auditor shall accept the audit engagement only if the following conditions are present:</p> <p>(a) Management agrees to provide additional disclosures in the financial statements required to avoid the financial statements being misleading; and</p> <p>(b) It is recognized in the terms of the audit engagement that:</p> <p>(i) The auditor's report on the financial statements will incorporate an Emphasis of Matter paragraph,</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. It is unlikely that an audit would be considered less complex when the financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation requiring the auditor to determine whether certain conditions are present before accepting the audit engagement.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>drawing users' attention to the additional disclosures, in accordance with ISA 706 (Revised); and</p> <p>(ii) Unless the auditor is required by law or regulation to express the auditor's opinion on the financial statements by using the phrases "present fairly, in all material respects," or "give a true and fair view" in accordance with the applicable financial reporting framework, the auditor's opinion on the financial statements will not include such phrases.</p>		<p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 210 Paragraph 20 Additional Considerations in Engagement Acceptance <i>Financial Reporting Framework Prescribed by Law or Regulation—Other Matters</i></p>	-	<p>If the conditions outlined in paragraph 19 are not present and the auditor is required by law or regulation to undertake the audit engagement, the auditor shall:</p> <p>(a) Evaluate the effect of the misleading nature of the financial statements on the auditor's report; and</p> <p>(b) Include appropriate reference to this matter in the terms of the audit engagement.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. It is unlikely that an audit would be considered less complex when the financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation requiring the auditor to determine whether certain conditions are present</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Affecting Acceptance</i>				<p>before accepting the audit engagement.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 210 Paragraph 21</p> <p>Additional Considerations in Engagement Acceptance</p> <p><i>Auditor's Report Prescribed by Law or Regulation</i></p>	-	<p>In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the auditor's report in a form or in terms that are significantly different from the requirements of ISAs. In these circumstances, the auditor shall evaluate:</p> <p>(a) Whether users might misunderstand the assurance obtained from the audit of the financial statements and, if so,</p> <p>(b) Whether additional explanation in the auditor's report can mitigate possible misunderstanding.</p> <p>If the auditor concludes that additional explanation in the auditor's report cannot mitigate possible misunderstanding, the</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but not included due to the nature of the LCE standard. The Task Force does not believe that this would reduce the ability to obtain reasonable assurance – the example auditors report in Appendix 6 sets out the requirements for the content of the auditor's report..</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			auditor shall not accept the audit engagement, unless required by law or regulation to do so. An audit conducted in accordance with such law or regulation does not comply with ISAs. Accordingly, the auditor shall not include any reference within the auditor's report to the audit having been conducted in accordance with ISAs.		<p>achieve reasonable assurance?</p> <p>-</p>
ISA 220 (Revised), Quality Management for an Audit of Financial Statements					
Objective	ISA 220 (Revised) Paragraph 11	Paragraph 2.1.1. Engagement Quality Management Objectives	<p>The objective of the auditor is to manage quality at the engagement level to obtain reasonable assurance that quality has been achieved such that:</p> <p>(a) The auditor has fulfilled the auditor's responsibilities, and has conducted the audit, in accordance with professional standards and applicable legal and regulatory requirements; and</p> <p>(b) The auditor's report issued is appropriate in the circumstances.</p>	<p>The objectives of the auditor are to manage quality at the engagement level to obtain reasonable assurance that quality has been achieved such that:</p> <p>(a) The auditor has conducted the audit in accordance with the ISA for LCE, relevant ethical standards and the applicable legal and regulatory requirements; and</p> <p>(b) The auditor's report is appropriate in the circumstances.</p>	<ol style="list-style-type: none"> 1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes –modification for nature of ISA for LCE but the overall objective expected to result in similar outcome for the management of quality. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – outcome of auditor's work, based on requirements to achieve the objective, expected to be similar

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 220 (Revised) Paragraph 13 Leadership Responsibilities for Managing and Achieving Quality on Audits	Paragraph 2.2.1. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	The engagement partner shall take overall responsibility for managing and achieving quality on the audit engagement, including taking responsibility for creating an environment for the engagement that emphasizes the firm's culture and expected behavior of engagement team members. In doing so, the engagement partner shall be sufficiently and appropriately involved throughout the audit engagement such that the engagement partner has the basis for determining whether the significant judgments made, and the conclusions reached, are appropriate given the nature and circumstances of the engagement.	The engagement partner shall take overall responsibility for managing and achieving quality on the audit engagement. In doing so, the engagement partner shall be sufficiently and appropriately involved throughout the audit engagement to determine that the significant judgments made and conclusions reached are appropriate in the circumstances.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – modifications have been made to make appropriate for ISA for LCE, however requirements related to actions (take overall responsibility and determine) have been retained and behavioural aspects captured in paragraph 2.2.2. Do the changes result in requirements that still achieve reasonable assurance? Yes – the actions required in this requirement have been retained and will still result in reasonable assurance
Requirements	ISA 220 (Revised) Paragraph 14	Paragraph 2.2.2. Engagement Quality Management	In creating the environment described in paragraph 13, the engagement partner shall take responsibility for clear, consistent	The engagement partner shall take responsibility for clear, consistent and effective actions being taken that reflect the firm's commitment to	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Leadership Responsibilities for Managing and Achieving Quality on Audits	The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	and effective actions being taken that reflect the firm's commitment to quality and establish and communicate the expected behavior of engagement team members, including emphasizing: (a) That all engagement team members are responsible for contributing to the management and achievement of quality at the engagement level; (b) The importance of professional ethics, values and attitudes to the members of the engagement team; (c) The importance of open and robust communication within the engagement team, and supporting the ability of engagement team members to raise concerns without fear of reprisal; and (d) The importance of each engagement team member exercising professional skepticism throughout the audit engagement.	quality, and establish and communicate the expected behavior of the engagement team members.	Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified to reflect nature of an LCE and simpler engagement teams in an LCE audit; broad requirement for responsibility of engagement partner retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – broader requirement for responsibility of engagement partner retained.
Requirements	ISA 220 (Revised) Paragraph 15	Paragraph 2.2.3. Engagement Quality Management	If the engagement partner assigns the design or performance of procedures, tasks or actions related to a requirement of this ISA to other members of the	If the engagement partner assigns the design or performance of procedures, tasks or actions to other members of the engagement team, the engagement partner shall	1. Is the requirement relevant in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Leadership Responsibilities for Managing and Achieving Quality on Audits	The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	engagement team to assist the engagement partner in complying with the requirements of this ISA, the engagement partner shall continue to take overall responsibility for managing and achieving quality on the audit engagement through direction and supervision of those members of the engagement team, and review of their work.	continue to take overall responsibility for managing and achieving quality through direction and supervision of those members of the engagement team, and review of their work. In taking overall responsibility for managing and achieving quality through direction and supervision, the engagement partner shall determine that the nature, timing and extent of direction, supervision and review is responsive to the nature and circumstances of the engagement and in compliance with the firm's related policies or procedures, this ISA for LCE, relevant ethical standards and regulatory requirements..	<p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes –modifications to make the standard more appropriate for the ISA for LCE standard but all significant aspects of auditor action from the ISA requirement retained. In addition, expanded to also include paragraphs 29 and 30 of ISA 220 (Revised) to explain what the EP is required to do when assigning procedures, tasks or actions.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – no reduction made to required work effort by auditor.</p>
Requirements	ISA 220 (Revised) Paragraph 16 Relevant Ethical Requirements, including Those	-	The engagement partner shall have an understanding of the relevant ethical requirements, including those related to independence, that are applicable given the nature and	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but not included as Part 1 (see paragraph 1.3.1)</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	related to Independence		circumstances of the audit engagement.		<p>makes clear this standard is premised on relevant ethical requirements, and there is a sufficient understanding by the EP and engagement team of the relevant ethical requirements to be able to undertake the audit. In trying to make standard more succinct the Task Force is of the view that this would not reduce the ability to obtain reasonable assurance.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? n/a</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 220 (Revised) Paragraph 17 Relevant Ethical Requirements, including Those related to Independence	Paragraph 2.2.4.(a) Engagement Quality Management The Engagement Partner's Responsibilities <i>Relevant Ethical Requirements</i>	The engagement partner shall take responsibility for other members of the engagement team having been made aware of relevant ethical requirements that are applicable given the nature and circumstances of the audit engagement, and the firm's related policies or	Throughout the audit engagement, the engagement partner shall: (a) Take responsibility for identifying, evaluating and addressing threats to compliance with relevant ethical requirements, including those related to independence that	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>procedures, including those that address:</p> <p>(a) Identifying, evaluating and addressing threats to compliance with relevant ethical requirements, including those related to independence;</p> <p>(b) Circumstances that may cause a breach of relevant ethical requirements, including those related to independence, and the responsibilities of members of the engagement team when they become aware of breaches; and</p> <p>(c) The responsibilities of members of the engagement team when they become aware of an instance of non compliance with laws and regulations</p>	<p>are applicable given the nature and circumstances of the engagement and the firm's related policies or procedures; and</p> <p>(b) Remain alert, through observation, inspection of audit documentation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team.</p>	<p>for the circumstances of an LCE?</p> <p>Yes – modified to make the ISA for LCE standard more succinct without reducing the robustness of the requirement - the Task Force is of the view that this would not reduce the ability to obtain reasonable assurance as the engagement partner's responsibility for taking responsibility is still required. (b) relates to para 19 of ISA 220 (Revised)</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – overall responsibility and related actions still required, it's the detail of how to do this that has not been included.</p>
Requirements	<p>ISA 220 (Revised) Paragraph 18</p> <p>Relevant Ethical Requirements, including Those</p>	<p>Paragraph 2.2.5.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Relevant Ethical Requirements</i></p>	<p>If matters come to the engagement partner's attention that indicate that a threat to compliance with relevant ethical requirements exists, the engagement partner shall evaluate the threat through complying with the firm's policies or procedures, using relevant information from the</p>	<p>If matters come to the engagement partner's attention that indicate that:</p> <p>(a) A threat to compliance with relevant ethical requirements exists; or</p> <p>(b) Relevant ethical requirements have not been fulfilled,</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	related to Independence		firm, the engagement team or other sources, and take appropriate action.	the engagement partner shall take appropriate action, including evaluating the matter, complying with the firm's related policies or procedures and consulting with others in the firm, as appropriate.	<p>for the circumstances of an LCE?</p> <p>Yes - modified to make the ISA for LCE standard more succinct without reducing the robustness of the requirement - the Task Force is of the view that this would not reduce the ability to obtain reasonable assurance as the engagement partner's responsibility for taking action is still required. This requirement is combined with the actions in paragraph 20 of ISA 220 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the responsibility for the engagement partner is expected to result in a similar outcome.</p>
Requirements	ISA 220 (Revised) Paragraph 19 Relevant Ethical Requirements, including Those	Paragraph 2.2.4.(b) Engagement Quality Management The Engagement Partner's Responsibilities	The engagement partner shall remain alert throughout the audit engagement, through observation and making inquiries as necessary, for breaches of relevant ethical requirements or the firm's related	Throughout the audit engagement,... (a) ... (b) Remain alert, through observation, inspection of audit documentation and making	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	related to Independence	<i>Relevant Ethical Requirements</i>	policies or procedures by members of the engagement team.	inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team.	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified to make the ISA for LCE standard more succinct without reducing the robustness of the requirement</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – similar actions still required</p>
Requirements	<p>ISA 220 (Revised) Paragraph 20</p> <p>Relevant Ethical Requirements, including Those related to Independence</p>	<p>Paragraph 2.2.5.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Relevant Ethical Requirements</i></p>	If matters come to the engagement partner's attention through the firm's system of quality management, or from other sources, that indicate that relevant ethical requirements applicable to the nature and circumstances of the audit engagement have not been fulfilled, the engagement partner, in consultation with others in the firm, shall take appropriate action.	<p>If matters come to the engagement partner's attention that indicate that:</p> <p>(c) A threat to compliance with relevant ethical requirements exists; or</p> <p>(d) Relevant ethical requirements have not been fulfilled, the engagement partner shall take appropriate action, including evaluating the matter, complying with the firm's related policies or procedures and consulting with others in the firm, as appropriate.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes - modified to make the ISA for LCE standard more succinct without reducing the robustness of the requirement - the Task Force is of the view that this would not reduce the ability to obtain reasonable</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>assurance as the engagement partner's responsibility for taking action is still required. This requirement is combined with the actions in paragraph 20 of ISA 220 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the responsibility for the engagement partner is expected to result in a similar outcome.</p>
Requirements	<p>ISA 220 (Revised) Paragraph 21</p> <p>Relevant Ethical Requirements, including Those related to Independence</p>	-	<p>Prior to dating the auditor's report, the engagement partner shall take responsibility for determining whether relevant ethical requirements, including those related to independence, have been fulfilled.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but not included because in trying to make standard more succinct the Task Force is of the view that this would not reduce the ability to obtain reasonable assurance as there is an assumption that this would be done.</p> <p>2. Should / could the requirement be simplified</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>for the circumstances of an LCE?</p> <p>n/a</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 22</p> <p>Acceptance and Continuance of Client Relationships and Audit Engagements</p>	<p>Paragraph 4.3.7.</p> <p>Acceptance or Continuance of an Audit Engagement</p> <p>Terms of the Audit Engagement</p> <p><i>Other Engagement Partner Responsibilities</i></p>	<p>The engagement partner shall determine that the firm's policies or procedures for the acceptance and continuance of client relationships and audit engagements have been followed, and that conclusions reached in this regard are appropriate.</p>	<p>The engagement partner shall determine that the firm's policies or procedures regarding acceptance and continuance of the audit engagement have been followed and that conclusions reached in this regard are appropriate.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No – only very minor modifications.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – required action has been retained</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 23</p> <p>Acceptance and Continuance of Client</p>	<p>Paragraph 5.2.3.</p> <p>Planning</p> <p>Planning Activities</p>	<p>The engagement partner shall take into account information obtained in the acceptance and continuance process in planning and performing the audit engagement in accordance with the ISAs and</p>	<p>The engagement partner shall take into account information obtained in the acceptance and continuance process in planning and performing the audit.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Relationships and Audit Engagements		complying with the requirements of this ISA.		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No – modifications made to make appropriate for the ISA for LCE standard – the full action of the ISA requirement retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 220 (Revised) Paragraph 24</p> <p>Acceptance and Continuance of Client Relationships and Audit Engagements</p>	-	<p>If the engagement team becomes aware of information that may have caused the firm to decline the audit engagement had that information been known by the firm prior to accepting or continuing the client relationship or specific engagement, the engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but not included in ISA for LCE because included in ISQM 1 (para 34 (it's a specified response) so will still be applicable under that standard. The Task Force also of the view that this is broadly covered by paragraph 2.2.7.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>n/a</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 220 (Revised) Paragraph 25 Engagement resources</p>	<p>Paragraph 2.2.6.(a) Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i></p>	<p>The engagement partner shall determine that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstances of the audit engagement, the firm's policies or procedures, and any changes that may arise during the engagement.</p>	<p>Taking into account the nature and circumstances of the audit, and the firm's related policies and procedures, the engagement partner shall determine that:</p> <p>(a) Sufficient and appropriate resources are assigned or made available to the engagement team in a timely manner; and</p> <p>(b) Members of the engagement team, and any experts, collectively have the appropriate competence and capabilities, including sufficient time, to perform the audit engagement.</p> <p>If the above conditions are not met, the engagement partner shall take appropriate action, including communicating with appropriate individuals about the need to assign or make available additional or alternative resources to the engagement.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – made into a bullet list to incorporate related matters. However, no aspects of the requirement have been lost. This requirement has also been combined in the bullet list with paragraph 26 and 27 of ISA 220 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all key aspects of the requirement have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 220 (Revised) Paragraph 26 Engagement resources	Paragraph 2.2.6.(b) Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i>	The engagement partner shall determine that members of the engagement team, and any auditor's external experts and internal auditors who provide direct assistance who are not part of the engagement team, collectively have the appropriate competence and capabilities, including sufficient time, to perform the audit engagement.	Taking into account the nature and circumstances of the audit, and the firm's policies and procedures, the engagement partner shall determine that: (a) ...; and (b) Members of the engagement team, and any experts, collectively have the appropriate competence and capabilities, including sufficient time, to perform the audit engagement. If the above conditions are not met, the engagement partner shall take appropriate action, including communicating with appropriate individuals about the need to assign or make available additional or alternative resources to the engagement.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for the nature of the ISA for LCE standard. Internal audit not included because excluded from the ISA for LCE standard. This requirement has also been combined in the bullet list with paragraphs 25 and 27 of ISA 220 (Revised). 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all relevant aspects of the requirement for an LCE audit would be retained.
Requirements	ISA 220 (Revised) Paragraph 27 Engagement resources	Paragraph 2.2.6. Engagement Quality Management <i>Other Engagement Partner Responsibilities</i>	If, as a result of complying with the requirements in paragraphs 25 and 26, the engagement partner determines that resources assigned or made available are insufficient or inappropriate in the	Taking into account the nature and circumstances of the audit, and the firm's policies and procedures, the engagement partner shall determine that: (a) ...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			circumstances of the audit engagement, the engagement partner shall take appropriate action, including communicating with appropriate individuals about the need to assign or make available additional or alternative resources to the engagement.	<p>(b) ...</p> <p>If the above conditions are not met, the engagement partner shall take appropriate action, including communicating with appropriate individuals about the need to assign or make available additional or alternative resources to the engagement.</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified for nature of the ISA for LCE standard.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all aspects that require action within the requirement have been retained.</p>
Requirements	ISA 220 (Revised) Paragraph 28 Engagement resources	Paragraph 2.2.7. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	The engagement partner shall take responsibility for using the resources assigned or made available to the engagement team appropriately, given the nature and circumstances of the audit engagement.	The engagement partner shall take responsibility for using the resources assigned or made available to the engagement team appropriately.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes - modified for nature of the ISA for LCE standard.</p> <p>2. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all aspects that require action within the requirement have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 220 (Revised) Paragraph 29 Engagement Performance <i>Direction, Supervision and Review</i>	Paragraph 2.2.3. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	The engagement partner shall take responsibility for the direction and supervision of the members of the engagement team and the review of their work.	If the engagement partner assigns the design or performance of procedures, tasks or actions to other members of the engagement team, the engagement partner shall continue to take overall responsibility for managing and achieving quality through direction and supervision of those members of the engagement team, and review of their work. In taking responsibility for managing and achieving quality through direction and supervision, the engagement partner shall determine that the nature, timing and extent of direction, supervision and review is responsive to the nature and circumstances of the engagement and in compliance with the firm's related policies or procedures, this ISA for LCE, relevant ethical standards and regulatory requirements..	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes –modifications to make the standard more appropriate for the ISA for LCE standard but all significant aspects of auditor action from the ISA requirement retained. In addition, expanded to also include paragraphs 15 and 30 of ISA 220 (Revised) to explain what the EP is required to do when assigning procedures, tasks or actions. -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – the responsibility for direction, supervision and review has been retained</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 220 (Revised) Paragraph 30 Engagement Performance <i>Direction, Supervision and Review</i>	Paragraph 2.2.3. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	The engagement partner shall determine that the nature, timing and extent of direction, supervision and review is: (a) Planned and performed in accordance with the firm's policies or procedures, professional standards and applicable legal and regulatory requirements; and (b) Responsive to the nature and circumstances of the audit engagement and the resources assigned or made available to the engagement team by the firm.	If the engagement partner assigns the design or performance of procedures, tasks or actions to other members of the engagement team, the engagement partner shall continue to take overall responsibility for managing and achieving quality through direction and supervision of the other members of the engagement team, and review of their work. In doing so, the engagement partner shall determine that the nature, timing and extent of direction, supervision and review is responsive to the nature and circumstances of the engagement and in compliance with the firm's related policies or procedures, this ISA for LCE, relevant ethical standards and regulatory requirements.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes –modifications to make the standard more appropriate for the ISA for LCE standard but all significant aspects of auditor action from the ISA requirement retained. In addition, expanded to also include paragraphs 15 and 29 of ISA 220 (Revised) to explain what the EP is required to do when assigning procedures, tasks or actions.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the requirement have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 220 (Revised) Paragraph 31 Engagement Performance <i>Direction, Supervision and Review</i>	Paragraph 2.2.9. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i>	The engagement partner shall review audit documentation at appropriate points in time during the audit engagement, including audit documentation relating to: (a) Significant matters; (b) Significant judgments, including those relating to difficult or contentious matters identified during the audit engagement, and the conclusions reached; and (c) Other matters that, in the engagement partner's professional judgment, are relevant to the engagement partner's responsibilities.	The engagement partner shall review audit documentation at appropriate points in time during the audit, including documentation relating to significant matters, significant judgments (including those relating to difficult or contentious matters) and other matters that, in the engagement partner's professional judgment, are relevant to the engagement partner's responsibilities.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for nature of the ISA for LCE standard but no significant aspects lost Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the ISA requirement have been retained.
Requirements	ISA 220 (Revised) Paragraph 32 Engagement Performance <i>Direction, Supervision and Review</i>	Paragraph 2.2.10. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i>	On or before the date of the auditor's report, the engagement partner shall determine, through review of audit documentation and discussion with the engagement team, that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued	On or before the date of the auditor's report, the auditor shall determine that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued;	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for nature of the ISA for LCE standard

