

Audits of Less Complex Entities (LCEs)

Proportionality of the ISAs to the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (the ISA for LCE)

Parts 1 – 6 of the [Draft] ISA for LCE

This document ('mapping') has been provided to illustrate how the requirements from the International Standards on Auditing (ISAs) have, or have not, been incorporated within the [draft] ISA for LCE. The ISA requirement paragraph numbers refer to the IAASB's 2018 Handbook versions of the ISAs.

1. This mapping document details the similarities and differences between the ISAs and the [draft] ISA for LCE for the objectives and requirements,¹ and is presented by ISA. This document broadly covers those ISAs addressed in Parts 1–6 of the [draft] ISA for LCE (Part 7–9 of the [draft] ISA for LCE is addressed in **Agenda Item 2-B(2)**).
2. Broadly, the following four 'categories' describe how the ISA requirements have been incorporated within the [draft] ISA for LCE:
 - (a) The requirements have been included in the [draft] ISA for LCE "as is."
 - (b) The entire ISA has been omitted (these mapping documents do not include mapping for standards that are not included in the [draft] ISA for LCE, including **ISA 600**,² **ISA 610 (Revised 2013)**³ and **ISA 701**.⁴).
 - (c) Specific requirements within an ISA have been omitted (there is also a brief supporting description explaining the LCE Task Force's considerations (in the last column of the table)) including:
 - (i) Requirements that address matters or circumstances that would relate to entities that have been specifically excluded for the scope of the standard, for example anything related to listed entities or group audits.
 - (ii) Requirements that address complex matters or circumstances (in line with how the relevant qualitative characteristics in the Authority (Part A) have been described).
 - (iii) Requirements that accommodate jurisdictional specific circumstances, in particular relating to law or regulation (the jurisdiction has the option to add these back when adopting the standard if needed for that specific jurisdiction).

¹ Paragraphs for the "Definitions" have not been presented as these are all collated and presented in Appendix 1 to the [draft] ISA for LCE.

² ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

³ ISA 610 (Revised 2013), *Using the Work of Internal Auditors*

⁴ ISA 701, *Key Audit Matters in the Independent Auditor's Report*

- (iv) For circumstances which are explained as being “rare” or “exceptional” in the ISAs (there are exceptions to this and each exception has been further explained).
 - (d) Wording of some requirements have been modified or adapted to the nature and circumstances of the audit of an LCE but are expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE (there is also a brief supporting description explaining the LCE Task Force's considerations (in the last column of the table)).
3. The LCE Task Force has also used drafting principles, where appropriate, applied to the ISA requirements when developing the [draft] ISA for LCE. These drafting principles are based on the *Drafting Principles and Guidelines* being developed by the Complexity, Understandability, Scalability and Proportionality (CUSP) Working Group. The drafting principles have been applied in developing a standard that is proportionate and appropriate to the nature and circumstances of a less complex entity as contemplated by the Authority of the [draft] ISA for LCE.
 4. ‘Alignment principles’ are used in the table below to explain any differences between the ISAs and the [draft] ISA for LCE and help explain the LCE Task Force's views as to how or why an ISA requirement has been included, modified or not included in the [draft] ISA for LCE. The alignment principles include:
 - (a) Whether the requirement is relevant to the nature and circumstances of an audit of an LCE, and if not, why not.
 - (b) If applicable, why the requirement has been revised or modified to reflect the nature and circumstances of an audit of an LCE.
 - (c) If applicable, whether any changes made for the purpose of the [draft] ISA for LCE would still result in procedures that would meet the objectives for each Part, and therefore that in aggregate the auditor's procedures would still enable reasonable assurance to be achieved.
 5. If a requirement has not been included based on the explanation 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) result in requirements that still achieve reasonable assurance.
 6. Any essential explanatory material added to the [draft] ISA for LCE is shown in the ISA for LCE column (at the end of the relevant ISA) but any corresponding application material in that ISA has not been presented. Consistent with the project proposal, in order to keep the standard concise and succinct there is limited essential explanatory material. Judgment has been used as to what EEM is included (largely based on the ISA application or other explanatory material), and is largely based on further explaining concepts or procedures or why procedures are undertaken, but generally does not explain ‘how’ the procedures should be implemented (for example, there are no detailed examples).
 7. This mapping is set out in the table below and includes:
 - Part 1—**ISA 200**⁵

