

# Audits of Less Complex Entities: Separate Standard

**Presented by:**  
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*Task Force Chair*

**IAASB Virtual Meeting**  
**March 15-19, 2021**  
**By Videoconference**





## Where Are We?

### What We Discussed in December

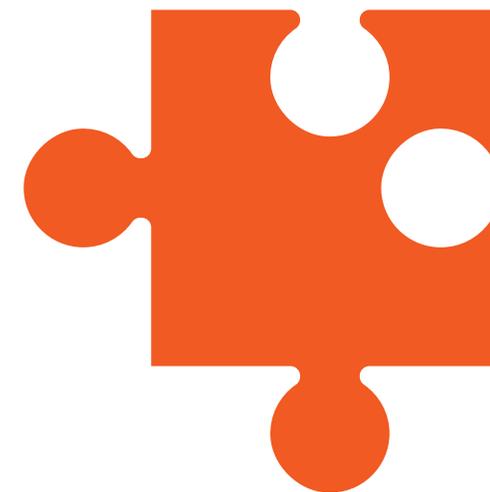
- Approved the project proposal (sets out the principles on which the ISA for LCE is premised)
- Board broadly supportive of overall direction of draft standard – some specific broad concerns
  - Changes have been made to address the concerns raised
  - Mapping documents

### What We Will Discuss this Week

- Each Part of the ISA for LCE

### Where To Next

- Approve exposure draft in June 2021



## Areas to Highlight

Name of standard

Drafting principles

Definitions

Essential explanatory material

Introduction boxes

Supplements (planned)

Mapping

## Still to be Done

Focus on last  
Parts (8 and 9)

Information  
technology

Automated  
tools and  
techniques

Public sector  
considerations

Transitioning  
back to the  
ISAs

Supplements

Outreach plan

# Audits of Group Financial Statements

Board agreed in December 2020 to not include in the draft ISA for LCE

Strong concerns – this may inadvertently scope out many entities that would otherwise be able to use the standard (ie all other criteria for use met)

Continue to exclude – but will have a separate focus in explanatory memorandum

Set out options for how much to include

Set out options for how to present within standard if include

Focus of May 2020 Board call

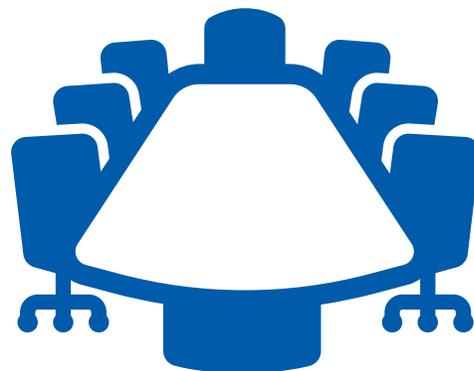
## CAG Meeting

- Pleased with progress and supportive of direction
- EXCEPT – strong concerns about excluding audits of group financial statements
- Applicability
  - Consider work of IESBA on PIE project
  - Continue to exclude listed entities
  - Need to consider impact on public sector entities (e.g., governance structures)
- Continue to align with ISAs
  - Need to consider how will transition
- Reporting
  - Consider transparency around judgment to use the standard in eth auditor's report
  - Need to consider how to further distinguish auditor's report from an ISA auditor's report

## Outreach and LCE Reference Group

### Outreach in Quarter 1

- LCE Reference Group
- SMP Advisory Group
- CAG
- ICAEW Representatives
- IASB
- IDW Representatives
- Coordination with other IAASB Task Forces (ISA 600 and CUSP)



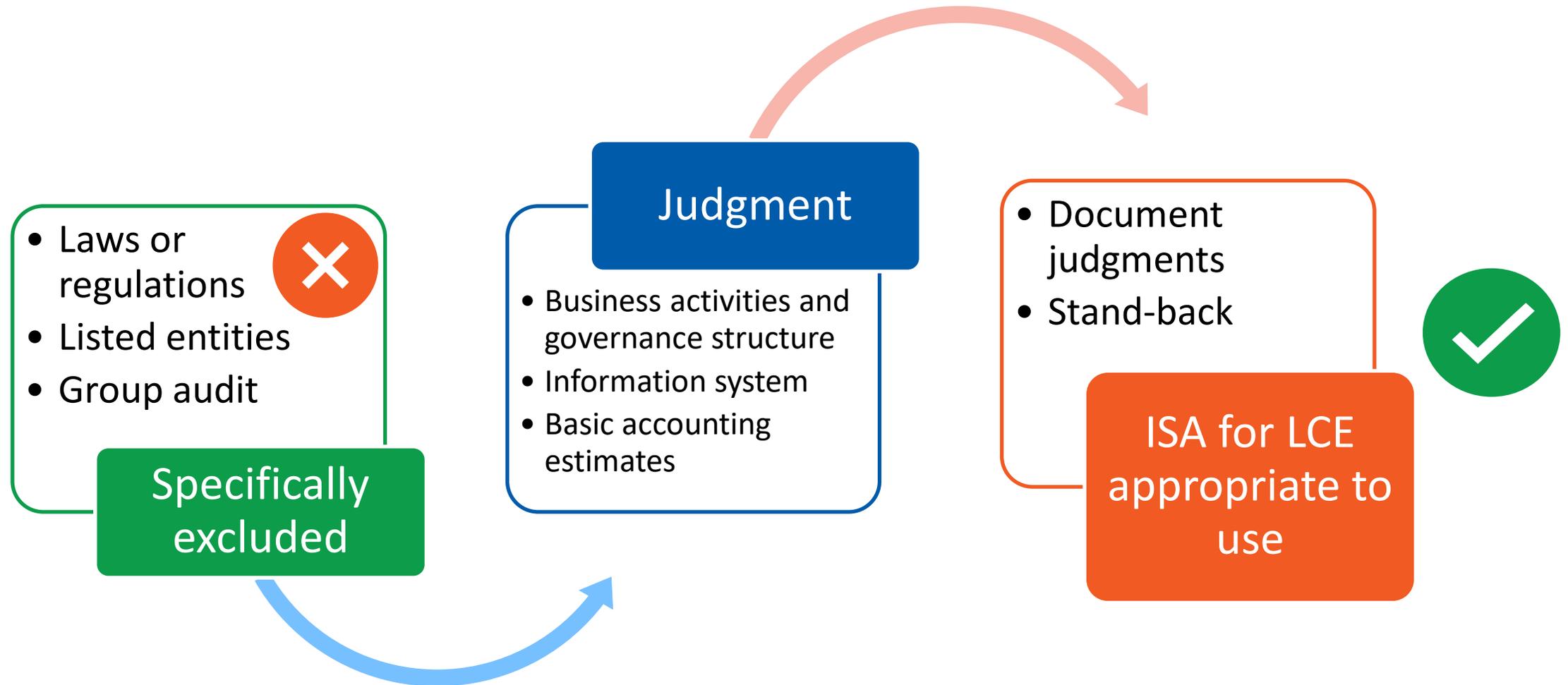
### Outreach Coming Up

- Forum of Firms
- IFIAR SCWG
- Need to further consider outreach when standard is out for exposure

## Walk-Through of Standard

**The Task Force Chair will walk through each part of the draft ISA for LCE for Board members to provide comments.**

# Applicability





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