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>but no significant aspects of the required action lost – all auditor actions about what needs to be done retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – no aspects of the auditor's required action have been reduced</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 33</p> <p>Engagement Performance</p> <p><i>Direction, Supervision and Review</i></p>	<p>Paragraph 8.7.2.</p> <p>Concluding</p> <p>Taking Overall Responsibility for Managing and Achieving Quality</p>	<p>Prior to dating the auditor's report, the engagement partner shall review the financial statements and the auditor's report, including, if applicable, the description of the key audit matters and related audit documentation, to determine that the report to be issued will be appropriate in the circumstances</p>	<p>Prior to dating the auditor's report, the engagement partner shall review the financial statements and the auditor's report to determine that the auditor's report being issued will be appropriate in the circumstances. If key audit matters are voluntarily presented, the engagement partner's review shall include reviewing the description of key audit matters and related audit documentation.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified for nature of the ISA for LCE standard but no significant aspects lost – all relevant auditor actions about what needs to be done retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes – no aspects of the auditor's required action have been reduced
Requirements	ISA 220 (Revised) Paragraph 34 Engagement Performance <i>Direction, Supervision and Review</i>	Paragraph 2.2.14. Engagement Quality Management The Engagement Partner's Responsibilities <i>Review of Communications</i>	The engagement partner shall review, prior to their issuance, formal written communications to management, those charged with governance or regulatory authorities.	The engagement partner shall review, prior to their issuance, formal written communications to management, those charged with governance or regulatory authorities.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 220 (Revised) Paragraph 35 Engagement Performance <i>Consultation</i>	Paragraph 2.2.12. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i>	The engagement partner shall: (a) Take responsibility for the engagement team undertaking consultation on: (i) Difficult or contentious matters and matters on which the firm's policies or procedures require consultation; and	The engagement partner shall: (a) Take responsibility for differences of opinion being addressed and resolved in accordance with the firm's policies or procedures; (b) Take responsibility for consultations being made in	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(ii) Other matters that, in the engagement partner's professional judgment, require consultation;</p> <p>(b) Determine that members of the engagement team have undertaken appropriate consultation during the audit engagement, both within the engagement team, and between the engagement team and others at the appropriate level within or outside the firm;</p> <p>(c) Determine that the nature and scope of, and conclusions resulting from, such consultations are agreed with the party consulted; and</p> <p>(d) Determine that conclusions agreed have been implemented</p>	<p>accordance with the firm's related policies or procedures, or where deemed necessary, on difficult or contentious matters;</p> <p>(c) Determine that conclusions reached with respect to differences of opinion and difficult or contentious matters are documented and implemented; and</p> <p>(d) Not date the auditor's report until any differences of opinion are resolved.</p>	<p>Yes – modified for nature of the ISA for LCE standard but no significant aspects lost – all significant auditor actions about what needs to be done retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the significant aspects of the requirement have been retained as appropriate for an audit of an LCE</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 36</p> <p>Engagement Performance</p> <p><i>Engagement Quality Review</i></p>	<p>Paragraph 2.2.13.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Other Engagement Partner Responsibilities</i></p>	<p>For audit engagements for which an engagement quality review is required, the engagement partner shall:</p> <p>(a) Determine that an engagement quality reviewer has been appointed;</p> <p>(b) Cooperate with the engagement quality reviewer and inform other members of</p>	<p>If applicable, the engagement partner shall determine that an engagement quality review has been performed in accordance with the firm's related policies or procedures and:</p> <p>(a) Determine that the engagement quality review has been performed;</p> <p>(b) Discuss significant matters and significant judgments arising</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified for nature of the ISA for LCE standard</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>the engagement team of their responsibility to do so;</p> <p>(c) Discuss significant matters and significant judgments arising during the audit engagement, including those identified during the engagement quality review, with the engagement quality reviewer; and</p> <p>(d) Not date the auditor's report until the completion of the engagement quality review.</p>	<p>during the audit with the engagement quality reviewer; and</p> <p>(c) Not date of the auditor's report before the engagement quality review is complete.</p>	<p>(also likely to be far less quality management reviews for LCE audits but may still be needed in some cases). All significant auditor actions about what needs to be done have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the significant aspects of the requirement have been retained as appropriate to an audit of an LCE</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 37</p> <p>Engagement Performance</p> <p><i>Differences of Opinion</i></p>	-	<p>If differences of opinion arise within the engagement team, or between the engagement team and the engagement quality reviewer or individuals performing activities within the firm's system of quality management, including those who provide consultation, the engagement team shall follow the firm's policies or procedures for dealing with and resolving such differences of opinion.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but less likely in an audit of an LCE because many of the areas that would likely lead to differences of opinion are related to those matters that are scoped out of the standard.</p> <p>2. Should / could the requirement be simplified</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 38</p> <p>Engagement Performance</p> <p><i>Differences of Opinion</i></p>	<p>Paragraph 2.2.12.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Other Engagement Partner Responsibilities</i></p>	<p>The engagement partner shall:</p> <p>(a) Take responsibility for differences of opinion being addressed and resolved in accordance with the firm's policies or procedures;</p> <p>(b) Determine that conclusions reached are documented and implemented; and</p> <p>(c) Not date the auditor's report until any differences of opinion are resolved.</p>	<p>The engagement partner shall:</p> <p>(a) Take responsibility for differences of opinion being addressed and resolved in accordance with the firm's policies or procedures;</p> <p>(b) Take responsibility for consultations being made in accordance with the firm's related policies or procedures, or where deemed necessary, on difficult or contentious matters;</p> <p>(c) Determine that conclusions reached with respect to differences of opinion and difficult or contentious matters are documented and implemented; and</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified for nature of the ISA for LCE standard and the circumstances of an LCE – however the significant outcomes from responsibility for addressing and resolving differences of opinion have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – significant responsibility for differences of opinion retained and</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				(d) Not date the auditor's report until any differences of opinion are resolved.	outcomes still expected to be similar in context of nature of LCE
Requirements	ISA 220 (Revised) Paragraph 39 Monitoring and Remediation	Paragraph 2.2.11. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i>	The engagement partner shall take responsibility for: (a) Obtaining an understanding of the information from the firm's monitoring and remediation process, as communicated by the firm including, as applicable, the information from the monitoring and remediation process of the network and across the network firms; (b) Determining the relevance and effect on the audit engagement of the information referred to in paragraph 39(a) and take appropriate action; and (c) Remaining alert throughout the audit engagement for information that may be relevant to the firm's monitoring and remediation process and communicate such information to those responsible for the process.	The engagement partner shall: (a) Determine whether the results of the firm's monitoring and remediation process and, if applicable, other network firms, and deficiencies noted in that information may affect the audit engagement; and (b) Take appropriate action, including remaining alert to matters that are relevant to be communicated to the firm.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for nature of the ISA for LCE standard – however significant outcomes from responsibility addressing findings from monitoring and remediation retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - significant responsibility retained and outcomes still expected to be similar in context of nature of LCE</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 220 (Revised) Paragraph 40 Taking Overall Responsibility for Managing and Achieving Quality	Paragraph 8.7.1. Concluding Taking Overall Responsibility for Managing and Achieving Quality	Prior to dating the auditor's report, the engagement partner shall determine that the engagement partner has taken overall responsibility for managing and achieving quality on the audit engagement. In doing so, the engagement partner shall determine that: (a) The engagement partner's involvement has been sufficient and appropriate throughout the audit engagement such that the engagement partner has the basis for determining that the significant judgments made and the conclusions reached are appropriate given the nature and circumstances of the engagement; and (b) The nature and circumstances of the audit engagement, any changes thereto, and the firm's related policies or procedures have been taken into account in complying with the requirements of this ISA	Prior to dating the auditor's report, the engagement partner shall determine that: (a) There has been sufficient and appropriate involvement by the engagement partner such that significant judgments made and conclusions reached are appropriate given the nature and circumstances of the engagement. (b) Overall responsibility for managing and achieving quality on the audit engagement has been taken.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for nature of the ISA for LCE standard – significant outcomes from responsibilities in (a) and (b) addressed. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – the significant aspect of the requirement have been retained.
Requirements 	ISA 220 (Revised) Paragraph 41 Documentation	Paragraph 4.6.1. (a) and (b) Acceptance or Continuance of an Audit	In applying ISA 230, the auditor shall include in the audit documentation: (a) Matters identified, relevant discussions with personnel,	4.6.1. In addition to the general documentation requirements (paragraphs 3.8.1.–3.8.4.) for an audit engagement, the auditor shall include in the audit documentation	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<p>Engagement and Initial Engagements</p> <p>Specific Documentation Requirements</p> <p>Paragraph 8.9.1(c).</p> <p>Concluding Specific Documentation Requirements</p> <p>The Auditor's Evaluations and Other Activities to Support the Conclusion</p>	<p>and conclusions reached with respect to:</p> <p>(i) Fulfillment of responsibilities relating to relevant ethical requirements, including those related to independence.</p> <p>(ii) The acceptance and continuance of the client relationship and audit engagement.</p> <p>(b) The nature and scope of, and conclusions resulting from, consultations undertaken during the audit engagement and how such conclusions were implemented.</p> <p>(c) If the audit engagement is subject to an engagement quality review, that the engagement quality review has been completed on or before the date of the auditor's report.</p>	<p>matters identified, relevant discussions with personnel, and conclusions reached with respect to:</p> <p>(a) Fulfillment of responsibilities relating to relevant ethical requirements, including applicable independence requirements.</p> <p>(b) The acceptance and continuance of the client relationships and audit engagement.</p> <p>*****</p> <p>8.9.1. In addition to the audit documentation requirements (paragraphs 3.8.1.–3.8.4.) for an audit engagement, the auditor shall include the following in the audit documentation:</p> <p>(a)</p> <p>(b)</p> <p>(c) The nature and scope of, and conclusions from, consultations undertaken during the audit, including how such conclusions were implemented.</p>	<p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified for nature of ISA for LCE:</p> <ul style="list-style-type: none"> Reference to ISA 230 is omitted. Paragraph 41(a) has been addressed in acceptance and continuation in paragraph 4.6.1. Paragraphs 41(b) of ISA 220 (Revised) addressed in paragraph 8.9.1. Paragraph 41(c) of ISA 220 (revised) addressed by para. 2.2.14. <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – significant aspects of the requirement have been covered</p>


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 220 (Revised) Paragraph A14	Section 2.2. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>		<i>The requirements relating to direction, supervision and review of the work of other members of the engagement team are only relevant if there are other members of the engagement team other than the engagement partner.</i>	Essential material
Application Material	ISA 220 (Revised) Paragraph A37	With requirement 2.2.1. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>		<i>Being sufficiently and appropriately involved throughout the audit engagement when procedures, tasks or actions have been assigned to other members of the engagement team may be demonstrated by the engagement partner in different ways, including:</i> <ul style="list-style-type: none"> <i>Informing assignees about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof; and to provide any other necessary instructions and relevant information.</i> <i>Direction and supervision of the assignees.</i> 	Essential material


Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<ul style="list-style-type: none"> Review of the assignees' work to evaluate the conclusions reached. 	
Application Material	ISA 220 (Revised) Paragraphs A28 and A29	With requirement 2.2.2. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>		<p>The engagement partner's responsibility for managing and achieving quality is supported by a firm culture that demonstrates a commitment to quality. In addressing the requirements in paragraphs 2.2.1. and 2.2.2. above, the engagement partner may communicate directly to other members of the engagement team and reinforce this communication through conduct and actions (e.g., leading by example). The nature and extent of the actions of the engagement partner to demonstrate the firm's commitment to quality may depend on a variety factors including the size, structure, geographical dispersion and complexity of the firm and the engagement team, and the nature and circumstances of the audit engagement. With a smaller</p>	Essential material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>engagement team with few engagement team members, influencing the desired culture through direct interaction and conduct may be sufficient</i>	
Application Material	ISA 220 (Revised) Paragraph A91	With requirement 2.2.9. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner's Responsibilities</i>	...The engagement partner need not review all audit documentation.	<i>The engagement partner need not review all documentation.</i>	Essential material
Application Material	ISA 300 Paragraph A17	With requirement 2.2.12. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner's Responsibilities</i>	-	<i>Forming an objective view on the appropriateness of the judgments made in the course of the audit can present practical problems when the same individual also performed the entire audit. If Particularly complex or unusual issues are involved, it may be desirable to consult with other suitably-experienced auditors of the auditor's professional body.</i>	Essential material
Application Material	ISA 220 (Revised) Paragraph A99	With requirement 2.2.12. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner's Responsibilities</i>	-	<i>Consultation may be appropriate when there are issues that are complex or unfamiliar, significant risks, significant transactions outside the normal course of business or that otherwise appear to be unusual, limitations imposed by</i>	Essential material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>management or non-compliance with laws and regulations.</i>	
Objective 	ISA 230 Paragraph 5	Paragraph 3.1.1.(b) Audit Evidence Objectives	The objective of the auditor is to prepare documentation that provides: (a) A sufficient and appropriate record of the basis for the auditor's report; and (b) Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements.	The objectives of the auditor are to: (b) Prepare documentation that provides a sufficient and appropriate record of the basis for the auditor's opinion and provides evidence that the audit was planned and performed in accordance with the ISA for LCE and applicable laws and regulations; and	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? No 3. Do the changes result in the objective that still achieve reasonable assurance? -
Requirements	ISA 230 Paragraph 7 Timely Preparation of Audit Documentation	Paragraph 3.8.1. Audit Evidence Overarching Documentation Requirements	The auditor shall prepare audit documentation on a timely basis.	Specific matters....ISA for LCE. The auditor shall prepare audit documentation on a timely basis ...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>No – although paragraphs 7-9 of ISA 320 have been combined.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
<p>Requirements</p> 	<p>ISA 230 Paragraph 8</p> <p>Documentation of the Audit Procedures Performed and Audit Evidence Obtained</p> <p><i>Form, Content and Extent of Audit Documentation</i></p>	<p>Paragraph 3.8.1.</p> <p>Audit Evidence</p> <p>Overarching Documentation Requirements</p>	<p>The auditor shall prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand:</p> <p>(a) The nature, timing and extent of the audit procedures performed to comply with the ISAs and applicable legal and regulatory requirements;</p> <p>(b) The results of the audit procedures performed, and the audit evidence obtained; and</p> <p>(c) Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.</p>	<p>Specific matters to be documented are set out throughout the ISA for LCE. The auditor shall prepare audit documentation on a timely basis that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand:</p> <p>(a) The nature, timing and extent of the audit procedures performed in accordance with the ISA for LCE and applicable legal and regulatory requirements, including recording:</p> <p>.....</p> <p>(b) The results of the audit procedures performed, and the audit evidence obtained; and</p> <p>(c) Significant matters arising during the audit, the</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Modification to simplify the language used in the requirement to improve its readability, and also combined with paragraph 7 and 9 of ISA 320. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all actions required of the auditor have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				conclusions reached thereon, and significant professional judgments made in reaching those conclusions.	
Requirements 	ISA 230 Paragraph 9 Documentation of the Audit Procedures Performed and Audit Evidence Obtained <i>Form, Content and Extent of Audit Documentation</i>	Paragraph 3.8.1.(a) Audit Evidence Overarching Documentation Requirements	In documenting the nature, timing and extent of audit procedures performed, the auditor shall record: (a) The identifying characteristics of the specific items or matters tested; (b) Who performed the audit work and the date such work was completed; and (c) Who reviewed the audit work performed and the date and extent of such review.	... (a) The nature, timing and extent of the audit procedures performed in accordance with the ISA for LCE and applicable legal and regulatory requirements, including recording: (i) The identifying characteristics of the specific items or matters tested; (ii) Who performed the work and the date such work was completed; (iii) Who reviewed the audit work performed and the date and extent of such review, including what was reviewed. ...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modification to simplify the language used in the requirement to improve its readability – combined paragraphs 7-9 of ISA 320. All aspects of auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 230 Paragraph 10</p> <p>Documentation of the Audit Procedures Performed and Audit Evidence Obtained</p> <p><i>Form, Content and Extent of Audit Documentation</i></p>	<p>Paragraph 3.7.6.</p> <p>Audit Evidence</p> <p>Overarching Communications with Management and Those Charged with Governance</p>	<p>The auditor shall document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place.</p>	<p>The auditor shall document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	<p>ISA 230 Paragraph 11</p> <p>Documentation of the Audit Procedures Performed and Audit Evidence Obtained</p> <p><i>Form, Content and Extent of Audit Documentation</i></p>	<p>Paragraph 3.8.2.</p> <p>Audit Evidence</p> <p>Overarching Documentation Requirements</p>	<p>If the auditor identified information that is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor shall document how the auditor addressed the inconsistency.</p>	<p>If the auditor identified information that is inconsistent with the auditor's conclusion regarding a significant matter, the auditor shall document how the inconsistency was addressed.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified but does not change the substance of the requirement.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes, the same outcome is achieved.
Requirements	ISA 230 Paragraph 12 Documentation of the Audit Procedures Performed and Audit Evidence Obtained <i>Departure from a Relevant Requirement</i>	Paragraph 3.8.3. Audit Evidence Overarching Documentation Requirements	If, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement in an ISA, the auditor shall document how the alternative audit procedures performed achieve the aim of that requirement, and the reasons for the departure.	If, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement of the ISA for LCE, the auditor shall document how the alternative audit procedures performed achieve the aim of that requirement, and the reasons for the departure.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 230 Paragraph 13 Documentation of the Audit Procedures Performed and Audit Evidence Obtained <i>Matters Arising after the Date of the Auditor's Report</i>	Paragraph 8.9.1.(d) Concluding Specific Documentation Requirements	If, in exceptional circumstances, the auditor performs new or additional audit procedures or draws new conclusions after the date of the auditor's report, the auditor shall document: (a) The circumstances encountered; (b) The new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report; and	.... (d) If, in exceptional circumstances, the auditor performs new or additional audit procedures or draws new conclusions after the date of the auditor's report, the auditor shall document: (i) The circumstances encountered; (ii) The new or additional audit procedures performed, audit evidence obtained, and	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			(c) When and by whom the resulting changes to audit documentation were made and reviewed.	conclusions reached, and their effect on the auditor's report; and (iii) When and by whom the resulting changes to audit documentation were made and reviewed.	-
Requirements	ISA 230 Paragraph 14 Assembly of the Final Audit File	Paragraph 8.9.2. Concluding Specific Documentation Requirements	The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report.	The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 230 Paragraph 15 Assembly of the Final Audit File	Paragraph 8.9.3. Concluding Specific Documentation Requirements	After the assembly of the final audit file has been completed, the auditor shall not delete or discard audit documentation of any nature before the end of its retention period.	After assembly of the final audit file is complete, the auditor shall not move audit documentation of any nature before the end of its retention period (for example, a period of 5 years).	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>Yes. Slight modification to assist with the period of retention (as an example does not create an additional obligation).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the same outcome is achieved.</p>
Requirements	<p>ISA 230 Paragraph 16 Assembly of the Final Audit File</p>	<p>Paragraph 8.9.5. Concluding Specific Documentation Requirements</p>	<p>In circumstances other than those envisaged in paragraph 13 where the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor shall, regardless of the nature of the modifications or additions, document:</p> <p>(a) The specific reasons for making them; and</p> <p>(b) When and by whom they were made and reviewed.</p>	<p>If the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor shall, regardless of the nature of the modifications or additions, document:</p> <p>(a) The specific reasons for making them; and</p> <p>(b) When and by whom they were made and reviewed.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Slight modification to simplify the language used in the requirement to improve its readability by removing reference to paragraph 13 of ISA 230. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes, the same outcome is achieved.
Application Material	ISA 230 Paragraph A8	Below paragraph 3.8.1. Audit Evidence Overarching Documentation Requirements	-	<i>The significance of a matter requires professional judgment and the analysis of the facts and circumstances, and may include matters giving rise to significant risks, areas where the financial statements could be materially misstated, circumstances where the auditor has had difficulty in applying the necessary audit procedures, or any findings that could result in a modified audit opinion.</i>	Essential Explanatory Material
Application Material 	ISA 230 Paragraphs A2-A5	Below paragraph 3.8.1. Audit Evidence Overarching Documentation Requirements	-	<i>The form, content and extent of audit documentation depends on many factors related to the nature and circumstances of the entity and the procedures being performed. Audit documentation may be in paper or electronic format. It is not necessary to include superseded drafts of working papers or financial statements in the audit documentation. Oral explanations, by the auditor on their own, do not adequately support the work performed by the auditor or the conclusions reached.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 230 Paragraphs A21-A22	Below paragraph 8.9.2. Concluding Specific Documentation Requirements	-	<i>An appropriate time limit within which to complete the assembly of the final audit file is ordinarily not more than 60 days after the date of the auditor's report. The completion of the assembly of the final audit file after the date of the auditor's report is an administrative process that does not involve the performance of new audit procedures or the drawing of new conclusions. Changes may, however, be made to the audit documentation during the final assembly process if they are administrative in nature.</i>	Essential Explanatory Material
ISA 260 (Revised), Communication with Those Charged with Governance					
Objectives	ISA 260 (Revised) Paragraph 9	Paragraph 3.1.1.(c) Audit Evidence Objectives	The objectives of the auditor are: (a) To communicate clearly with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, and an overview of the planned scope and timing of the audit; (b) To obtain from those charged with governance information relevant to the audit; (c) To provide those charged with governance with timely observations arising from the audit that are significant and	The objectives of the auditor are to: (c) Communicate clearly about matters related to the audit, obtain information relevant to the audit, provide timely observations that are relevant to management (or those charged with governance) and promote effective two-way communication between the auditor and those charged with governance.	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? Yes – adapted for ISA for LCE which is not presented by topic 3. Do the changes result in requirements that still