⁵ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

- Part 2— **ISA 230**,⁶ **ISA 500**,⁷ **ISA 260 (Revised)**,⁸
- Part 3—**ISA 220 (Revised)**⁹
- Part 4—**ISA 210**¹⁰ and **ISA 510**¹¹
- Part 5—**ISA 300**,¹² **ISA 320**¹³ and **ISA 620**¹⁴
- Part 6—**ISA 315 (Revised 2019)**¹⁵
- Other Standards covered in this document (now primarily relevant to Parts 7 and 8 but left for consistency from previous mapping documents presented)—**ISA 520**¹⁶ and **ISA 530**¹⁷

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

8. The ‘mapping’ in **Agenda Items 2-B(1) and 2-B(2)** (in the ISA column) reflect the most recently approved ISAs, including ISA 540 (Revised), ISA 315 (Revised 2019) and ISA 220 (Revised), and conforming and consequential amendments to the ISAs.
9. The Preface in the [draft] ISA for LCE has been mapped where it is relevant to an ISA paragraph. Part A (Authority) has not been mapped as this is unique to the [draft] ISA for LCE and does not have an equivalent within the ISAs.

⁶ ISA 230, *Audit Documentation*

⁷ ISA 500, *Audit Evidence*

⁸ ISA 260 (Revised), *Communication with Those Charged with Governance*

⁹ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

¹⁰ ISA 210, *Agreeing the Terms of Audit Engagements*

¹¹ ISA 510, *Initial Audit Engagements—Opening Balances*

¹² ISA 300, *Planning an Audit of Financial Statements*

¹³ ISA 320, *Materiality in Planning and Performing an Audit*

¹⁴ ISA 620, *Using the Work of an Auditor’s Expert*

¹⁵ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

¹⁶ ISA 520, *Analytical Procedures*

¹⁷ ISA 530, *Audit Sampling*

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

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Preface					
Definitions	- 18	Paragraph P8 Preface	-	The definitions in Appendix 1 describe the meanings attributed to certain terms for the purpose of this [draft] ISA for LCE. These are provided to assist in the consistent application and interpretation of the requirements, and are not intended to override definitions that may be established for other purposes, whether in law, regulation or otherwise. Unless otherwise indicated, those terms will carry the same meanings throughout.	1. Are definitions relevant in the circumstances of an audit of an LCE? Yes. Each ISA has a separate section on the definitions. However, the reference in the Preface of the [draft] ISA for LCE refers to the definitions in Appendix 1 rather than providing the definitions within each Part. 2 & 3 are not applicable as this is not a requirement.
ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing					
Effective Date	ISA 200 Paragraph 10 ¹⁹	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 for periods beginning on or after [XXX].	This is not a requirement but there is a paragraph for the effective date in the [draft] ISA for LCE (Part 1, paragraph 1.1.1.).
Objective	ISA 200 Paragraph 11	Paragraph 1.3.1. 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	The overall objectives of the auditor when conducting an audit of financial statements using the [draft] ISA for LCE are to:	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE?

¹⁸ A separate paragraph with relevant definitions has been presented within each ISA – all definitions applicable to the [draft] ISA for LCE has been presented in Appendix 1 of the [draft] ISA for LCE – the definitions have therefore not been presented further in these mapping documents.

¹⁹ Each ISA has an effective date not included further in the mapping documents as covered by paragraph 1.1.1 in the [draft] ISA for LCE.