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>relevant to their responsibility to oversee the financial reporting process; and</p> <p>(d) To promote effective two-way communication between the auditor and those charged with governance.</p>		<p>achieve reasonable assurance?</p> <p>Yes – broadly the objective is the same (and supported by requirements that will enable the auditor to achieve the objective)</p>
Requirements	<p>ISA 260 (Revised) Paragraph 11</p> <p>Those Charged with Governance</p>	-	<p>The auditor shall determine the appropriate person(s) within the entity's governance structure with whom to communicate.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>Structures within an LCE would likely be relatively simpler therefore this requirement not included in ISA for LCE.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Although EEMI added (see Part 3.7) to explain typical governance structures in an LCE
Requirements	ISA 260 (Revised) Paragraph 12 Those Charged with Governance <i>Communication with a Subgroup of Those Charged with Governance</i>	-	If the auditor communicates with a subgroup of those charged with governance, for example, an audit committee, or an individual, the auditor shall determine whether the auditor also needs to communicate with the governing body.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>Structures within an LCE would likely be relatively simpler therefore this requirement not included in ISA for LCE.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 260 (Revised) Paragraph 13</p> <p>Those Charged with Governance</p> <p><i>When All of Those Charged with Governance Are Involved in Managing the Entity</i></p>	-	<p>In some cases, all of those charged with governance are involved in managing the entity, for example, a small business where a single owner manages the entity and no one else has a governance role. In these cases, if matters required by this ISA are communicated with person(s) with management responsibilities, and those person(s) also have governance responsibilities, the matters need not be communicated again with those same person(s) in their governance role. These matters are noted in paragraph 16(c). The auditor shall nonetheless be satisfied that communication with person(s) with management responsibilities adequately informs all of those with whom the auditor would otherwise communicate in their governance capacity.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>Structures within an LCE would likely be relatively simpler therefore this requirement not included in ISA for LCE.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p> <p>Although there is EEM that essentially covers off the matters in this requirement (see below heading for Part 3.7.)</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 260 (Revised) Paragraph 14 Matters to Be Communicated <i>The Auditor's Responsibilities in Relation to the Financial Statement Audit</i>	Paragraph 4.5.1. Acceptance or Continuance of an Audit Engagement and Initial Engagements Specific Communication Requirements <i>Communications with Those Charged with Governance</i>	The auditor shall communicate with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, including that: (a) The auditor is responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance; and (b) The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.	.... The auditor shall communicate the auditor's responsibilities for forming and expressing an opinion on the financial statements prepared by management, and that the auditor's responsibilities do not relieve management or those charged with governance from their responsibilities for oversight of the preparation of the financial statements.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified for purposes of the ISA for LCE standard but does not change the substance of the requirement. Do the changes result in requirements that still achieve reasonable assurance? Yes – will be the same outcome (i.e., no change to work effort)
Requirements	ISA 260 (Revised) Paragraph 15 Matters to Be Communicated <i>Planned Scope and Timing of the Audit</i>	Paragraph 5.4.1. Planning Specific Communication Requirements <i>Communications with Those Charged with Governance</i>	The auditor shall communicate with those charged with governance an overview of the planned scope and timing of the audit, which includes communicating about the significant risks identified by the auditor.	The auditor shall communicate an overview of the planned scope and timing of the audit, which includes communicating about the significant risks identified by the auditor.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>No – only change is to remove words TCWG as separate sub-heading for this but does not change substance of requirement</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 260 (Revised)</p> <p>Paragraph 16</p> <p>Matters to Be Communicated</p> <p><i>Significant Findings from the Audit</i></p>	<p>Paragraph 8.8.2.</p> <p>Concluding</p> <p>Specific Communication Requirements</p> <p><i>Communications with Those Charged with Governance (Where Relevant)</i></p>	<p>The auditor shall communicate with those charged with governance:</p> <p>(a) The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. When applicable, the auditor shall explain to those charged with governance why the auditor considers a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate to the particular circumstances of the entity;</p> <p>(b) Significant difficulties, if any, encountered during the audit;</p>	<p>The auditor shall communicate:</p> <p>(a) The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.</p> <p>(b) Significant difficulties, if any, encountered during the audit.</p> <p>(c) Significant matters arising during the audit that were discussed, or subject to correspondence, with management.</p> <p>(d) Significant findings from the audit. If, in the auditor's</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – (a) has been simplified due to nature of LCE. Other aspects all captured. To focus on the specific communications with TCWG this requirement now includes other communications also required by other ISAs.</p> <p>(e) ISA 240, Para 43</p> <p>(f) ISA 250 (Revised), Para's 23 & 24</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(c) Unless all of those charged with governance are involved in managing the entity:</p> <p>(i) Significant matters arising during the audit that were discussed, or subject to correspondence, with management; and</p> <p>(ii) Written representations the auditor is requesting;</p> <p>(d) Circumstances that affect the form and content of the auditor's report, if any; and</p> <p>(e) Any other significant matters arising during the audit that, in the auditor's professional judgment, are relevant to the oversight of the financial reporting process.</p>	<p>professional judgment, oral communications would not be adequate this communication shall be in writing.</p> <p>(e) Any other matters, not already reported, related to fraud that may be relevant to the responsibilities of those charged with governance, unless prohibited by law or regulation</p> <p>(f) Identified or suspect non-compliance with laws or regulations with relevance for the audit, unless prohibited by law or regulation. If the matter is intentional; and material, this shall be communicated as soon as practicable.</p> <p>(g) Circumstances, if any, that affect the form and content of the auditor's report, if any.</p> <p>(i) Written representations the auditor is requesting.</p> <p>(j) Any other significant matters, if any, arising from the audit that, in the auditor's</p>	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all aspects relevant to an LCE audit have been addressed.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				professional judgment, are significant to the oversight of the financial reporting process.	
Requirements	ISA 260 (Revised) Paragraph 17 Matters to Be Communicated <i>Auditor Independence</i>	-	In the case of listed entities, the auditor shall communicate with those charged with governance: (a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and (i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. The ISA for LCE does not apply to listed entities. Paragraph 17 of ISA 260 (Revised) only applies to listed entities.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and</p> <p>(ii) In respect of threats to independence that are not at an acceptable level, the actions taken to address the threats, including actions that were taken to eliminate the circumstances that create the threats, or applying safeguards to reduce the threats to an acceptable level.</p>		
Requirements	<p>ISA 260 (Revised) Paragraph 18</p> <p>The Communication Process</p> <p><i>Establishing the Communication Process</i></p>	-	The auditor shall communicate with those charged with governance the form, timing and expected general content of communications.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No – the governance structure likely to be relatively simple in an LCE and a separate communication about what will be communicated not in the nature of the ISA for LCE. Unlikely to impact obtaining enable assurance.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 260 (Revised)</p> <p>Paragraph 19</p> <p>The Communication Process</p> <p><i>Forms of Communication</i></p>	<p>Paragraph 8.8.2.(d)</p> <p>Concluding</p> <p>Specific Communication Requirements</p>	<p>The auditor shall communicate in writing with those charged with governance regarding significant findings from the audit if, in the auditor's professional judgment, oral communication would not be adequate. Written communications need not include all matters that arose during the course of the audit.</p>	<p>The auditor shall communicate:</p> <p>...</p> <p>(d) Significant findings from the audit. If, in the auditor's professional judgment, oral communications would not be adequate this communication shall be in writing.</p> <p>....</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – has been simplified due to nature of an LCE audit and the expected structure of those charged with governance in such an audit. The last sentence has been included in paragraph 3.7.8.</p> <p>3. Do the changes result in requirements that still</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 260 (Revised) Paragraph 20</p> <p>The Communication Process <i>Forms of Communication</i></p>	-	<p>The auditor shall communicate in writing with those charged with governance regarding auditor independence when required by paragraph 17.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>The ISA for LCE does not apply to listed entities. Paragraph 17 of ISA 260 (Revised) only applies to listed entities.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>n/a</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>n/a</p>
Requirements	<p>ISA 260 (Revised) Paragraph 21</p> <p>The Communication Process</p>	<p>Paragraph 3.7.1.</p> <p>Audit Evidence</p> <p>Overarching Communications with Management and Those Charged with Governance</p>	<p>The auditor shall communicate with those charged with governance on a timely basis.</p>	<p>The auditor shall communicate with <u>those charged with governance</u> on a timely basis.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Timing of Communications</i>				<p>for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 260 (Revised)</p> <p>Paragraph 22</p> <p>The Communication Process</p> <p><i>Adequacy of the Communication Process</i></p>	<p>Paragraph 8.2.2. (d)</p> <p>Concluding</p> <p>The Auditor's Evaluations and Other Activities to Support the Conclusion</p>	<p>The auditor shall evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor shall evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence, and shall take appropriate action.</p>	<p>The auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether:</p> <p>...</p> <p>(d) Adequate two-way communication between the auditor and <u>those charged with governance</u> occurred. If it has not, the auditor shall evaluate the effect, if any, and take action as appropriate (for example, revising the original risk assessments, modifying the auditor's opinion on the basis of a scope limitation or other actions as appropriate).</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement need to be simplified to make more relevant to the circumstances of an LCE?</p> <p>Yes.</p> <p>Modifications made to include in the bullet list of matters to be evaluated at the end of an audit, however, no aspects of the outcome been excluded. Examples of 'other actions' also been included to assist the LCE auditors.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes – no aspect of the outcome have been excluded
Requirements	ISA 260 (Revised) Paragraph 23 Documentation	Paragraph 3.7.7. and 3.7.8. Audit Evidence Overarching Communications with Management and Those Charged with Governance <i>Documentation of Communications</i>	Where matters required by this ISA to be communicated are communicated orally, the auditor shall include them in the audit documentation, and when and to whom they were communicated. Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of the audit documentation.	3.7.7 Where matters required by the ISA for LCE to be communicated are communicated orally, the auditor shall include them in the audit documentation, and when and to whom they were communicated. 3.7.8 Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of the audit documentation. Written communications need not include all matters that arose during the audit.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No – last sentence in paragraph 3.7.8. is from paragraph 19 of ISA 260 (Revised)</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>
Application Material	ISA 260 (Revised) Paragraphs A2, A3 and A8	Below paragraph 3.7. Audit Evidence Overarching Communications with Management and Those Charged with Governance	-	<i>Governance structures vary by jurisdiction and by entity, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics. Governance is the collective responsibility of a governing body, such as a board of directors, a supervisory board,</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>partners, proprietors, a committee of management, a council of governors, trustees or equivalent. However, in many less complex entities, one person may be charged with governance, for example the owner-manager. In such cases the auditor may need to establish with whom communications are needed.</i></p> <p><i>If those charged with governance are separate from management, the communication requirements to those charged with governance also apply to management, and therefore the auditor is required to communicate with both.</i></p> <p><i>There may be other cases where it is not clear with whom to communicate, for example in some family owned businesses, some not-for-profit organizations and some government entities. In such cases the auditor may need to discuss and agree with whom communications should be made.</i></p>	
Application Material	ISA 260 Paragraph A49 (part)	Below paragraph 3.7.1. Audit Evidence Overarching Communications with Management and Those Charged with Governance	-	<i>The appropriate timing for communications will vary with the circumstances of the engagement, and may be affected by the significance and nature of the matter, and the actions expected</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>to be taken by those charged with governance.</i>	
-	-	With paragraph 3.7.7 Audit Evidence Overarching Communications with Management and Those Charged with Governance	-	<i>Written communications need not include all matters that arose during the audit.</i>	Essential Explanatory Material
ISA 300, Planning an Audit of Financial Statements					
Objectives	ISA 300 Paragraph 4	Paragraph 5.1.1.(a) Planning Objectives	The objective of the auditor is to plan the audit so that it will be performed in an effective manner.	The objectives of the auditor are to: (a) Plan the audit so that it will be performed in an effective manner; and	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? No 3. Do the changes result in the objective that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 300 Paragraph 5 Involvement of Key Engagement Team Members	Paragraph 5.2.1. Planning Planning Activities	The engagement partner and other key members of the engagement team shall be involved in planning the audit, including planning and participating in the discussion among engagement team members.	The <u>engagement partner</u> and other key members of the <u>engagement team</u> shall be involved in planning the audit.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Engagement Team discussions are dealt with separately in paragraph 5.2.6. where the individuals required are addressed</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.</p>
Requirements	ISA 300 Paragraph 6 Preliminary Engagement Activities	Paragraph 2.2.5. Engagement Quality Management The Engagement Partner's Responsibilities Paragraph 5.2.3. Planning Planning Activities Paragraph 4.3.7.	<p>The auditor shall undertake the following activities at the beginning of the current audit engagement:</p> <p>(a) Performing procedures required by ISA 220 regarding the continuance of the client relationship and the specific audit engagement;</p> <p>(b) Evaluating compliance with relevant ethical requirements,</p>	<p>If matters come to the <u>auditor's</u> attention that indicate that:</p> <p>(a) A threat to compliance with relevant ethical requirements exists, or</p> <p>(b) Relevant ethical requirements have not been fulfilled, the engagement partner shall take appropriate action, including evaluating the matter, complying with the firm's related policies or</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but addressed in Part 2 and 4 of the ISA for LCE</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the</p>


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Acceptance or Continuance of an Audit Engagement Preconditions for an Audit	including independence, in accordance with ISA 220, and (c) Establishing an understanding of the terms of the engagement, as required by ISA 210.	procedures and consulting with others in the firm, as appropriate. ***** The engagement partner shall take into account information obtained in the acceptance and continuance process in planning and performing the audit.	circumstances of the ISA for LCE: <ul style="list-style-type: none"> Paragraph 6(a) of ISA 300 is addressed in paragraph 5.2.3..of the ISA for LCE. Paragraph 6(b) of ISA 300 is addressed in paragraph 2.2.5 of the ISA for LCE. Paragraph 6(c) of ISA 300 is addressed in Part 4.3.7 of the ISA for LCE. Slight modification to simplify the language used in the requirement to improve its readability. All aspects of auditor action retained. <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> Yes, the same outcome is expected to be achieved. <ul style="list-style-type: none"> o


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 300 Paragraph 7 Planning Activities	Paragraph 5.2.2. Planning Planning Activities	The auditor shall establish an overall audit strategy that sets the scope, timing and direction of the audit, and that guides the development of the audit plan.	The auditor shall set the scope, timing and direction of the audit.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE by combining the concepts of an “audit strategy” and an “audit plan”, which is more appropriate for audits of LCEs due to the less complex nature of such entities. Paragraphs 7 and 8 have also been combined. This is also an indication of a simplification of the language used in the requirement.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is to set the scope, timing and direction of the audit is expected to be achieved.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 300 Paragraph 8 Planning Activities	Paragraph 5.2.2. Planning Planning Activities	In establishing the overall audit strategy, the auditor shall: (a) Identify the characteristics of the engagement that define its scope; (b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required; (c) Consider the factors that, in the auditor's professional judgment, are significant in directing the engagement team's efforts; (d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and (e) Ascertain the nature, timing and extent of resources necessary to perform the engagement.	.... In establishing the scope, timing and direction of the audit, the auditor shall: (a) Identify the characteristics of the engagement that define its scope; (b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required; (c) Consider the factors that, in the auditor's <u>professional judgment</u> , are significant in directing the engagement team's efforts; (d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for this entity is relevant; (e) Ascertain the nature, timing and extent of resources necessary to perform the audit, including determining whether experts are needed; and ...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications (combined paragraphs 7 & 8 and 11) but does not change the substance of the requirement. In addition, reference is made to experts being part of engagement resources referred to in ISA 220 (Revised). 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 300 Paragraph 9 Planning Activities	-	<p>The auditor shall develop an audit plan that shall include a description of:</p> <p>(a) The nature, timing and extent of planned risk assessment procedures, as determined under ISA 315 (Revised).</p> <p>(b) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ISA 330.</p> <p>(c) Other planned audit procedures that are required to be carried out so that the engagement complies with ISAs.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. This requirement has been addressed elsewhere in the ISA for LCE:</p> <ul style="list-style-type: none"> Paragraph 9(a) of ISA 300 has been addressed in Part 6 of the ISA for LCE. Paragraph 9(b) of ISA 300 has been addressed in Part 7 of the ISA for LCE. Paragraph 9(c) of ISA 300 has been addressed throughout the ISA for LCE. <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 300 Paragraph 10 Planning Activities	Paragraph 5.2.5. Planning Planning Activities	The auditor shall update and change the overall audit strategy and the audit. plan as necessary during the course of the audit.	The auditor shall update and change the scope, timing and direction as necessary during the audit.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE to take into account that the concepts of an “audit strategy” and an “audit plan” have been combined in the ISA for LCE.</p> <p>This is also an indication of a simplification of the language used in the requirement. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the broad actions of the auditor have been retained.</p>
Requirements	ISA 300 Paragraph 11 Planning Activities	Paragraph 5.2.2.(f) Planning Planning Activities	The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work.	.... (f) Plan the nature, timing and extent of direction and supervision of engagement members and review of their work.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>Yes – this has been combined with paragraph 8 but no significant changes made to the required auditor action</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements 	ISA 300 Paragraph 12 Documentation	Paragraph 5.5.1. Planning Specific Documentation Requirements	The auditor shall include in the audit documentation: (a) The overall audit strategy; (b) The audit plan; and (c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes.	In addition to the general documentation requirements (paragraphs 3.8.1–3.8.4) for an audit engagement, the auditor shall include the scope, timing and direction of the audit, and significant changes made during the audit, together with the reasons for such changes, in the audit documentation.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE to take into account that the concepts of an “audit strategy” and an “audit plan” have been combined in the ISA for LCE.</p> <p>This is also an indication of a simplification of the language used in the requirement. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					achieve reasonable assurance? Yes, the same outcome is achieved.
Requirements 		Paragraph 5.5.4 Planning Specific Documentation Requirements		The auditor shall document changes, if any, to the determination of the use of the ISA for LCE (i.e., the applicability of the use of the ISA for LCE in the circumstances) if further information comes to the auditor's attention during the audit that may change the professional judgment made in this regard.	There is no ISA requirement – this is specific to the applicability of the ISA for LCE.
Requirements	ISA 300 Paragraph 13 Additional Considerations in Initial Audit Engagements	Paragraph 4.4.1. Acceptance or Continuance of an Audit Engagement and Initial Engagements Initial Engagements	The auditor shall undertake the following activities prior to starting an initial audit: (a) Performing procedures required by ISA 220 regarding the acceptance of the client relationship and the specific audit engagement; and (b) Communicating with the predecessor auditor, where there has been a change of auditors, in compliance with relevant ethical requirements.	If the engagement is an initial audit and there has been a change in auditors, the auditor shall communicate with the predecessor auditor.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE – client acceptance procedures covered by paragraphs 5.2.3. Slight modification to simplify the language used in the


Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>requirement to improve its readability. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the auditor's actions are expected to be the same.</p>
Application Material	ISA 300, Paragraph A1 Paragraph ISA 315 (Revised 2019) Paragraph A44	With Part 5.2 Planning Planning Activities	-	<i>The nature and extent of planning activities will vary according to the complexity of the entity, the size and nature of the engagement team, the engagement team members' previous experience with the entity and any changes in circumstances that occur during the audit engagement. When an engagement is carried out by a single individual some of the requirements may not be relevant (e.g., the engagement team discussion), however consideration may still be given to the matters within the relevant paragraphs as they may still assist the auditor.</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 300 Paragraph A5	With Part 4.3 Acceptance or Continuance of an Audit Engagement and Initial Engagements Terms of the Audit Engagement	-	<i>Performing acceptance or continuance procedures before planning commences assists the auditor in identifying and evaluating events or circumstances that may adversely affect the auditor's ability to plan and perform the current engagement. Paragraph 4.3.7.. sets out the engagement partner's responsibilities with regard to the acceptance and continuance of the audit engagement.</i>	Essential Explanatory Material
Application Material	ISA 300 Paragraph A11	With Paragraph 5.2.2. Planning Planning Activities		<i>In the audit of an LCE, establishing the scope, timing and direction of the audit need not be a complex or time-consuming exercise. For example, a brief memorandum prepared at the completion of the previous audit, based on a review of the working papers and highlighting issues identified in the audit just completed, updated in the current period based on discussions with the owner-manager, can serve as the documented scope, timing and direction for the current audit engagement if it covers the matters noted in paragraph 5.2.2.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 300 Paragraph A17	With Paragraph 2.2, 12. Engagement Quality Management The Engagement Partner's Responsibilities		<i>Forming an objective view on the appropriateness of the judgments made in the course of the audit can present practical problems when the same individual also performs the entire audit. If particularly complex or unusual issues are involved, it may be desirable to consult with other suitably-experienced auditors or the auditor's professional body.</i>	Essential Explanatory Material
ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement					
Requirements	ISA 315 (Revised 2019) Paragraph 11 Objective	Paragraph 6.1.1. Risk Identification and Assessment Objectives	The objective of the auditor is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement.	The objectives of the auditor are to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement.	<ol style="list-style-type: none"> 1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – the objective has focused on the identification and assessment of ROMMs for this standard, explaining that this is done by understanding the entity and related matters in the EEM. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements 	ISA 315 (Revised 2019) Paragraph 13 Risk Assessment Procedures and Related Activities	Paragraph 6.2.1. Procedures for Identifying and Assessing Risks and Related Activities Paragraph 1.5.7. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit <i>Professional Skepticism</i>	<p>The auditor shall design and perform risk assessment procedures to obtain audit evidence that provides an appropriate basis for:</p> <p>(a) The identification and assessment of risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels; and</p> <p>(b) The design of further audit procedures in accordance with ISA 330.</p> <p>The auditor shall design and perform risk assessment procedures in a manner that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory.</p>	<p>The <u>auditor</u> shall design and perform procedures to obtain <u>audit evidence</u> that provides an appropriate basis for:</p> <p>(a) The identification and assessment of risks of material <u>misstatement</u>, whether due to fraud or error, at the financial statement and assertion levels; and</p> <p>(b) The design of further audit procedures</p> <p>*****</p> <p>Professional skepticism involves performing procedures in a way that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that is contradictory.</p>	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – Intro, and (a) and (b) fully addressed except changes have been made to not distinguish risk assessment procedures from other procedures (the nature and extent is explained in Part 1 and throughout). Hanging paragraph has now been moved to Part 1 (and is broader so is adequately covered) – see paragraph 1.5.7 of ISA for LCE 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – action of auditor retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 315 (Revised 2019) Paragraph 14 Risk Assessment Procedures and Related Activities	Paragraph 6.2.2. Procedures for Identifying and Assessing Risks and Related Activities	The risk assessment procedures shall include the following: (a) Inquiries of management and of other appropriate individuals within the entity, including individuals within the internal audit function (if the function exists). (b) Analytical procedures. (c) Observation and inspection.	The procedures to identify and assess risks shall include: (a) Inquiries with <u>management</u> , and other appropriate individuals within the entity; (b) Analytical procedures, including those to identify unusual or unexpected trends and relationships that may indicate risks of material misstatement. If unusual or unexpected trends and relationships are identified they shall be considered for fraud or error; and (c) Observation and inspection.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes: <ul style="list-style-type: none"> First bullet fully aligns with the exception of the internal audit function (not addressed within ISA for LCE). Second bullet expanded to include paragraph 23 of ISA 240 (to combine where matters relate to each other). Third bullet fully aligns. Do the changes result in requirements that still achieve reasonable assurance? Yes – the auditor's actions from the ISA requirement have been retained
Requirements	ISA 315 (Revised 2019) Paragraph 15	Paragraph 6.2.4.	In obtaining audit evidence in accordance with paragraph 13, the	The auditor shall consider information, including information related to the auditor's	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Risk Assessment Procedures and Related Activities <i>Information from Other Sources</i>	Procedures for Identifying and Assessing Risks and Related Activities	<p>auditor shall consider information from:</p> <p>(a) The auditor's procedures regarding acceptance or continuance of the client relationship or the audit engagement; and</p> <p>(b) When applicable, other engagements performed by the engagement partner for the entity.</p>	<p>consideration of fraud, from the acceptance and continuance procedures, and other engagements performed by the engagement partner for the entity, in identifying risks of material misstatement (including arising from fraud).</p>	<p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – combined to make more appropriate for nature of LCE standard and built in fraud considerations so that the auditor is thinking about fraud and error simultaneously</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – same action by auditor required (i.e., the auditor will 'consider').</p>
Requirements	ISA 315 (Revised 2019) Paragraph 16 Risk Assessment Procedures and Related Activities <i>Information from Other Sources</i>	Paragraph 5.2.4. Planning Planning Activities	<p>When the auditor intends to use information obtained from the auditor's previous experience with the entity and from audit procedures performed in previous audits, the auditor shall evaluate whether such information remains relevant and reliable as audit evidence for the current audit.</p>	<p>When information has been obtained from the previous experience with the client, or prior audits, the auditor shall evaluate whether such information remains relevant and reliable.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified to make more appropriate for nature of LCE standard but action orientated aspects retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					3. Do the changes result in requirements that still achieve reasonable assurance? Yes – same action by auditor required (i.e., the auditor will ‘evaluate’).
Requirements	ISA 315 (Revised 2019) Paragraph 17 Risk Assessment Procedures and Related Activities <i>Engagement Team Discussion</i>	Paragraph 5.2.6. (a) Planning Planning Activities <i>Engagement Team Discussion</i>	The engagement partner and other key engagement team members shall discuss the application of the applicable financial reporting framework and the susceptibility of the entity’s financial statements to material misstatement.	The engagement partner and other key engagement team members shall: (a) Discuss the application of the <u>applicable financial reporting framework</u> and the susceptibility of the entity’s <u>financial statements</u> to material <u>misstatement</u>	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No – although combined with fraud considerations ISA 315 requirement has been retained 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – auditor action maintained
Requirements	ISA 315 (Revised 2019) Paragraph 18 Risk Assessment Procedures and	Paragraph 5.2.7. Planning Planning Activities <i>Engagement Team Discussion</i>	When there are engagement team members not involved in the engagement team discussion, the engagement partner shall determine which matters are to be communicated to those members	When there are engagement team members not involved in the discussion, the engagement partner shall determine which matters are to be communicated to those members.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Related Activities <i>Engagement Team Discussion</i>				for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -

<p>Requirements</p>	<p>ISA 315 (Revised 2019) Paragraph 19 Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control <i>Understanding the Entity and Its Environment, and the Applicable Financial Reporting Framework</i></p>	<p>Paragraph 6.3.1., 6.3.3., and 6.3.4. Understanding Relevant Aspects of the Entity <i>Understanding the Entity and Its Environment</i></p>	<p>The auditor shall perform risk assessment procedures to obtain an understanding of:</p> <p>(a) The following aspects of the entity and its environment:</p> <p>(i) The entity's organizational structure, ownership and governance, and its business model, including the extent to which the business model integrates the use of IT;</p> <p>(ii) Industry, regulatory and other external factors; and</p> <p>(iii) The measures used, internally and externally, to assess the entity's financial performance;</p> <p>(b) The applicable financial reporting framework, and the entity's accounting policies and the reasons for any changes thereto; and</p> <p>(c) How inherent risk factors affect susceptibility of assertions to misstatement and the degree to which they do so, in the preparation of the financial statements in accordance with the applicable financial reporting framework, based on the understanding obtained in (a) and (b).</p>	<p>6.3.1. In obtaining an understanding of the entity and its environment and the <u>applicable financial reporting framework</u>, the auditor shall understand how <u>inherent risk factors</u> affect the susceptibility of <u>assertions</u> to misstatement, and the degree to which they do so.</p> <p>6.3.3. The auditor shall obtain an understanding of:</p> <p>(a) The entity's organizational structure, ownership and governance, business model (including how the entity uses IT in its business model).</p> <p>(b) The industry and other external factors.</p> <p>(c) How the entity's financial performance is measured.</p> <p>(d) The legal and regulatory framework applicable to the entity, and how the entity is complying with that framework.</p> <p>(e) The entity's transactions and other events and conditions that may give rise to accounting estimates. When an estimate is assessed to be significant for an item in the financial statements, the auditor shall obtain an understanding of the assumptions and methods</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – restructured to make simpler to follow for LCE circumstances and:</p> <ul style="list-style-type: none"> • Rearticulated some aspects in para. 6.3.3. but did not lose the focus of the understanding • Inherent risk factors separately addressed in para. 6.3.1 • The applicable financial reporting framework is addressed in para's 6.3.4. and 6.3.5. <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all aspects of the understanding are still required</p>
----------------------------	--	---	---	---	--

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p>used in determining the estimate.</p> <p>(f) Agreements or relationships that may result in unrecognized liabilities, future commitments or changes to current asset valuations through reviewing minutes of meetings and correspondence with legal counsel and reviewing legal expense accounts.</p> <p>6.3.4. The auditor shall obtain an understanding of:</p> <p>(a) The applicable financial reporting framework. In relation to accounting estimates,</p> <p>(b) The entity's accounting policies and reasons for any changes thereto.</p>	
Requirements	ISA 315 (Revised 2019) Paragraph 20 Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial	Paragraph 6.3.5. Understanding Relevant Aspects of the Entity <i>Understanding the Applicable Financial Reporting Framework</i>	The auditor shall evaluate whether the entity's accounting policies are appropriate and consistent with the applicable financial reporting framework.	The auditor shall evaluate whether the entity's accounting policies are appropriate and consistent with the applicable financial reporting framework.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Reporting Framework and the Entity's System of Internal Control <i>Understanding the Entity and Its Environment, and the Applicable Financial Reporting Framework</i>				3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 315 (Revised 2019) Paragraph 21 Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control <i>Understanding the Components of the Entity's System of Internal Control</i>	Paragraph 6.3.6. Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	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) When those charged with governance are separate from management, the independence of, and	The auditor shall consider 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 this regard. For this purpose, the auditor shall understand: (a) How management, and where applicable those charged with governance, oversee the entity, and demonstrate integrity and ethical values; (b) The culture of the entity; and	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – some aspects will be less likely in the circumstances of an LCE so modification made to reflect this. Also have focused on the outcome of what is to be achieved but not lost the overall understanding that would be required in typical circumstances of an LCE. The aspect of performing "risk assessment procedures" has

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Control Environment		<p>oversight over the entity's system of internal control by, those charged with governance;</p> <p>(iii) The entity's assignment of authority and responsibility;</p> <p>(iv) How the entity attracts, develops, and retains competent individuals; and</p> <p>(v) How the entity holds individuals accountable for their responsibilities in the pursuit of the objectives of the system of internal control;</p> <p>and</p> <p>(b) Evaluating whether:</p> <p>(i) Management, with the oversight of those charged with governance, has created and maintained a culture of honesty and ethical behavior;</p> <p>(ii) The control environment provides an appropriate foundation for the other components of the entity's system of internal control considering the nature</p>	<p>(c) How owner-managers have an active involvement and influence the risks arising from management override of controls due to lack of segregation of duties</p>	<p>not been addressed as these have only been referred to as 'procedures' in this Part.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – objective is to determine whether the control environment provides a foundation for the other components of IC – approached in a different construct in ISA for LCE but outcome would be the same. Have changed 'evaluate' to 'consider' but the work effort would be similar to the intended work effort required in ISA 315 (Revised 2019).</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>and complexity of the entity; and</p> <p>(iii) Control deficiencies identified in the control environment undermine the other components of the entity's system of internal control.</p>		
Requirements	<p>ISA 315 (Revised 2019) Paragraph 22</p> <p>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control</p> <p><i>Understanding the Components of the Entity's System of Internal Control</i></p> <p>The Entity's Risk Assessment System</p>	<p>Paragraph 6.3.7.</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity's Internal Control System</i></p>	<p>The auditor shall obtain an understanding of the entity's risk assessment process relevant to the preparation of the financial statements, through performing risk assessment procedures, by:</p> <p>(a) Understanding the entity's process for:</p> <p>(i) Identifying business risks relevant to financial reporting objectives;</p> <p>(ii) Assessing the significance of those risks, including the likelihood of their occurrence; and</p> <p>(iii) Addressing those risks;</p> <p>and</p> <p>(b) Evaluating whether the entity's risk assessment process is appropriate to the entity's circumstances considering the nature and complexity of the entity.</p>	<p>The auditor shall consider whether the entity's risk assessment process is appropriate to the entity's circumstances considering the nature and complexity of the entity. For this purpose, the auditor shall understand the entity's risk assessment process relevant to the preparation of the financial statements (i.e., how risks are identified, assessed and addressed), including how this process identifies and addresses risks related to accounting estimates.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – nature of risk assessment procedures in LCE would likely be less formal; focused on appropriateness of risk assessment process for an LCE but still consider appropriateness through understanding. Have changed "evaluate" to "consider" as intention in ISA 315 (Revised 2019) is not significant work effort and more appropriate in the circumstances of an LCE audit.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – similar outcome achieved (i.e. ,determining whether risk assessment process is appropriate to nature and circumstances of entity) or whether any deficiencies are identified</p>
Requirements	<p>ISA 315 (Revised 2019) Paragraph 23 Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control <i>Understanding the Components of the Entity's</i></p>	-	<p>If the auditor identifies risks of material misstatement that management failed to identify, the auditor shall:</p> <p>(a) Determine whether any such risks are of a kind that the auditor expects would have been identified by the entity's risk assessment process and, if so, obtain an understanding of why the entity's risk assessment process failed to identify such risks of material misstatement; and</p> <p>(b) Consider the implications for the auditor's evaluation in paragraph 22(b).</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No – typical LCE will likely not have formal processes around risk assessment</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<p><i>System of internal Control</i></p> <p>The Entity's Risk Assessment System</p>				
Requirements	<p>ISA 315 (Revised 2019) Paragraph 24</p> <p>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control</p> <p><i>Understanding the Components of the Entity's System of internal Control</i></p> <p>The Entity's Process to Monitor the System of Internal Control</p>	<p>Paragraph 6.3.8.</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity's Internal Control System</i></p>	<p>The auditor shall obtain an understanding of the entity's process for monitoring the system of internal control relevant to the preparation of the financial statements, through performing risk assessment procedures, by:</p> <p>(a) Understanding those aspects of the entity's process that address:</p> <p>(i) Ongoing and separate evaluations for monitoring the effectiveness of controls, and the identification and remediation of control deficiencies identified; (Ref: Para. A116–A117) and</p> <p>(ii) The entity's internal audit function, if any, including its nature, responsibilities and activities; (Ref: Para. A118)</p> <p>(b) Understanding the sources of the information used in the</p>	<p>The auditor shall consider whether the entity's process for monitoring the internal control system is appropriate to the entity's circumstances considering the nature and complexity of the entity. For this purpose, the auditor shall understand the entity's process to monitor the entity's internal control system, including how deficiencies are remediated.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – nature of monitoring IC in LCE would likely be less formal; focused on appropriateness of monitoring IC for an LCE but still consider appropriateness through understanding. Have changed “evaluate” to “consider” as intention in ISA 315 (Revised 2019) is not significant work effort and more appropriate in the circumstances of an LCE audit. First bullet also includes aspects of ISA 540 (revised) (para 13(g))</p> <p>3. Do the changes result in requirements that still</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>entity's process to monitor the system of internal control, and the basis upon which management considers the information to be sufficiently reliable for the purpose;</p> <p>and</p> <p>(c) Evaluating whether the entity's process for monitoring the system of internal control is appropriate to the entity's circumstances considering the nature and complexity of the entity.</p>		<p>achieve reasonable assurance?</p> <p>Yes – similar outcome achieved (i.e. determining whether risk monitoring IC is appropriate to nature and circumstances of entity) including identifying any deficiencies</p>
Requirements	<p>ISA 315 (Revised 2019)</p> <p>Paragraph 25</p> <p>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control</p> <p><i>Understanding the Components of the Entity's</i></p>	<p>Paragraphs 6.3.9 and 6.3.11.</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity's Internal Control System</i></p>	<p>The auditor shall obtain an understanding of the entity's information system and communication relevant to the preparation of the financial statements, through performing risk assessment procedures, by:</p> <p>(a) Understanding the entity's information processing activities, including its data and information, the resources to be used in such activities and the policies that define, for significant classes of transactions, account balances and disclosures:</p> <p>(i) How information flows through the entity's</p>	<p>6.3.9. The auditor shall understand the information system relevant to the preparation of the financial statements, including:</p> <p>(a) For classes of transactions, account balances and disclosures, how those transactions are initiated, recorded, processed, corrected as necessary, transferred to the general ledger and reported in the financial statements, as well as:</p> <p>(i) How the information system captures, processes and discloses</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – the requirement has been simplified due to the nature of the LCE standard (e.g., very complex paragraph structure in ISA)– the same understanding and outcome is expected to be achieved. Understanding the entity's communication has also been separated but is still expected to have same outcome for the</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<p><i>System of internal Control</i></p> <p>The Entity's Process to Monitor the System of Internal Control</p>		<p>information system, including how:</p> <p>a. Transactions are initiated, and how information about them is recorded, processed, corrected as necessary, incorporated in the general ledger and reported in the financial statements; and</p> <p>b. Information about events and conditions, other than transactions, is captured, processed and disclosed in the financial statements;</p> <p>(ii) The accounting records, specific accounts in the financial statements and other supporting records relating to the flows of information in the information system;</p> <p>(iii) The financial reporting process used to prepare the entity's financial statements, including disclosures; and</p>	<p>events and conditions, other than transactions;</p> <p>(ii) The accounting and other supporting records relating to the flows of information;</p> <p>(iii) The entity's resources used in the financial reporting process;</p> <p>(iv) The <u>IT environment</u>; and</p> <p>(b) The financial reporting process used to prepare the entity's financial statements, including disclosures.</p> <p>In doing so, the auditor shall consider whether the entity's information system appropriately supports the preparation of the entity's financial statements in accordance with the applicable financial reporting framework.</p> <p>6.3.11. The auditor shall obtain an understanding of how the entity communicates significant matters related to the preparation of the financial statements, and related reporting responsibilities, between people within the entity, between management and those charged with governance (if applicable) and with external parties (such as</p>	<p>understanding required. The 'evaluation' of the appropriateness of the entity's information system changed to "consider" as intention in ISA 315 (Revised 2019) is not significant work effort and more appropriate to the circumstances of an LCE audit.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all broad aspects of the understanding required and the auditor's actions expected to be addressed.</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(iv) The entity's resources, including the IT environment, relevant to (a)(i) to (a)(iii) above;</p> <p>(b) Understanding how the entity communicates significant matters that support the preparation of the financial statements and related reporting responsibilities in the information system and other components of the system of internal control:</p> <p>(i) Between people within the entity, including how financial reporting roles and responsibilities are communicated;</p> <p>(ii) Between management and those charged with governance; and</p> <p>(iii) With external parties, such as those with regulatory authorities;</p> <p>(c) Evaluating whether the entity's information system and communication appropriately support the preparation of the entity's financial statements in accordance with the applicable financial reporting framework.</p>	regulatory authorities or others as required).	