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>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</p> <p>(b) To report on the financial statements, and communicate as required by the ISAs, in accordance with the auditor's findings.</p>	<p>(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</p> <p>(b) Report on the financial statements, and communicate as required by this [draft] ISA for LCE, in accordance with the auditor's findings.</p>	<p>Yes – significant aspects of the objective retained</p> <p>2. Should / could the objective be revised or modified 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>
Objective	<p>ISA 200</p> <p>Paragraph 12</p> <p>Overall Objectives of the Auditor</p>	-	<p>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 require that the auditor disclaim an opinion or withdraw (or resign) from the engagement, where withdrawal is possible under applicable law or regulation.</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Not included as a standalone requirement as is assumed to be covered through not achieving objectives (one of which is</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>obtain reasonable assurance at paragraph 1.3.1). Not achieving the objective has the same requirement to modify or withdraw (paragraph 1.3.3).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 200 Paragraph 14</p> <p>Ethical Requirements Relating to an Audit of Financial Statements</p>	<p>Paragraph 1.2.1.</p> <p>Fundamental Concepts and General Principles</p> <p>Relevant Ethical Requirements and Firm-Level Quality Management</p> <p><i>Relevant Ethical Requirements Relating to an Audit of Financial Statements</i></p>	<p>The auditor shall comply with relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements.</p>	<p>The auditor shall comply with relevant ethical requirements, including those pertaining to independence, for financial statement audit engagements.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modification for drafting principles and improve readability.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 200 Paragraph 15</p>	<p>Paragraph 1.4.6.</p> <p>Fundamental Concepts and General Principles</p>	<p>The auditor shall plan and perform an audit with professional skepticism recognizing that circumstances may exist that cause</p>	<p>The auditor shall plan and perform the audit with professional skepticism recognizing that circumstances</p>	<p>1. Is the requirement relevant and appropriate</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Professional Skepticism	Fundamental Concepts and General Principles for Performing the Audit <i>Professional Skepticism</i>	the financial statements to be materially misstated.	may exist that cause the financial statements to be materially misstated.	<p>in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 200 Paragraph 16 Professional Judgment	Paragraph 1.4.5. 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 professional judgment in planning and performing the audit.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes as, the [draft] ISA for LCE is written in the context of an audit of financial statements, therefore the requirement was modified to remove “of financial statements” to make more direct and succinct in line with the drafting principles. This additional context is</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>highlighted in the title of the standard and in the preface. It is not necessary to continue to repeat throughout.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 200</p> <p>Paragraph 17</p> <p>Sufficient Appropriate Audit Evidence and Audit Risk</p>	<p>Paragraph 2.2.1.</p> <p>Audit Evidence and Documentation</p> <p><i>Sufficient Appropriate Audit Evidence</i></p>	<p>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.</p>	<p>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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified 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 200</p> <p>Paragraph 18</p> <p>Conduct of an Audit in Accordance with ISAs</p>	<p>Paragraphs 1.4.1.</p> <p>Fundamental Concepts and General Principles</p> <p>Fundamental Concepts and General Principles for Performing the Audit</p>	<p>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.</p>	<p>When an audit is performed in accordance with this standard, the auditor shall comply with all relevant requirements (unless paragraph 1.4.3. applies). A requirement is relevant when the circumstances of the audit</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Complying with ISAs Relevant to the Audit</i>			addressed by the requirement exist.	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the [draft] ISA for LCE. The [draft] ISA for LCE is one standard with multiple requirements and does not consist of multiple ISAs. Paragraph 1.4.1 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.</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 1.4.4.</p> <p>Fundamental Concepts and General Principles</p> <p>Fundamental Concepts and General Principles for Performing the Audit</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.	The auditor shall have an understanding of the entire text of this standard to understand its objectives and apply its requirements properly.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the [draft] ISA for LCE. The [draft] ISA</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>for LCE is one standard that does not contain application material (EEM is included within the text of the main standard).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 200</p> <p>Paragraph 20</p> <p>Conduct of an Audit in Accordance with ISAs</p> <p><i>Complying with ISAs Relevant to the Audit</i></p>	<p>Paragraphs 1.4.2.</p> <p>Fundamental Concepts and General Principles</p> <p>Fundamental Concepts and General Principles for Performing the Audit</p>	<p>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.</p>	<p>The auditor shall not represent compliance with the [draft] ISA for LCE in the auditor's report unless all relevant requirements in this standard have been met.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Minor modification to the language used in the requirement given there is no need to refer to other ISAs, but all aspects of auditor action retained, i.e., the auditor complies with the requirements or does not represent compliance unless requirements have been met.</p> <p>3. Do the changes result in requirements that still</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 200 Paragraph 21 Conduct of an Audit in Accordance with ISAs Objectives Stated in Individual ISAs</p>	<p>Paragraph 1.3.2. Fundamental Concepts and General Principles Overall Objectives of the Auditor</p>	<p>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:</p> <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>	<p>To achieve the overall objectives, the auditor shall use the objectives stated in the relevant Parts in planning and performing the audit, to:</p> <p>(a) Determine whether any audit procedures in addition to those required by the relevant Part are necessary in pursuance of the objectives stated in this standard; and</p> <p>(b) Evaluate whether sufficient appropriate audit evidence has been obtained.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the [draft] ISA for LCE by referencing individual parts rather than ISAs.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 200</p> <p>Paragraph 22</p> <p>Conduct of an Audit in Accordance with ISAs</p> <p><i>Complying with Relevant Requirements</i></p>	<p>Paragraphs 1.4.1.</p> <p>Fundamental Concepts and General Principles</p> <p>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 conditional and the condition does not exist.</p>	<p>When an audit is performed in accordance with this standard, the auditor shall comply with all relevant requirements (unless paragraph 1.4.3. applies). A requirement is relevant when the circumstances addressed by the requirement exist.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the [draft] ISA for LCE. The [draft] ISA for LCE is one standard with multiple requirements and does not consist of multiple ISAs. Minor modification to the language in the requirement to improve its readability by using “relevant” so reference to exceptional circumstances does not have to be referenced specifically. All aspects of the auditor action are retained. Paragraph 1.4.1 addresses both paragraph 18 and 22 of ISA 200.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes
Requirements	ISA 200 Paragraph 23 Conduct of an Audit in Accordance with ISAs Complying with Relevant Requirements	Paragraph 1.4.3. 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 circumstances of the audit, that procedure would be ineffective in achieving the aim of the requirement.	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 performed and, in the specific circumstances of the audit, that procedure would be ineffective in achieving the aim of the requirement.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 200 Paragraph 24 Conduct of an Audit in Accordance with ISAs Failure to	Paragraph 1.3.2. and 1.3.3. Fundamental Concepts and General Principles Overall Objectives of the Auditor	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	1.3.2. To achieve the overall objectives, the auditor shall use the objectives stated in the relevant Parts in planning and performing the audit, to: (a) Determine whether any audit procedures in addition to those required by the	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Achieve an Objective		(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>relevant Part are necessary in pursuance of the objectives stated in this standard; and</p> <p>(b) Evaluate whether sufficient appropriate audit evidence has been obtained.</p> <p>1.3.3. If an objective in a Part cannot be achieved by performing the procedures required by the Part and other procedures considered necessary in the circumstances, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor 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.</p>	<p>modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the [draft] ISA for LCE within the different Parts of the Standard rather than with reference to the individual ISAs. 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</p>
Requirements		With Part 1.2. Fundamental Concepts and General Principles	-	<i>Systems of quality management, including the policies or procedures are the responsibility of the firm. ISQM 1²⁰, applies to all firms that perform audits. This</i>	There is no equivalent requirement in the ISAs (its addressed in paragraph A19 of