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 315 (Revised 2019) Paragraph 26</p> <p>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control</p> <p><i>Understanding the Components of the Entity's System of internal Control</i></p> <p>Control Activities</p>	<p>Paragraph 6.3.13.</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity's Internal Control System</i></p>	<p>The auditor shall obtain an understanding of the control activities component, through performing risk assessment procedures, by:</p> <p>(a) Identifying controls that address risks of material misstatement at the assertion level in the control activities component as follows:</p> <p>(i) Controls that address a risk that is determined to be a significant risk;</p> <p>(ii) Controls over journal entries, including non-standard journal entries used to record non-recurring, unusual transactions or adjustments;</p> <p>(iii) Controls for which the auditor plans to test operating effectiveness in determining the nature, timing and extent of substantive testing, which shall include controls that address risks for which</p>	<p>The auditor shall obtain an understanding of controls that address risks of material misstatement at the assertion level as follows:</p> <p>(a) Controls that address risks determined to be <u>significant risks</u>;</p> <p>(b) Controls over journal entries including to record non-recurring unusual transactions or adjustments;</p> <p>(c) Controls for which the auditor plans to test the operating effectiveness of controls, including those controls where substantive procedures alone are not enough to obtain sufficient appropriate audit evidence;</p> <p>(d) Other controls, based on the auditor's <u>professional judgment</u>, where the auditor considers it appropriate to meet the objectives of identifying risks of material misstatement at the assertion level;</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – complex structure has been simplified, IT ((b) and (c) – see 6.3.14 below has been covered in a separate requirement. Otherwise all controls required to be understood are the same as the control activities component – in ISA for LCE additional areas incorporated for other ISAs (includes ISA 402 para 10 and ISA 550 para 14). In addition, the component – control activities – has not been named specifically to avoid confusion that is associated with this term. Rather more direct language used.</p> <p>3. Do the changes result in requirements that still</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>substantive procedures alone do not provide sufficient appropriate audit evidence; and</p> <p>(iv) Other controls that the auditor considers are appropriate to enable the auditor to meet the objectives of paragraph 13 with respect to risks at the assertion level, based on the auditor's professional judgment;</p> <p>(b) Based on controls identified in (a), identifying the IT applications ...</p> <p>For such IT applications and other aspects of the IT environment identified in (b)... and</p> <p>(d) For each control identified in (a) or (c)(ii):</p> <p>(i) Evaluating whether the control is designed effectively to address the risk of material misstatement at the assertion level, or effectively designed to</p>	<p>(e) If applicable, controls that relate to information processed by a service organization; and</p> <p>(f) Controls, if any, established in relation to related party relationships to identify, account for, and disclose in accordance with the applicable financial reporting framework, authorize and approve significant transactions and relationships, and authorize and approve significant transactions and arrangements outside the normal course of business.</p> <p>For each control identified in (a)-(f) above, the auditor shall evaluate whether the control is designed effectively, and determine whether the control has been implemented, by performing procedures more than inquiry.</p>	<p>achieve reasonable assurance?</p> <p>Yes – same controls required to be identified and D&I required for these controls.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>support the operation of other controls; and</p> <p>(ii) Determining whether the control has been implemented by performing procedures in addition to inquiry of the entity's personnel.</p>		
Requirements	<p>ISA 315 (Revised 2019) Paragraph 26 Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control <i>Understanding the Components of the Entity's System of internal Control Control Activities</i></p>	<p>Paragraph 6.3.14. and 6.3.15. Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i></p>	<p>The auditor shall obtain an understanding of the control activities component, through performing risk assessment procedures, by:</p> <p>(a) Identifying controls that address risks of material misstatement at the assertion level in the control activities component as follows:</p> <p>...</p> <p>(b) Based on controls identified in (a), identifying the IT applications and the other aspects of the entity's IT environment that are subject to risks arising from the use of IT;</p> <p>(c) For such IT applications and other aspects of the IT environment identified in (b), identifying:</p> <p>(i) The related risks arising from the use of IT; and</p>	<p>6.3.14 For the controls identified in paragraph 6.3.13, the auditor shall identify:</p> <p>(a) The IT applications and other aspects of the IT environment that are subject to risks arising from the use of IT; and</p> <p>(b) The related <u>risks arising from the use of IT</u>.</p> <p>6.3.15 For those risks arising from the use of IT identified, the auditor shall identify the entity's <u>general IT controls</u>, and evaluate whether the general IT control is designed effectively and determine whether the control has been implemented by performing procedures more than inquiry.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – complex structure in ISA simplified for nature of LCE standard, but all aspects of understanding IT matters retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all aspects of the understanding and D&I retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(ii) The entity's general IT controls that address such risks;</p> <p>and</p> <p>(d) For each control identified in (a) or (c)(ii):</p> <p>(i) Evaluating whether the control is designed effectively to address the risk of material misstatement at the assertion level, or effectively designed to support the operation of other controls; and</p> <p>(ii) Determining whether the control has been implemented by performing procedures in addition to inquiry of the entity's personnel.</p>		
Requirements	<p>ISA 315 (Revised 2019) Paragraph 27</p> <p>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting</p>	<p>Paragraph 6.3.12.</p> <p>Risk Identification and Assessment</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity's Internal Control System</i></p>	<p>Based on the auditor's evaluation of each of the components of the entity's system of internal control, the auditor shall determine whether one or more control deficiencies have been identified.</p>	<p>Based on the auditor's consideration whether the control environment, the entity's risk assessment process, the monitoring of the entity's internal control system and the information system are appropriate in context of the nature and circumstances of the entity, the auditor shall determine whether one or more control deficiencies have been identified.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – nature of evaluations of indirect components of internal control and the</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Framework and the Entity's System of Internal Control <i>Control Deficiencies Within the Entity's System of internal Control</i>				<p>information system have changed – see explanations above, but requirement here is to “collect” deficiencies which is still required. Therefore outcome expected to be the same.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – outcome of identifying deficiencies is still retained.</p>
Requirements	ISA 315 (Revised 2019) Paragraph 28 Identifying and Assessing the Risks of Material Misstatement <i>Identifying Risks of Material Misstatement</i>	Paragraph 6.4.1. Identifying Risks of Material Misstatement	The auditor shall identify the risks of material misstatement and determine whether they exist at: (a) The financial statement level; or (b) The assertion level for classes of transactions, account balances and disclosures.	The auditor shall identify the risks of material misstatement, due to fraud or error, at: (a) The financial statement level; and (b) The assertion level for classes of transactions, account balances, and disclosures.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes Have left out “determine whether they exist” – Task Force of the view that the outcome would not be any different</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes – broadly the same requirement and outcome expected to be the same
Requirements	ISA 315 (Revised 2019) Paragraph 29 Identifying and Assessing the Risks of Material Misstatement <i>Identifying Risks of Material Misstatement</i>	Paragraph 6.4.3. Identifying Risks of Material Misstatement	The auditor shall determine the relevant assertions and the related significant classes of transactions, account balances and disclosures	The auditor shall determine the <u>relevant assertions</u> and the related <u>significant classes of transactions, account balances and disclosures</u> .	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? No – requirements are the same Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 315 (Revised 2019) Paragraph 30 Identifying and Assessing the Risks of Material Misstatement <i>Assessing Risks of Material Misstatement at</i>	Paragraph 6.5.1. (a) Risk Assessment <i>Assessing Inherent Risk</i>	For identified risks of material misstatement at the financial statement level, the auditor shall assess the risks and: (a) Determine whether such risks affect the assessment of risks at the assertion level; and (b) Evaluate the nature and extent of their pervasive effect on the financial statements.	For identified risks of material misstatement, the auditor shall assess: (a) The risks of material misstatement at the financial statement level. In doing so, the auditor shall determine whether such risks affect risks at the assertion level, and evaluate the nature and extent of their pervasive	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – paragraphs 30 and 31 of ISA 315 (Revised 2019) combined – same aspects of

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>the Financial Statement Level</i>			effect on the financial statements; and	assessment at financial statement level required in combined requirement 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – no changes to outcome for what is required for assessment at financial statement level
Requirements	ISA 315 (Revised 2019) Paragraph 31 Identifying and Assessing the Risks of Material Misstatement <i>Assessing Risks of Material Misstatement at the Assertion Level</i> Assessing Inherent Risk	Paragraph 6.5.1.(b) Risk Assessment <i>Assessing Inherent Risk</i>	For identified risks of material misstatement at the assertion level, the auditor shall assess inherent risk by assessing the likelihood and magnitude of misstatement. In doing so, the auditor shall take into account how, and the degree to which: (a) Inherent risk factors affect the susceptibility of relevant assertions to misstatement; and (b) The risks of material misstatement at the financial statement level affect the assessment of inherent risk for risks of material misstatement at the assertion level.	For identified risks of material misstatement, the auditor shall assess: (b) Inherent risk for identified risks of material misstatement at the assertion level by assessing the likelihood and magnitude of misstatement, and taking into account the inherent risk factors, including estimation uncertainty....	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – paragraphs 30 and 31 of ISA 315 (Revised 2019) combined – same aspects of assessment at assertion level required in combined requirement, except taking into account the inherent risk factors rearticulated but outcome would be the same. 3. Do the changes result in requirements that still achieve reasonable assurance?

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes – no changes to outcome for what is required for assessment at assertion level
Requirements	ISA 315 (Revised 2019) Paragraph 32 Identifying and Assessing the Risks of Material Misstatement <i>Assessing Risks of Material Misstatement at the Assertion Level</i> Assessing Inherent Risk	Paragraph 6.5.3. Risk Identification and Assessment <i>Significant Risks</i>	The auditor shall determine whether any of the assessed risks of material misstatement are significant risks.	The auditor shall determine whether any of the assessed risks of material misstatement are, in the auditor's professional judgment, a significant risk.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No changes necessary but professional judgment has been added to emphasize that it is a judgment 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – same minimum requirement as ISA 315 (Revised 2019)


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements		<p>Paragraph 6.5.4. and 6.5.5</p> <p>Risk Identification and Assessment</p> <p><i>Significant Risks</i></p>		<p>6.5.4 In exercising professional judgment as to which assessed risks are significant risks, the auditor shall consider at least the following:</p> <p>(a) Whether the risk is a risk of fraud (for example because of management override of controls or a presumed risk of fraud such as in revenue recognition);</p> <p>(b) Whether the risk involves significant transactions with related parties;</p> <p>(c) How, in the case of accounting estimates, the inherent risk factors, such as the complexity of transactions and the degree of subjectivity in the measurement of financial information related to the risk, including those measurements involving a wide range of measurement uncertainty, have influenced the auditor's assessment on the spectrum of risk; and</p> <p>(d) Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes (although not in ISA 315 (revised 2019)) – combines various requirements from other ISAs related to significant risks.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – these have been combined under one requirement rather than in different places within the ISA for LCE:</p> <ul style="list-style-type: none"> -First bullet from ISA 240 -Second bullet para 18 of ISA 550 -Next two bullets are Essential Explanatory Material -Last bullet is paragraph 33(c) of ISA 240 <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – adding to the ISA requirements</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				6.5.5 The auditor shall treat: <ul style="list-style-type: none"> (a) Identified fraud risks as significant risks; and (b) Identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks. 	
Requirements	ISA 315 (Revised 2019) Paragraph 33 Identifying and Assessing the Risks of Material Misstatement <i>Assessing Risks of Material Misstatement at the Assertion Level</i> Assessing Inherent Risk	Paragraph 6.5.2. Risk Identification and Assessment <i>Assessing Inherent Risk</i>	The auditor shall determine whether substantive procedures alone cannot provide sufficient appropriate audit evidence for any of the risks of material misstatement at the assertion level.	The auditor shall determine whether substantive procedures alone cannot provide sufficient appropriate audit evidence for any of the risks of material misstatement at the assertion level.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No – does not change the substance of the requirement 3. Do the changes result in requirements that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 315 (Revised 2019) Paragraph 34 Identifying and Assessing the Risks of Material Misstatement <i>Assessing Risks of Material Misstatement at the Assertion Level</i> Assessing Control Risk	Paragraph 6.5.6. Risk Identification and Assessment <i>Assessing Control Risk</i>	If the auditor plans to test the operating effectiveness of controls, the auditor shall assess control risk. If the auditor does not plan to test the operating effectiveness of controls, the auditor's assessment of control risk shall be such that the assessment of the risk of material misstatement is the same as the assessment of inherent risk.	If the auditor plans to test the operating effectiveness of controls the auditor shall assess control risk, otherwise the <u>risk of material misstatement</u> is the same as the assessment of inherent risk.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – changes to articulate in a simpler manner Do the changes result in requirements that still achieve reasonable assurance? Yes – no change to underlying action made
Requirements	ISA 315 (Revised 2019) Paragraph 35 Identifying and Assessing the Risks of Material Misstatement <i>Evaluating the Audit Evidence Obtained from the Risk Assessment Procedures</i>	Paragraph 6.5.7. Risk Identification and Assessment Evaluation of the Procedures to Identify and Assess Risks of Material Misstatement and Reassessment of Risk	The auditor shall evaluate whether the audit evidence obtained from the risk assessment procedures provides an appropriate basis for the identification and assessment of the risks of material misstatement. If not, the auditor shall perform additional risk assessment procedures until audit evidence has been obtained to provide such a basis. In identifying and assessing the risks of material misstatement, the auditor shall take into account all audit evidence obtained from the risk assessment procedures, whether corroborative	The auditor shall evaluate whether the audit evidence obtained from procedures to identify and assess the risks of material misstatement provides an appropriate basis for the identification and assessment of the risks of material misstatement. If not, the auditor shall perform additional procedures.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – professional skepticism aspect addressed more broadly in ISA for LCE in Part 1 Do the changes result in requirements that still

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			or contradictory to assertions made by management		<p>achieve reasonable assurance?</p> <p>Yes – no aspects lost and outcome expected to be the same.</p>
Requirements	<p>ISA 315 (Revised 2019)</p> <p>Paragraph 36</p> <p>Identifying and Assessing the Risks of Material Misstatement</p> <p><i>Classes of Transactions, Account Balances and Disclosures that Are Not Significant, but Which Are Material</i></p>	-	For material classes of transactions, account balances or disclosures that have not been determined to be significant classes of transactions, account balances or disclosures, the auditor shall evaluate whether the auditor's determination remains appropriate	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No – the nature of classes of transactions, account balances and disclosures in an LCE expected to be simpler not be made up from numerous sources, therefore the identification of significant classes of transactions, account balances and disclosures expected to incorporate material balances and disclosures.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 315 (Revised 2019) Paragraph 37 Identifying and Assessing the Risks of Material Misstatement <i>Revision of Risk Assessment</i>	Paragraph 6.5.8. Risk Identification and Assessment Evaluation of the Procedures to Identify and Assess Risks of Material Misstatement and Reassessment of Risk	If the auditor obtains new information which is inconsistent with the audit evidence on which the auditor originally based the identification or assessments of the risks of material misstatement, the auditor shall revise the identification or assessment.	The auditor's assessment of the risks of material misstatement at the assertion level may change during the course of the audit as additional audit evidence is obtained. In circumstances where the auditor obtains audit evidence from performing further audit procedures, or if new information is obtained, either of which is inconsistent with the audit evidence on which the auditor originally based the assessment, the auditor shall revise the assessment and modify the further planned audit procedures accordingly.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified but not reducing outcome of underlying ISA requirement Do the changes result in requirements that still achieve reasonable assurance? Yes – outcome expected to be similar
Requirements	-	Paragraph 6.5.9. Risk Identification and Assessment Evaluation of the Applicability of the ISA for LCE	-	The auditor's determination to use the ISA for LCE may change as additional audit evidence is obtained. The auditor shall determine whether the ISA for LCE continues to be appropriate for the nature and circumstances of the entity being audited in circumstances where audit evidence, or new information is obtained during risk identification and assessment procedures which is inconsistent with the	This "stand back" requirement is not addressed in the ISA and has been included in the ISA for LCE as a "stand back" requirement to determine the appropriate use of the ISA for LCE.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				auditor's original determination for using the ISA for LCE.	
Requirements 	ISA 315 (Revised 2019) Paragraph 38 Documentation	Paragraph 6.7.1. Risk Identification and Assessment Specific Documentation Requirements	<p>The auditor shall include in the audit documentation:</p> <ul style="list-style-type: none"> (i) The discussion among the engagement team and the significant decisions reached; (ii) Key elements of the auditor's understanding in accordance with paragraphs 19, 21, 22, 24 and 25; the sources of information from which the auditor's understanding was obtained; and the risk assessment procedures performed; (iii) The evaluation of the design of identified controls, and determination whether such controls have been implemented, in accordance with the requirements in paragraph 26; and (iv) The identified and assessed risks of material misstatement at the financial statement level and at the assertion level, including significant risks and risks for which substantive procedures alone cannot provide sufficient appropriate audit evidence, and the 	<p>In addition to the general documentation requirements (paragraphs 3.8.1.-3.8.4.) for an audit engagement, the auditor shall include the following in the audit documentation:</p> <ul style="list-style-type: none"> (a) Key elements of the understanding obtained regarding each of the aspects of the entity and its environment, the applicable financial reporting framework and the entity's internal control system; (b) The names of the identified related parties (including changes from prior period), the nature of the related party relationships, and whether the entity entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions; (c) The identified and assessed risks of material misstatement, including risk due to fraud, at the financial statement level and at the assertion level, including significant risks and risks for 	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – and other matters included from other ISAs relevant to risk identification and assessment: -First bullet (a) aligns with (i) of ISA 315 (revised 2019) – no specific references to paragraphs; risk assessment performed covered by general documentation requirements in Part 3 -Internal control covered by (e) (same reference to specific controls paragraph same as control activities in ISA 315 (Revised 2019)) -(b) from ISA 550 -(c) aligns with (iv) of ISA 315 (Revised 2019) -In (iv) of ISA 315 (Revised 2019) significant judgments have been covered by general

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			rationale for the significant judgments made.	<p>which substantive procedures alone cannot provide sufficient appropriate audit evidence, and the rationale for the significant judgments made;</p> <p>(d) If applicable, the reasons for the conclusion that there is not a risk of material misstatement due to fraud related to revenue recognition.</p> <p>(e) The controls set out in paragraph 6.3.13. and the evaluation whether the control is designed effectively and determination whether the control has been implemented;</p> <p>(f) For accounting estimates, the auditor shall document key elements of the auditor's understanding of the accounting estimates, including controls as appropriate, the linkage of the assessed risks of material misstatements to the auditor's further procedures, and any indicators of management bias and how those were addressed; and</p>	<p>documentation requirements in Part 2</p> <p>- (f) relates to ISA 540 (Revised) and (g) relates to ISA 250 (Revised)</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – underlying specific matters to be documented are similar</p> <p>-</p> <p>-</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				(g) Identified or suspected non-compliance with laws and regulations and the results of discussion with management and, where applicable, those charged with governance and parties outside the entity.	
Introduction	ISA 315 Revised 2019) Paragraph 7 Introduction Key Concepts in the ISA	With paragraph 6.1.1 Risk Identification and Assessment Objectives		<i>Understanding the entity and its environment, the applicable financial reporting framework and the entity's system of internal control (the entity's internal control system) enables the auditor to identify and assess the risks of material misstatement. The auditor's risk identification and assessment process is iterative and dynamic. The auditor's understanding of the entity and its environment, the applicable financial reporting framework, and the entity's internal control system are interdependent with concepts within the requirements to identify and assess the risks of material misstatement.</i>	Essential Explanatory Material
Application Material	-	Below paragraph 5.2.6. Planning Planning Activities <i>Engagement Team Discussion</i>	-	<i>The engagement team discussion may also include other matters related to the audit such as the logistics, operational and other matters (such as where risks of material misstatement may have changed from prior years or</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>matters related to relevant ethical requirement including independence) and the timing of the audit and communications that are required.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A7, A50 and A95	With paragraph 6.3. Risk Identification and Assessment Understanding Relevant Aspects of the Entity		<p><i>The auditor's understanding of the entity and its environment, and the applicable financial reporting framework, establishes a frame of reference in which the auditor identifies and assess the risks of material misstatement, and also informs how the auditor plans and performs further audit procedures. The auditor's understanding of the entity's internal control system influences the auditor's identification and assessment of the risks of material misstatement, and also assists the auditor in planning and designing further audit procedures. The entity's internal control system consists of the five components of internal control, for which an understanding is required for each:</i></p> <ul style="list-style-type: none"> <i>The control environment.</i> <i>The entity's risk assessment process.</i> 	<p>Essential Explanatory Material</p> <p>Essential Explanatory Material added from definition material of IRF's – para A7</p> <p>From paragraphs A50 and A95 in ISA 315 (Revised 2019)</p>

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<ul style="list-style-type: none"> The entity's process to monitor the internal control system. The information system and communications. Control activities. 	
Application Material	ISA 315 (Revised 2019) Paragraph A7	Below paragraph 6.3.2. Risk Identification and Assessment Understanding Relevant Aspects of the Entity	-	<p>Inherent risk factors may be qualitative or quantitative and affect the susceptibility of assertions to misstatement. Qualitative inherent risk factors relating to the preparation of information required by the applicable financial reporting framework include:</p> <ul style="list-style-type: none"> Complexity; Subjectivity; Change; Uncertainty (for accounting estimates this is estimation uncertainty); or Susceptibility to misstatement due to management bias or other fraud risk factors insofar as they affect inherent risk 	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraph A15	Below paragraph 6.2.1 Risk Identification and Assessment	-	Designing and performing procedures to obtain audit evidence in an unbiased manner may involve obtaining evidence from multiple sources within and outside the entity. However, the	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Procedures for Identifying and Assessing Risks and Related Activities		<i>auditor is not required to perform an exhaustive search to identify all possible sources of evidence.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A17 Example	With Part 6.2 Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	-	<i>The auditor uses professional judgment to determine the nature and extent of the procedures to be performed to meet the requirements of this standard, which will vary with the formality of the entity's policies and procedures. Some less complex entities, and particularly owner-managed entities, may not have established structured processes and systems (e.g., a risk assessment process or a process to monitor the entity's internal control system) or may have established processes or systems with limited documentation or a lack of consistency in how they are undertaken. When such systems and processes lack formality, the auditor may still be able to perform the required procedures through observation and inquiry. However, the procedures within this standard are still required to be done.</i>	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraph A20	Below paragraph 6.2.2. Risk Identification and Assessment	-	<i>The auditor is not required to perform all of these procedures for each aspect of the auditor's understanding required.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Procedures for Identifying and Assessing Risks and Related Activities			
Application Material	ISA 315 (Revised 2019) Paragraph A61	Below paragraph 6.3.3. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity and Its Environment</i>	-	<i>Understanding the entity's objectives, strategy and business model helps the auditor to understand the entity at a strategic level, and to understand the business risks the entity takes and faces. An understanding of the business risks that have an effect on the financial statements assists the auditor in identifying risks of material misstatement, since most business risks will eventually have financial consequences and, therefore, an effect on the financial statements.</i>	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraph A92	Above paragraph 6.3.6. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	-	<i>In less complex entities, and in particular owner-manager entities, the way in which the entity's internal control system is designed, implemented and maintained will vary with the entity's size and complexity. Where there are no formal processes or documented policies or procedures, the auditor is still required to understand how management or those charged with governance prevent and detect fraud and errors, and use professional judgment to</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>determine the nature and extent of the work to obtain the required understanding.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A97 and 4	Below paragraph 6.3.6 Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's System of internal Control</i>	-	<i>The control environment provides an overall foundation for the operation of the other components of the entity's internal control system and deficiencies may undermine the rest of the entity's internal control system. Although it does not directly prevent or detect and correct misstatements, it may influence the effectiveness of other controls in the internal control system. The control environment includes the governance and management functions and the attitudes, awareness and actions of those charged with governance and management concerning the entity's internal control system and its importance in the entity.</i>	Essential Explanatory Material Definition of control environment
Application Material	ISA 315 (Revised 2019) Paragraph A111	Below paragraph 6.3.7. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	-	<i>Understanding how the entity assesses its business risks and other risks may assist the auditor in understanding where there are identified risks, and whether the entity has responded to those risks. This may inform the auditor in understanding whether the risks faced by the entity have been identified, assessed and</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>addressed as appropriate to the nature and circumstances of the entity.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A121 and A114	Below paragraph 6.3.8. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's System of Internal Control</i>	-	<i>Understanding the entity's monitoring of the internal control system assists the auditor to understand whether the entity's internal control system is present and functioning. In less complex entities, and in particular owner-manager entities, the auditor's understanding of the entity's process to monitor the entity's internal control system is often focused on how management or the owner-manager is directly involved in operations, as there may not be any other formal monitoring activities.</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 315 (Revised 2019) Paragraph A125	Below paragraph 6.3.13. Risk Identification and Assessment Understanding Relevant Aspects of the Entity	-	<i>The auditor is required to identify specific controls, and evaluate the design and determine whether these controls have been implemented, as it assists the auditor's understanding management's approach to addressing certain risks, and therefore provides a basis for the design and performance of further audit procedures responsive to these risks even when the auditor does not plan to test the operating effectiveness of identified controls.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 315 (Revised 2019) Paragraph A136	Below paragraph 6.2.9. Risk Identification and Assessment Understanding Relevant Aspects of the Entity	-	<p><i>The auditor's understanding of the information system may be obtained in various ways and may include:</i></p> <ul style="list-style-type: none"> <i>Inquiries of relevant personnel about the procedures used to initiate, record, process and report transactions or about the entity's financial reporting process;</i> <i>Inspection of policy or process manuals or other documentation of the entity's information system;</i> <i>Observation of the performance of the policies or procedures by entity's personnel; or</i> <i>Selecting transactions and tracing them through the applicable process in the information system (i.e., performing a walk-through).</i> 	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 315 (Revised 2019) Paragraph A148	Below paragraph 6.3.13 Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's System of Internal Control</i>	-	<i>The auditor's identification and evaluation of controls is focused on information processing controls, which are controls applied during the processing of information in the entity's information system that directly address risks to the integrity of information (i.e., the completeness, accuracy and validity of transactions and other information). However, the auditor is not required to identify and evaluate all information processing controls - controls are required to be identified when such controls meet one or more of the criteria included in paragraph 6.3.13. In addition, when multiple controls each achieve the same objective, it is unnecessary to identify each of the controls related to such objective.</i>	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraph A170	Below paragraph 6.3.15 Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's System of Internal Control</i>	-	<i>The auditor's understanding of the information system (which may be done by performing a walkthrough test) includes the IT environment relevant to the flows of transactions and processing of information in the entity's information system, because the entity's use of IT applications or other aspects of the IT environment may give rise to risks</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>arising from IT (i.e., the susceptibility of information processing controls to ineffective design or operation, or risks to the integrity of information).</i></p> <p>*****</p> <p><i>Identifying the IT applications that are subject to risks arising from the use of IT involves taking into account controls identified by the auditor because such controls may involve the use of IT or rely on IT. The auditor may focus on whether an IT application includes automated controls that management is relying on and that the auditor has identified, including controls that address risks for which substantive procedures alone do not provide sufficient appropriate audit evidence. The auditor may also consider how information is stored and processed in the information system relating to significant classes of transactions, account balances and disclosures and whether management is relying on general IT controls to maintain the integrity of that information. The extent of the auditor's understanding of the IT processes, including the extent to which the entity has general IT</i></p>	

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>controls in place, will vary with the nature and the circumstances of the entity and its IT environment, as well as based on the nature and extent of controls identified by the auditor. The number of IT applications that are subject to risks arising from the use of IT also will vary based on these factors.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A184	With Part 6.4. Risk Identification and Assessment	-	<i>Risks of material misstatement are identified and assessed by the auditor to determine the nature, timing and extent of further audit procedures necessary to obtain sufficient appropriate audit evidence. This evidence enables the auditor to express an opinion on the financial statements at an acceptably low level of audit risk.</i>	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraphs A195, A188 and A186	Below paragraph 6.4.1. Risk Identification and Assessment Identifying Risks of Material Misstatement	-	<i>Risks of material misstatement at the financial statement level refer to risks that relate pervasively to the financial statements as a whole, and potentially affect many assertions. Risks of this nature are not necessarily risks identifiable with specific assertions at the class of transactions, account balance or disclosure level (e.g., risk of management override of controls).</i>	Essential Explanatory Material



Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>In identifying and assessing the risks of material misstatement, the auditor uses assertions to consider the different types of potential misstatements that may occur. Appendix 2 sets out assertions that may be used by the auditor in considering different types of misstatements at the assertion level.</i></p> <p><i>The identification of risks of material misstatement is performed before consideration of any related controls (i.e., the inherent risk), and is based on the auditor's consideration of misstatements that have a reasonable possibility of both occurring, and being material if they were to occur.</i></p>	
Application Material	ISA 315 (Revised 2019) Paragraph A202	Below paragraph 6.4.3. Risk Identification and Assessment Identifying Risks of Material Misstatement	-	<p><i>Assertions for which the auditor has identified related risks of material misstatement are relevant assertions.</i></p> <p><i>Determining relevant assertions and the significant classes of transactions, account balances and disclosures provides the basis for the scope of the auditor's understanding of the entity's information system required to be obtained, and with the</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>identification and assessment of risks of material misstatement.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A209	Below paragraph 6.5.1. Risk Identification and Assessment <i>Assessing Inherent Risk</i>		<i>The assessed inherent risk relating to a particular risk of material misstatement at the assertion level represents a judgment within a range, from lower to higher, on the spectrum of inherent risk.</i>	Essential Explanatory Material The Essential Explanatory Material added introduces the concept of spectrum of inherent risk and is from para A209 of ISA 315 (Revised 2019)
Application Material	ISA 315 (Revised 2019) Paragraph A209	Below paragraph 6.5.1. Risk Identification and Assessment <i>Assessing Inherent Risk</i>		<i>In assessing inherent risk, the auditor uses professional judgment in determining the significance of the combination of the likelihood and magnitude of a misstatement on the spectrum of inherent risk. The judgment about where in the range inherent risk is assessed may vary based on the nature, size and complexity of the entity, and takes into account the assessed likelihood and magnitude of the misstatement and inherent risk factors.</i>	Essential Explanatory Material The Essential Explanatory Material added introduces the concept of spectrum of inherent risk and is from para A209 of ISA 315 (Revised 2019)
Application Material	ISA 315 (Revised 2019) Paragraph A210-A211	Below paragraph 6.5.1. Risk Identification and Assessment <i>Assessing Inherent Risk</i>		<i>In considering the likelihood of a misstatement, the auditor considers the possibility that a misstatement may occur, based on consideration of the inherent risk factors. In considering the magnitude of a misstatement, the auditor considers the qualitative and quantitative aspects of the possible misstatement (i.e.,</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>misstatements in assertions about classes of transactions, account balances or disclosures may be judged to be material due to size, nature or circumstances.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph 32	Below paragraph 6.5.3. Risk Identification and Assessment <i>Significant Risks</i>	-	<i>The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk as set out below. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity, and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed.</i>	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraph A222	Below paragraph 6.5.2. Risk Identification and Assessment <i>Assessing Inherent Risk</i>	-	<i>Due to the nature of a risk of material misstatement, and the controls that address that risk, in some circumstances the only way to obtain sufficient appropriate audit evidence is to test the operating effectiveness of controls. Accordingly, there is a requirement for the auditor to</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>identify any such risks because of the implications for the design and performance of further audit procedures.</i>	
Application Material 	ISA 315 (Revised 2019) Paragraph A241	With Part 6.7. Risk Identification and Assessment Specific Documentation Requirements		<i>The form and extent of documentation may be simple and relatively brief, and is influenced by:</i> <ul style="list-style-type: none"> <i>The nature, size and complexity of the entity and its internal control system.</i> <i>Availability of information from the entity.</i> <i>The audit methodology and technology used in the course of the audit.</i> <i>It is not necessary to document the entirety of the auditor's understanding of the entity and matters related to it, but rather apply the principles in paragraph 3.8.1 and the matters noted below.</i>	Essential Explanatory Material
Application Material 	ISA 315 (Revised 2019) Paragraph A241	Below paragraph 6.7.1.(a) Risk Identification and Assessment Specific Documentation Requirements	-	<i>Key elements of understanding documented by the auditor may include those on which the auditor based the assessment of risks of material misstatement.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material 	ISA 315 (Revised 2019) Paragraph A150	With paragraph 6.7.1(c) Risk Identification and Assessment Specific Documentation Requirements	-	<i>The auditor is required to take into account the inherent risk factors when identifying and assessing the risks of material misstatement. However, the auditor is not required to document how every inherent risk factor was taken into account in relation to each class of transaction, account balance or disclosure.</i>	Essential Explanatory Material
ISA 320, Materiality in Planning and Performing an Audit					
Objective	ISA 320 Paragraph 8	Paragraph 5.1.1.(b) Planning Objectives	The objective of the auditor is to apply the concept of materiality appropriately in planning and performing the audit.	The objective of the auditor are to: (b) Determine materiality so that the concept of materiality can be used appropriately in planning and performing the audit.	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE. The verb “determine” has been used rather than “apply” since materiality is first determined before it is used in planning and performing the audit. 3. Do the changes result in the objective that still achieve reasonable assurance? Yes, the objective is met through the requirements in

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					the ISA for LCE which is similar to the ISA requirements
Requirements	ISA 320 Paragraph 10 Determining Materiality and Performance Materiality When Planning the Audit	Paragraph 5.3.1. Planning Materiality Paragraph 5.3.2. Planning Materiality	When establishing the overall audit strategy, the auditor shall determine materiality for the financial statements as a whole. If, in the specific circumstances of the entity, there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements, the auditor shall also determine the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures.	The auditor shall determine materiality for the financial statements as a whole. If, in the specific circumstances of the entity, there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements, the auditor shall also determine the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified for changes to not requiring a separate audit strategy but the substance of the requirement not changed. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – action required by the auditor expected to result in similar outcome