²⁰ International Standards on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews for Financial Statements, or Other Assurance or Related Services Engagements*

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Relevant Ethical Requirements and Firm-Level Quality Management <i>Firm Quality Management</i> Part 1.2.		<i>standard is premised on the basis that the firm is subject to ISQM 1 or to national requirements that are at least as demanding.</i>	ISA 200), but added as provides context for quality management
Requirements	-	With Part 1.2 Fundamental Concepts and General Principles Relevant Ethical Requirements and Firm-Level Quality Management <i>Firm Quality Management</i> Part 1.2.	-	<i>If an engagement quality review is required by the firm's policies or procedures established in accordance with ISQM 1, then ISQM 2²¹, applies. ISQM 2 deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.</i>	There is no equivalent requirement in the ISAs, but added as provides context for quality management
Application Material	ISA 200 Paragraph A59	Paragraph 1.9.1. Fundamental Concepts and General Principles Public Sector Entities	-	This standard is relevant to engagements in the public sector if the criteria set out in the Authority in Part A have been met. The public sector auditor's responsibilities, however, may be affected by the audit mandate, or by obligations on public sector entities arising from law, regulation or other authority (such as ministerial directives, government policy requirements, or resolutions of the legislature), which may encompass a broader scope than an audit of financial	Added to provide context to the use of the [draft] ISA for LCE for public sector entities.

²¹ ISQM 2, *Engagement Quality Reviews*

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				statements in accordance with this standard. These additional responsibilities are not dealt with in this standard. They may be dealt with in the pronouncements of the International Organization of Supreme Audit Institutions or national standard setters, or in guidance developed by government audit agencies.	
Application Material	ISA 315 (Revised 2019) Paragraph A84	Paragraph 1.9.2. Fundamental Concepts and General Principles Public Sector Entities	-	The applicable financial reporting framework in a public sector entity is determined by the legislative and regulatory frameworks relevant to each jurisdiction or within each geographical area. Matters that may be considered in the entity's application of the applicable financial reporting requirements, and how it applies in the context of the nature and circumstances of the entity and its environment, include whether the entity applies a full accrual basis of accounting or a cash basis of accounting in accordance with the International Public Sector Accounting Standards, or a hybrid.	Added to provide context to the use of the [draft] ISA for LCE for public sector entities.
-	ISA 315 (Revised 2019) Paragraph A58	Paragraph 1.9.3. Fundamental Concepts and General Principles Public Sector Entities	-	Ownership of a public sector entity may not have the same relevance as in the private sector because decisions related to the	Added to provide context to the use of the [draft] ISA for LCE for public sector entities.