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 320 Paragraph 11 Determining Materiality and Performance Materiality When Planning the Audit	Paragraph 5.3.3. Planning Materiality	The auditor shall determine performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.	The auditor shall determine performance materiality for the purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 320 Paragraph 12 Revision as the Audit Progresses	Paragraph 5.3.4. Planning Materiality	The auditor shall revise materiality for the financial statements as a whole (and, if applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures) in the event of becoming aware of information during the audit that would have caused the auditor to have determined a different amount (or amounts) initially.	If the auditor becomes aware of information during the audit that would have caused the auditor to determine a different materiality level or levels for particular classes of transactions, account balances or disclosures, the materiality level shall be revised. If this level is lower than what was initially determined, the auditor shall determine whether it is necessary to revise performance materiality and whether the nature, timing and extent of the further audit procedures remain appropriate.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for nature of LCE standard but does not change the substance of the requirement. Also combined with paragraph 13 of ISA 320 3. Do the changes result in requirements that still

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					achieve reasonable assurance? Yes – action required by the auditor expected to result in similar outcome
Requirements	ISA 320 Paragraph 13 Revision as the Audit Progresses	Paragraph 5.3.4. Planning Materiality	If the auditor concludes that a lower materiality for the financial statements as a whole (and, if applicable, materiality level or levels for particular classes of transactions, account balances or disclosures) than that initially determined is appropriate, the auditor shall determine whether it is necessary to revise performance materiality, and whether the nature, timing and extent of the further audit procedures remain appropriate.	If the auditor becomes aware of information during the audit that would have caused the auditor to determine a different materiality level or levels for particular classes of transactions, account balances or disclosures, the materiality level shall be revised. If this level is lower than what was initially determined, the auditor shall determine whether it is necessary to revise performance materiality and whether the nature, timing and extent of the further audit procedures remain appropriate.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for nature of LCE standard but does not change the substance of the requirement.. Also combined with paragraph 12 of ISA 320. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – action required by the auditor expected to result in similar outcome
Requirements 	ISA 320 Paragraph 14 Documentation	Paragraph 5.5.3. Planning Specific Documentation Requirements	The auditor shall include in the audit documentation the following amounts and the factors considered in their determination:	With regard to materiality, the auditor shall include the following amounts and the factors considered in their determination in the audit	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(a) Materiality for the financial statements as a whole (see paragraph 10);</p> <p>(b) If applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures (see paragraph 10);</p> <p>(c) Performance materiality (see paragraph 11); and</p> <p>(d) Any revision of (a)–(c) as the audit progressed</p>	<p>documentation (including any revisions as applicable):</p> <p>(a) Materiality for the financial statements as a whole;</p> <p>(b) If applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures; and</p> <p>(c) Performance materiality.</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Modified as appropriate for the nature of the LCE standard. ISA 320 para 14(d) now addressed in the lead-in. Therefore no significant aspects of the ISA requirements have been reduced.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all significant aspects of the ISA requirement have been addressed.</p>
Application Material	ISA 320 Paragraph 5 Introduction Materiality in the Context of an Audit	With Part 4.3. Planning Materiality	-	<i>The concept of materiality is applied by the auditor in both planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements if any, on the financial statements and in forming an opinion in the auditor's report.</i>	Essential Explanatory Material
Application Material	ISA 320 Paragraph 5 Introduction	Below paragraph 5.3.1. Planning Materiality	-	<i>The auditor's determination of materiality is a matter of professional judgment, and is affected by the auditor's perception of the financial needs of users of the financial statements. The auditor's</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Materiality in the Context of an Audit			<p><i>professional judgment about misstatements that will be considered material provides a basis for:</i></p> <ul style="list-style-type: none"> • <i>Determining the nature, timing and extent of procedures to identify and assess risks of material misstatement;</i> • <i>Identifying and assessing the risks of material misstatement; and</i> • <i>Determining the nature, timing and extent of further audit procedures.</i> 	
Application Material	ISA 320 Paragraph A13	Below Paragraph 5.3.3 Planning Materiality	-	<p><i>Planning the audit solely to detect individually material misstatements overlooks the fact that the aggregate of individually immaterial misstatements may cause the financial statements to be materially misstated, and leaves no margin for possible undetected misstatements. Performance materiality (which, as defined, is one or more amounts) is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
ISA 500, <i>Audit Evidence</i>					
Objective	ISA 500 Paragraph 4	Paragraph 3.1.1.(a) Audit Evidence Objectives	The objective of the auditor is to design and perform audit procedures in such a way as to enable the auditor to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion.	The objectives of the auditor are to: (a) Obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion; 	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? Yes. The objective has been adapted to the circumstances of an audit of an LCE but the main aspects of the objective have been retained. 3. Do the changes result in the objective that still achieve reasonable assurance? Yes, the outcomes from the requirements will meet the objective with regards to obtaining sufficient appropriate audit evidence
Requirements	ISA 500 Paragraph 6 Sufficient Appropriate Audit Evidence	Paragraph 3.2.1. Audit Evidence Audit Evidence	The auditor shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence.	The <u>auditor</u> shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate <u>audit evidence</u> .	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 500</p> <p>Paragraph 7</p> <p>Information to Be Used as Audit Evidence</p>	<p>Paragraph 3.2.2.</p> <p>Audit Evidence</p> <p>Audit Evidence</p> <p><i>Information to be Used as Audit Evidence</i></p>	<p>When designing and performing audit procedures, the auditor shall consider the relevance and reliability of the information to be used as audit evidence, including information obtained from an external information source.</p>	<p>When designing and performing audit procedures, the auditor shall consider the relevance and reliability of the information to be used as audit evidence.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE by removing reference to 'information obtained from an external information sources.'</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the outcome is focused on the relevance and reliability of audit evidence.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 500 Paragraph 8 Information to Be Used as Audit Evidence	Paragraph 5.2.8. Planning Planning Activities <i>Using the Work of Management's Expert</i>	If information to be used as audit evidence has been prepared using the work of a management's expert, the auditor shall, to the extent necessary, having regard to the significance of that expert's work for the auditor's purposes: (a) Evaluate the competence, capabilities and objectivity of that expert; (b) Obtain an understanding of the work of that expert; and (c) Evaluate the appropriateness of that expert's work as audit evidence for the relevant assertion.	If information to be used as <u>audit evidence</u> has been prepared using the work of <u>management's expert</u> , the auditor shall, to the extent necessary, have regard to the significance of the expert's work and evaluate the competence capabilities and objectivity of that expert, and evaluate the appropriateness of the expert's work as audit evidence for the <u>relevant assertion</u> .	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to simplify the language used in the requirement to improve its readability and make more appropriate to the nature of the LCE standard. 'Obtaining an understanding of the work of an expert' would be incorporated into 'evaluate the appropriateness of the experts work...'. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, similar outcomes from the auditor's action with regard to management's expert expected.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 500 Paragraph 9 Information to Be Used as Audit Evidence	Paragraph 3.2.3. Audit Evidence Audit Evidence <i>Information to be Used as Audit Evidence</i>	When using information produced by the entity, the auditor shall evaluate whether the information is sufficiently reliable for the auditor's purposes, including, as necessary in the circumstances: (a) Obtaining audit evidence about the accuracy and completeness of the information; and (b) Evaluating whether the information is sufficiently precise and detailed for the auditor's purposes.	When using information produced by the entity, the auditor shall evaluate whether the information is sufficiently reliable for the auditor's purposes and determine; (a) The accuracy and completeness of the information as necessary in the circumstances; and (b) Whether the information is sufficiently precise and detailed for the auditor's purposes.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modifications made to make more appropriate to the nature of the LCE standard. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – similar actions required by the auditor
Requirements	ISA 500 Paragraph 10 Selecting Items for Testing to Obtain Audit Evidence	Paragraph 3.3.1. Audit Evidence Procedures for Obtaining Audit Evidence	When designing tests of controls and tests of details, the auditor shall determine means of selecting items for testing that are effective in meeting the purpose of the audit procedure.	When designing tests of controls and tests of details, the auditor shall determine the means of selecting items to test that are effective in meeting the purpose of the audit procedure.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 500 Paragraph 11 Inconsistency in, or Doubts over Reliability of, Audit Evidence	Paragraph 3.2.5. Audit Evidence Audit Evidence <i>Information to be Used as Audit Evidence</i>	If: (a) audit evidence obtained from one source is inconsistent with that obtained from another; or (b) the auditor has doubts over the reliability of information to be used as audit evidence, the auditor shall determine what modifications or additions to audit procedures are necessary to resolve the matter, and shall consider the effect of the matter, if any, on other aspects of the audit.	The auditor shall determine what modifications or additions to audit procedures are necessary if: (a) Audit evidence obtained from one source is inconsistent with that obtained from another; or (b) The auditor has doubts about the reliability of information to be used as audit evidence.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to simplify the language used in the requirement to improve its readability and to make more appropriate to the nature of the LCE standard. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, similar outcome is expected to be achieved.</p>
Application Material	ISA 500 Paragraph A1	With Part 3.2. Audit Evidence Audit Evidence	-	<i>Audit evidence is necessary to support the auditor's opinion and report. It is cumulative in nature and is primarily obtained from audit procedures performed during the audit.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 200 Paragraph A2 (parts)	Below paragraph 3.2.1. Audit Evidence Audit Evidence	-	<i>Audit procedures to obtain audit evidence throughout the audit can include inspection, observation, confirmation, recalculation, reperformance and analytical procedures, often in some combination, in addition to inquiry. Inquiry alone does not ordinarily provide sufficient audit evidence.</i>	Essential Explanatory Material
Application Material	ISA 200 Paragraph A26	Below paragraph 3.2.2. Audit Evidence Audit Evidence <i>Information to be Used as Audit Evidence</i>	-	<i>Relevance deals with the logical connection with, or bearing upon, the purpose of the audit procedure and, where appropriate, the assertion under consideration. The relevance of the information may be affected by the direction of testing.</i>	Essential Explanatory Material
Application Material	ISA 500 Paragraph A31	Below paragraph 3.2.2. Audit Evidence Audit Evidence <i>Information to be Used as Audit Evidence</i>	-	<i>The reliability of information to be used as audit evidence is influenced by its source and nature, as well as the circumstances under which it was obtained. Generally, the reliability of information is increased when it is obtained from a source outside of the entity, original is more reliable than a copy and written is more reliable than oral information. However, circumstances may exist that could affect these generalizations.</i>	Essential Explanatory Material
Application Material	ISA 500 Paragraph A10	With Part 3.3. Audit Evidence	-	<i>Audit evidence to draw reasonable conclusions on which to base the auditor's opinion is obtained by performing procedures to identify</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Procedures for Obtaining Audit Evidence		and assess risks of material misstatement (see part 6) and further audit procedures (comprising test of controls and substantive procedures) (see Part 7). Tests of controls are only required in specific circumstances (see paragraph 7.3.4. or the auditor may choose to perform tests of controls. Substantive procedures include tests of detail and analytical procedures.	
ISA 510, Initial Audit Engagements—Opening Balances					
Objective	ISA 510 Paragraph 3	Paragraph 4.1.1.(b) Acceptance or Continuance of an Audit Engagement and Initial Engagements Objectives	In conducting an initial audit engagement, the objective of the auditor with respect to opening balances is to obtain sufficient appropriate audit evidence about whether: (a) Opening balances contain misstatements that materially affect the current period's financial statements; and (b) Appropriate accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, or changes thereto are appropriately accounted for and adequately presented and disclosed in	The objectives of the auditor are: (b) For initial engagements, to obtain sufficient appropriate audit evidence about whether: (i) Opening balances contain misstatements that materially affect the current period's financial statements, and (ii) The entity's accounting policies are appropriately reflected in the opening balances.	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? Slight modification to simplify the objective, but each individual aspect has been addressed. 3. Do the changes result in the objective that still achieve reasonable assurance? Yes, the requirements in the ISA for LCE will assist the auditor in achieving the objective in a similar way.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			accordance with the applicable financial reporting framework.		
Requirements	ISA 510 Paragraph 5 Audit Procedures	-	The auditor shall read the most recent financial statements, if any, and the predecessor auditor's report thereon, if any, for information relevant to opening balances, including disclosures.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – not added because of nature of LCE standard. Paragraph 4.4.2 is considered sufficient to address obtaining sufficient appropriate audit evidence about Opening Balances.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 510 Paragraph 6 Audit Procedures	Paragraph 4.4.2. Acceptance or Continuance of an Audit Engagement and Initial Engagements Initial Engagements	The auditor shall obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements by: (a) Determining whether the prior period's closing balances have been correctly brought forward	The auditor shall obtain sufficient appropriate audit evidence about whether the opening balances contain <u>misstatements</u> that may materially affect the current period's financial statements by: (a) Determining whether the prior period's closing balances have been correctly brought forward	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>to the current period or, when appropriate, have been restated;</p> <p>(b) Determining whether the opening balances reflect the application of appropriate accounting policies; and</p> <p>(c) Performing one or more of the following:</p> <p>(i) Where the prior year financial statements were audited, reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances;</p> <p>(ii) Evaluating whether audit procedures performed in the current period provide evidence relevant to the opening balances; or</p> <p>(iii) Performing specific audit procedures to obtain evidence regarding the opening balances.</p>	<p>to the current period or, when appropriate, have been restated;</p> <p>(b) Determining whether the opening balances reflect the application of appropriate accounting policies; and</p> <p>(c) Performing one or more of the following:</p> <p>(i) Where the prior year financial statements were audited, reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances;</p> <p>(ii) Evaluating whether audit procedures performed in the current period provide evidence relevant to the opening balances; or</p> <p>(iii) Performing specific audit procedures to obtain evidence regarding the opening balances.</p>	<p>No –</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 510 Paragraph 7 Audit Procedures	Paragraph 4.4.3. Acceptance or Continuance of an Audit Engagement and Initial Engagements Initial Engagements	If the auditor obtains audit evidence that the opening balances contain misstatements that could materially affect the current period's financial statements, the auditor shall perform such additional audit procedures as are appropriate in the circumstances to determine the effect on the current	4.4.3 If the auditor obtains audit evidence that the opening balances contain misstatements that could materially affect the current period's financial statements, the auditor shall perform such additional audit procedures as are appropriate in the circumstances to determine the	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<p>Paragraph 7.8.1.</p> <p>Concluding</p> <p>Specific Communication Requirements</p>	<p>period's financial statements. If the auditor concludes that such misstatements exist in the current period's financial statements, the auditor shall communicate the misstatements with the appropriate level of management and those charged with governance in accordance with ISA 450.</p>	<p>effect on the current period's financial statements.</p> <p>7.8.1 The auditor shall communicate with management on a timely basis. Matters to be communicated include:</p> <p>....</p> <p>(iv) Identified misstatements or potential misstatements.</p>	<p>for the circumstances of an LCE?</p> <p>Yes. Slight modification to simplify the language used in the requirement to improve its readability and to make more appropriate to the circumstances of an LCE audit. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the same outcome is expected to be achieved.</p>
Requirements	<p>ISA 510</p> <p>Paragraph 8</p> <p>Audit Procedures</p>	<p>Paragraph 4.4.4.</p> <p>Acceptance or Continuance of an Audit Engagement and Initial Engagements</p> <p>Initial Engagements</p>	<p>The auditor shall obtain sufficient appropriate audit evidence about whether the accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, and whether changes in the accounting policies have been appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.</p>	<p>The auditor shall obtain sufficient appropriate audit evidence about whether the accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, and that any changes in accounting policies have been appropriately accounted for and adequately disclosed.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Slight modification to simplify the language used in the requirement to improve its readability and to make more appropriate to the circumstances of an LCE audit.. All aspects of auditor action retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is expected to be achieved.
Requirements	ISA 510 Paragraph 9 Audit Procedures	-	If the prior period's financial statements were audited by a predecessor auditor and there was a modification to the opinion, the auditor shall evaluate the effect of the matter giving rise to the modification in assessing the risks of material misstatement in the current period's financial statements in accordance with ISA 315 (Revised).	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not added because of nature of LCE standard. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 510 Paragraph 10 Audit Conclusions and Reporting	-	If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express a qualified opinion or disclaim an opinion on the financial statements, as appropriate, in accordance with ISA 705 (Revised).	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not added because of nature of LCE standard. . Part 9.5, <i>Modified Opinions</i> , of the ISA for LCE deals broadly with the auditor expressing modified opinions.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 510</p> <p>Paragraph 11</p> <p>Audit Conclusions and Reporting</p>	-	<p>If the auditor concludes that the opening balances contain a misstatement that materially affects the current period's financial statements, and the effect of the misstatement is not appropriately accounted for or not adequately presented or disclosed, the auditor shall express a qualified opinion or an adverse opinion, as appropriate, in accordance with ISA 705.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but not added because of nature of LCE standard. Part 9.5, <i>Modified Opinions</i>, of the ISA for LCE deals broadly with the auditor expressing modified opinions.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 510 Paragraph 12 Audit Conclusions and Reporting	-	<p>If the auditor concludes that:</p> <p>(a) the current period's accounting policies are not consistently applied in relation to opening balances in accordance with the applicable financial reporting framework; or</p> <p>(b) a change in accounting policies is not appropriately accounted for or not adequately presented or disclosed in accordance with the applicable financial reporting framework,</p> <p>the auditor shall express a qualified opinion or an adverse opinion as appropriate in accordance with ISA 705 (Revised).</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but not added because of nature of LCE standard. Part 9.5, <i>Modified Opinions</i>, of the ISA for LCE deals broadly with the auditor expressing modified opinions.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 510 Paragraph 13 Audit Conclusions and Reporting	-	<p>If the predecessor auditor's opinion regarding the prior period's financial statements included a modification to the auditor's opinion that remains relevant and material to the current period's financial statements, the auditor shall modify the auditor's opinion on the current period's financial statements in accordance with ISA 705 (Revised) and ISA 710.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but not added because of nature of LCE standard. Part 9.5, <i>Modified Opinions</i>, of the ISA for LCE deals broadly with the auditor expressing modified opinions.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					- 3. Do the changes result in requirements that still achieve reasonable assurance? -
Application Material	ISA 300 Paragraph A22	With Part 4.4. Acceptance or Continuance of an Audit Engagement and Initial Engagements Initial Engagements	-	<i>The purpose and objective of planning the audit are the same whether the audit is an initial or recurring engagement. However, for an initial audit, the auditor may need to expand the planning activities because the auditor does not ordinarily have the previous experience with the entity that is considered when planning recurring engagements.</i>	Essential Explanatory Material
ISA 520, Analytical Procedures					
Objective	ISA 520 Paragraph 3	-	The objectives of the auditor are: (a) To obtain relevant and reliable audit evidence when using substantive analytical procedures; and (b) To design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.	-	1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 520, <i>Analytical Procedures</i> is addressed in Part 3, <i>Audit Evidence</i> , of the ISA for LCE along with other audit evidence-related ISAs. Objectives have been included for Part 3 broadly and not for each audit evidence-related ISA included in Part 3 as this would be considered voluminous from the nature of the LCE standard. The objective in

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>paragraph 3.1.1(a) of the ISA for LCE broadly addresses ISA 520, paragraph 3(a).</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 520</p> <p>Paragraph 5</p> <p>Substantive Analytical Procedures</p>	<p>Paragraph 3.3.2.</p> <p>Audit Evidence</p> <p>Procedures for Obtaining Audit Evidence</p> <p><i>Substantive Analytical Procedures</i></p>	<p>When designing and performing substantive analytical procedures, either alone or in combination with tests of details, as substantive procedures in accordance with ISA 330, the auditor shall:</p> <p>(a) Determine the suitability of particular substantive analytical procedures for given assertions, taking account of the assessed risks of material misstatement and tests of details, if any, for these assertions;</p> <p>(b) Evaluate the reliability of data from which the auditor's expectation of recorded amounts or ratios is developed, taking account of source, comparability, and nature and relevance of information</p>	<p>When the auditor uses analytical procedures to obtain audit evidence (either in risk identification or in responding to assessed risks), the auditor shall:</p> <p>(a) Determine the suitability of the analytical procedures for the purpose of the test or for the given <u>assertion</u>;</p> <p>(b) Evaluate the reliability of data used in the analyses;</p> <p>(c) Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify <u>misstatements</u>;</p> <p>(d) Determine the amount of any difference of recorded amounts from expected values that is acceptable without further</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE, and because presented as an overarching concept have not distinguished between substantive analytical procedures and other analytical procedures. This requirement also incorporates paragraph 7 of ISA 520. In addition, modification to simplify the language used in</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>available, and controls over preparation;</p> <p>(c) Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify a misstatement that, individually or when aggregated with other misstatements, may cause the financial statements to be materially misstated; and</p> <p>(d) Determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation as required by paragraph 7.</p>	<p>investigation being required. For identified differences exceeding acceptable levels, use professional judgment when investigating such differences and perform additional audit procedures as necessary in the circumstances; and</p> <p>....</p>	<p>the requirement to improve its readability. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, a similar outcome is expected to be achieved.</p>
Requirements	<p>ISA 520</p> <p>Paragraph 6</p> <p>Analytical Procedures that Assist When Forming an Overall Conclusion</p>	<p>Paragraph 8.4.1.</p> <p>Concluding</p> <p>Analytical Procedures that Assist When Forming an Overall Conclusion</p>	<p>The auditor shall design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.</p>	<p>The auditor shall design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity, including any indications of a previously unrecognized risk of material misstatement arising from fraud.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been extended to build in indications of a previously unrecognized risk of material misstatement arising from fraud.</p> <p>3. Do the changes result in requirements that still</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>achieve reasonable assurance?</p> <p>Yes, the required action by the auditor has not been modified.</p>
Requirements	<p>ISA 520</p> <p>Paragraph 7</p> <p>Investigating Results of Analytical Procedures</p>	<p>Paragraph 3.3.2.</p> <p>Audit Evidence</p> <p>Procedures for Obtaining Audit Evidence</p> <p><i>Substantive Analytical Procedures</i></p>	<p>If analytical procedures performed in accordance with this ISA identify fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, the auditor shall investigate such differences by:</p> <p>(a) Inquiring of management and obtaining appropriate audit evidence relevant to management's responses; and</p> <p>(b) Performing other audit procedures as necessary in the circumstances.</p>	<p>When the auditor uses analytical procedures to obtain audit evidence (either in risk identification or in responding to assessed risks), the auditor shall:</p> <p>(a) Determine the suitability of the analytical procedures for the purpose of the test or for the given assertion;</p> <p>(b) Evaluate the reliability of data used in the analyses;</p> <p>(c) Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify misstatements;</p> <p>(d) Determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation being required. For identified differences exceeding acceptable levels, use professional judgment when investigating such differences and perform</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE, and because presented as an overarching concept have not distinguished between substantive analytical procedures and other analytical procedures. This requirement also incorporates paragraph 5 of ISA 520. In addition, modification to simplify the language used in the requirement to improve its readability. All aspects of auditor action retained.</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				additional audit procedures as necessary in the circumstances; and	
ISA 530, Audit Sampling					
Objective	ISA 530 Paragraph 4		The objective of the auditor, when using audit sampling, is to provide a reasonable basis for the auditor to draw conclusions about the population from which the sample is selected.	-	<p>1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 530, <i>Audit Sampling</i> is addressed in Part 3, <i>Audit Evidence</i>, of the ISA for LCE along with other audit evidence-related ISAs. Objectives have been included for Part 3 broadly and not for each audit evidence-related ISA included in Part 3 as this would be considered voluminous.</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? -</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 530 Paragraph 6 Sample Design, Size, and Selection of Items for Testing	Paragraph 3.3.3.(a) Audit Evidence Procedures for Obtaining Audit Evidence <i>Audit Sampling</i>	When designing an audit sample, the auditor shall consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn.	If the auditor uses audit sampling when responding to assessed risks of material misstatement as a means for selecting items for testing, the auditor shall: (a) Consider the purpose of the audit procedures and the characteristics of the population from which the sample will be drawn;	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified but does not change the substance of the requirement. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar action by the auditor is expected
Requirements	ISA 530 Paragraph 7 Sample Design, Size, and Selection of Items for Testing	Paragraph 3.3.3.(b) Audit Evidence Procedures for Obtaining Audit Evidence <i>Audit Sampling</i>	The auditor shall determine a sample size sufficient to reduce sampling risk to an acceptably low level.	.... (b) Determine a sample size sufficient to reduce sampling risk to an acceptably low level;	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified but does not change the substance of the requirement. 3. Do the changes result in requirements that still

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>achieve reasonable assurance?</p> <p>Yes, a similar action by the auditor is expected.</p>
Requirements	<p>ISA 530 Paragraph 8 Sample Design, Size, and Selection of Items for Testing</p>	<p>Paragraph 3.3.3.(c) Audit Evidence Procedures for Obtaining Audit Evidence <i>Audit Sampling</i></p>	<p>The auditor shall select items for the sample in such a way that each sampling unit in the population has a chance of selection.</p>	<p>.... (c) Select items in a way that each sampling unit in the population has a chance of selection.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified but does not change the substance of the requirement.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar action by the auditor is expected.</p>
Requirements	<p>ISA 530 Paragraph 9 Performing Audit Procedures</p>	<p>Paragraph 3.3.3.(d) Audit Evidence Procedures for Obtaining Audit Evidence <i>Audit Sampling</i></p>	<p>The auditor shall perform audit procedures, appropriate to the purpose, on each item selected</p>	<p>.... (d) Perform audit procedures, appropriate to the purpose, on each item selected,</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>for the circumstances of an LCE?</p> <p>Yes – slightly modified but does not change the substance of the requirement.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, a similar action by the auditor is expected.</p>
Requirements	<p>ISA 530 Paragraph 10 Performing Audit Procedures</p>	<p>Paragraph 2.3.4.(d) Audit Evidence Procedures for Obtaining Audit Evidence <i>Audit Sampling</i></p>	<p>If the audit procedure is not applicable to the selected item, the auditor shall perform the procedure on a replacement item.</p>	<p>...</p> <p>(d) Perform audit procedures, appropriate to the purpose, on each item selected, unless it is not applicable to the selected item in which case the auditor shall select a replacement item or perform an alternative procedure. If the auditor is unable to apply the procedure to the selected item, unless it is not applicable, that item will be treated as a deviation.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – slightly modified but does not change the substance of the requirement.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, a similar action by the auditor is expected.</p>
Requirements	<p>ISA 530 Paragraph 11</p>	<p>Paragraph 3.3.3.(d) Audit Evidence</p>	<p>If the auditor is unable to apply the designed audit procedures, or suitable alternative procedures, to</p>	<p>....</p> <p>(d) Perform audit procedures, appropriate to the purpose, on</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Performing Audit Procedures	Procedures for Obtaining Audit Evidence <i>Audit Sampling</i>	a selected item, the auditor shall treat that item as a deviation from the prescribed control, in the case of tests of controls, or a misstatement, in the case of tests of details.	each item selected, unless it is not applicable to the selected item in which case the auditor shall select a replacement item. If the auditor is unable to apply the procedure to the selected item, unless it is not applicable that item will be treated as a deviation. 	Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified but does not change the substance of the requirement. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar action by the auditor is expected.
Requirements	ISA 530 Paragraph 12 Nature and Cause of Deviations and Misstatements	Paragraph 3.3.3.(e) and (f) Audit Evidence Procedures for Obtaining Audit Evidence <i>Audit Sampling</i>	The auditor shall investigate the nature and cause of any deviations or misstatements identified, and evaluate their possible effect on the purpose of the audit procedure and on other areas of the audit.	.... (e) Investigate deviations or misstatements identified in the sample as to their nature and cause, and consider their effect on the purpose of the audit procedure and other areas of the audit.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified but does not change the substance of the requirement. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar action by the auditor is expected.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 530 Paragraph 13 Nature and Cause of Deviations and Misstatements	-	In the extremely rare circumstances when the auditor considers a misstatement or deviation discovered in a sample to be an anomaly, the auditor shall obtain a high degree of certainty that such misstatement or deviation is not representative of the population. The auditor shall obtain this degree of certainty by performing additional audit procedures to obtain sufficient appropriate audit evidence that the misstatement or deviation does not affect the remainder of the population.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not added because of the nature of the LCE standard. In an audit of less complex entities, if it relates to extremely rare circumstances this has not been added to the ISA for LCE.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	ISA 530 Paragraph 14 Projecting Misstatements	Paragraph 3.3.3.(e) and (f) Audit Evidence Procedures for Obtaining Audit Evidence <i>Audit Sampling</i>	For tests of details, the auditor shall project misstatements found in the sample to the population.	.... (f) For tests of detail, excluding misstatements that do not affect the remaining population, project misstatements found in the sample to the population.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified but does not change the substance of the requirement.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar action by the auditor is expected.
Requirements	ISA 530 Paragraph 15 Evaluating Results of Audit Sampling	-	The auditor shall evaluate: (a) The results of the sample; and (b) Whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not added because of the nature of the LCE standard. Part 8 addresses the conclusions about gathering audit evidence. 2. Should / could the requirement be simplified for the circumstances of an LCE? n/a 3. Do the changes result in the requirement that still achieve reasonable assurance? n/a
ISA 620, Using the Work of an Auditor's Expert					
Objective	ISA 620 Paragraph 5	-	The objectives of the auditor are: (a) To determine whether to use the work of an auditor's expert; and (b) If using the work of an auditor's expert, to determine whether	-	1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 620, <i>Using the Work of an Auditor's Expert</i> , is primarily addressed in Part 5, <i>Planning</i>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			that work is adequate for the auditor's purposes.		<p>and 8, <i>Concluding</i>, of the ISA for LCE. The objectives of these parts do not specifically address ISA 620, paragraph 5, however the objectives for these Parts are broad to capture all matters related to gathering evidence and concluding thereon.</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE?</p> <p>-</p> <p>2. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>-</p>
Requirement	<p>ISA 620 Paragraph 7 Determining the Need for an Auditor's Expert</p>	<p>Paragraph 5.2.9 Planning Determining Whether to Use the Work of an Auditor's Expert</p>	<p>If expertise in a field other than accounting or auditing is necessary to obtain sufficient appropriate audit evidence, the auditor shall determine whether to use the work of an auditor's expert.</p>	<p>If expertise in a field other than accounting or auditing is necessary to obtain sufficient appropriate audit evidence, the auditor shall determine whether to use the work of an auditor's expert.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirement	ISA 620 Paragraph 8 Nature, Timing and Extent of Audit Procedures	Paragraph 5.2.10 Planning Determining Whether to Use the Work of an Auditor's Expert	The nature, timing and extent of the auditor's procedures with respect to the requirements in paragraphs 9–13 of this ISA will vary depending on the circumstances. In determining the nature, timing and extent of those procedures, the auditor shall consider matters including: (a) The nature of the matter to which that expert's work relates; (b) The risks of material misstatement in the matter to which that expert's work relates; (c) The significance of that expert's work in the context of the audit; (d) The auditor's knowledge of and experience with previous work performed by that expert; and (e) Whether that expert is subject to the auditor's firm's quality control policies and procedures.	The auditor shall consider the following when determining the nature, timing and extent of procedures related to the auditor's expert: (a) The nature of the matter to which that expert's work relates; (b) The risks of material misstatement in the matter to which that expert's work relates; (c) The significance of that expert's work in the context of the audit; (d) The auditor's knowledge of and experience with previous work performed by that expert; and (e) Whether that expert is subject to the auditor's firm's quality control policies and procedures.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to simplify the language used in the requirement to improve its readability by, for example, removing reference to paragraphs 9-13 of ISA 620. All aspects of auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar outcome is expected to be achieved.
Requirement	ISA 620 Paragraph 9 The Competence, Capabilities and Objectivity of the Auditor's Expert	Paragraph 5.2.11 Planning Determining Whether to Use the Work of an Auditor's Expert	The auditor shall evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes. In the case of an auditor's external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity.	If the auditor is using the work of an auditor's expert, the auditor shall: (a) Evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purpose; (b) Obtain sufficient understanding of the field of expertise to enable the auditor to determine	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p>the nature, scope and objectives of the auditor's expert work; and</p> <p>(c) Agree in writing with the auditor's expert the nature, scope and objectives of the expert's work, the role of the expert and the auditor's responsibilities in relation to that work, the nature, timing and extent of communications and whether there is a need for confidentiality.</p>	<p>circumstances of an audit of an LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, a similar outcome is expected to be achieved.</p>
Requirement	<p>ISA 620</p> <p>Paragraph 10</p> <p>Obtaining an Understanding of the Field of Expertise of the Auditor's Expert</p>	<p>Paragraph 5.2.11</p> <p>Planning</p> <p>Determining Whether to Use the Work of an Auditor's Expert</p>	<p>The auditor shall obtain a sufficient understanding of the field of expertise of the auditor's expert to enable the auditor to:</p> <p>(a) Determine the nature, scope and objectives of that expert's work for the auditor's purposes; and</p> <p>(b) Evaluate the adequacy of that work for the auditor's purposes.</p>	<p>If the auditor is using the work of an auditor's expert, the auditor shall:</p> <p>(a) Evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purpose;</p> <p>(b) Obtain sufficient understanding of the field of expertise to enable the auditor to determine the nature, scope and objectives of the auditor's expert's work; and</p> <p>(c) Agree in writing with the auditor's expert the nature, scope and objectives of the expert's work, the role of the expert and the auditor's responsibilities in relation to that work, the nature, timing</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE. The auditor of an LCE evaluates the adequacy of the work of the auditor's expert at conclusion of the work performed. Refer to paragraph 8.2.2(b) of the ISA for LCE. In addition, modification to simplify the language used in the requirement to improve its</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				and extent of communications and whether there is a need for confidentiality.	<p>readability. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, a similar outcome is expected to be achieved.</p>
Requirement	<p>ISA 620 Paragraph 11 Agreement with the Auditor's Expert</p>	<p>Paragraph 5.2.11 Planning Determining Whether to Use the Work of an Auditor's Expert</p>	<p>The auditor shall agree, in writing when appropriate, on the following matters with the auditor's expert:</p> <p>(a) The nature, scope and objectives of that expert's work;</p> <p>(b) The respective roles and responsibilities of the auditor and that expert;</p> <p>(c) The nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert; and</p> <p>(d) The need for the auditor's expert to observe confidentiality requirements.</p>	<p>If the auditor is using the work of an auditor's expert, the auditor shall:</p> <p>(a) Evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purpose;</p> <p>(b) Obtain sufficient understanding of the field of expertise to enable the auditor to determine the nature, scope and objectives of the auditor's expert work; and</p> <p>(c) Agree in writing with the auditor's expert the nature, scope and objectives of the expert's work, the role of the expert and the auditor's responsibilities in relation to that work, the nature, timing and extent of communications and whether there is a need for confidentiality.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been simplified and adapted to the circumstances of an audit of an LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, a similar outcome is expected to be achieved.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirement	ISA 620 Paragraph 12 Evaluating the Adequacy of the Auditor's Expert's Work	Paragraph 8.2.2(b) Concluding The Auditor's Evaluations and Other Activities to Support the Conclusion	<p>The auditor shall evaluate the adequacy of the auditor's expert's work for the auditor's purposes, including:</p> <p>(a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other audit evidence;</p> <p>(b) If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and</p> <p>(c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data.</p>	<p>The auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether:</p> <p>...</p> <p>(b) In respect of using the work of an auditor's expert, if applicable, the work is adequate for the purpose of the audit, including relevance and reasonableness of the expert's findings or conclusions, and consistency with other audit evidence. If the auditor determines that the work of the auditor's expert is not adequate for the purpose of the audit, the auditor shall perform additional audit procedures or agree with the auditor's expert on further procedures.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE. It is unlikely that paragraph 12(b) and (c) of ISA 620 will be applicable to an audit of LCEs because many of these items would have been scoped out of the standard (and described in the applicability). In addition, slight modification to simplify the language used in the requirement to improve its readability. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar outcome is expected to be achieved.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirement	ISA 620 Paragraph 13 Evaluating the Adequacy of the Auditor's Expert's Work	Paragraph 8.2.2(b) Concluding The Auditor's Evaluations and Other Activities to Support the Conclusion	If the auditor determines that the work of the auditor's expert is not adequate for the auditor's purposes, the auditor shall: (a) Agree with that expert on the nature and extent of further work to be performed by that expert; or (b) Perform additional audit procedures appropriate to the circumstances.	The auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether: ... (b) In respect of using the work of an auditor's expert, if applicable, the work is adequate for the purpose of the audit, including relevance and reasonableness of the expert's findings or conclusions, and consistency with other audit evidence. If the auditor determines that the work of the auditor's expert is not adequate for the purpose of the audit, the auditor shall perform additional audit procedures or agree with the auditor's expert on further procedures.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to simplify the language used in the requirement to improve its readability. All aspects of auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar outcome is expected to be achieved.
Requirement	ISA 620 Paragraph 14 Reference to the Auditor's Expert in the Auditor's Report		The auditor shall not refer to the work of an auditor's expert in an auditor's report containing an unmodified opinion unless required by law or regulation to do so. If such reference is required by law or regulation, the auditor shall indicate in the auditor's report that the reference does not reduce the auditor's responsibility for the auditor's opinion.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not added because of the nature of the LCE standard. 2. Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					- 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirement	ISA 620 Paragraph 15 Reference to the Auditor's Expert in the Auditor's Report	-	If the auditor makes reference to the work of an auditor's expert in the auditor's report because such reference is relevant to an understanding of a modification to the auditor's opinion, the auditor shall indicate in the auditor's report that such reference does not reduce the auditor's responsibility for that opinion.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not added because of the nature of the LCE standard. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Application Material	ISA 620 Paragraph 3	Above paragraph 5.2.9. Planning <i>Determining Whether to Use the Work of an Auditor's Expert</i>	-	<i>This section deals with whether there is a need for the work of an individual or organization in a field of expertise other than accounting or auditing, which can then be used to assist the auditor in obtaining sufficient appropriate audit evidence. The auditor has sole responsibility for the audit opinion expressed, and that</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>responsibility is not reduced by the auditor's use of the work of an auditor's expert. Nonetheless, if the auditor using the work of an auditor's expert concludes that the work of that expert is adequate for the auditor's purposes, the auditor may accept that expert's findings or conclusions in the expert's field as appropriate audit evidence.</i>	
Application Material	ISA 620 Paragraph A6 Determining the Need for an Auditor's Expert	Below paragraph 5.2.9. Planning <i>Determining Whether to Use the Work of an Auditor's Expert</i>		<i>If the preparation of the financial statements involves the use of expertise in a field other than accounting, the auditor, who is skilled in accounting and auditing, may not possess the necessary expertise to audit those financial statements. The engagement partner is required to be satisfied that the engagement team, and any auditor's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to perform the audit engagement. Further, the auditor is required to ascertain the nature, timing and extent of resources necessary to perform the engagement. The auditor's determination of whether to use the work of an auditor's expert, and if so when and to what extent, assists the auditor in meeting these requirements. As the audit</i>	Essential Explanatory Material

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>progresses, or as circumstances change, the auditor may need to revise earlier decisions about using the work of an auditor's expert.</i>	