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				entity may be made outside of the entity as a result of political processes. Therefore, management may not have control over certain decisions that are made. Matters that may be relevant include understanding the ability of the entity to make unilateral decisions, and the ability of other public sector entities to control or influence the entity's mandate and strategic direction.	
-	-	Paragraph 1.9.4. Fundamental Concepts and General Principles Public Sector Entities	-	Where relevant, considerations specific to public sector entities have been included in EEM.	Added to provide context to the use of the [draft] ISA for LCE for public sector entities.
Application Material	ISA 200 Paragraphs A56	With Paragraph 1.1.1. Fundamental Concepts and General Principles Effective Date		<i>The auditor is permitted to apply this standard, if not prohibited by law or regulation, before the effective date specified.</i>	Essential Explanatory Material
Application Material	ISA 200 Paragraph A16	With Paragraph 1.2.1. Fundamental Concepts and General Principles Relevant Ethical Requirements and Firm-Level Quality Management		<i>Relevant ethical requirements ordinarily comprise the International Ethics Standards Board for Accountants' (IESBA's) International Code of Ethics for Professional Accountants, (including International Independence Standards) (Code</i>	Essential Explanatory Material

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				<i>of Ethics) related to an audit of financial statements together with national requirements that are more restrictive.</i>	
Introduction	ISA 200 Paragraph 5	With Part 1.3.1. Fundamental Concepts and General Principles Overall Objectives of the Auditor		<i>Reasonable Assurance</i> <i>As the basis for the auditor's opinion, the [draft] 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.</i>	Essential Explanatory Material
Application Material	ISA 200 Paragraph A34	With Part 1.3.1. Fundamental Concepts and General Principles Overall Objectives of the Auditor		<i>Audit risk is a function of the risks of material misstatement and detection risk. The assessment of risks is based on audit procedures to obtain information necessary for that purpose and</i>	Essential Explanatory Material

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				<i>evidence obtained throughout the audit. The assessment of risks is a matter of professional judgment, rather than a matter capable of precise measurement.</i>	
Application Material	ISA 200 Paragraphs A73	With Paragraph 1.3.4. Overall Objectives of the Auditor		<p><i>The auditor is required to use the objectives to evaluate whether sufficient appropriate audit evidence has been obtained in the context of the overall objectives of the auditor. If as a result the auditor concludes that the audit evidence is not sufficient and appropriate, then the auditor may follow one or more of the following approaches:</i></p> <ul style="list-style-type: none"> <i>Evaluate whether further relevant audit evidence has been, or will be, obtained;</i> <i>Extend the work performed in applying one or more requirements; or</i> <i>Perform other procedures judged by the auditor to be necessary in the circumstances.</i> 	Essential Explanatory Material
Application Material	ISA 200 Paragraph A2	With paragraph P7 Preface The Applicable Financial Reporting Framework		<p><i>Management's Responsibilities for Preparation of the Financial Statements</i></p> <p><i>Law or regulation may establish the responsibilities of</i></p>	Essential Explanatory Material

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				<p><i>management, and where appropriate, those charged with governance, in relation to financial reporting. The extent of these responsibilities, or the way that they are described may differ across jurisdictions. While there may be differences in the extent of those responsibilities or how they are described, an audit in accordance with the [draft] ISA for LCE is conducted on the premise that management (and 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 , including where relevant, their fair presentation;</i> <i>• For such internal control as management and, where appropriate, those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and</i> 	

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				<ul style="list-style-type: none"> To provide the auditor with unrestricted 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. 	
Application Material	ISA 200 Paragraph A47	Paragraph P.10 Preface		<p><i>Inherent Limitations of an Audit</i></p> <p>The auditor is not expected to, and cannot, reduce audit risk to zero and cannot therefore obtain absolute assurance that the financial statements are free from material misstatement due to fraud or error. This is 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 in nature. The inherent limitations of an audit arise from:</p> <ul style="list-style-type: none"> The nature of financial reporting; The nature of audit procedures; and The need for audits to be conducted within a 	Essential Explanatory Material

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				<i>reasonable time and at a reasonable cost.</i>	
Application Material	ISA 200 Paragraph A49	Paragraph P.10 Preface		<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. Accordingly, the auditor cannot be certain of the completeness of information, even though the auditor has performed audit procedures to obtain assurance that all relevant information has been obtained.</i> <i>Fraud may be occurring via schemes designed to conceal it, and audit procedures may always be effective for detecting it. For example, an intentional misstatement that involves collusion to falsify documentation may cause the auditor to believe that audit evidence is valid when it is not. The auditor is neither trained as nor expected to be an expert in</i> 	Essential Explanatory Material

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				<p><i>the authentication of documents.</i></p> <ul style="list-style-type: none"> <i>An audit is not an official investigation into alleged wrongdoing and accordingly, the auditor is not given specific legal authority, such as the powers of search.</i> 	
Application material	ISA 200 Paragraph A25-A29	With Paragraph 1.4.5. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit <i>Professional Judgment</i>	-	<p><i>Professional judgment is essential to the proper conduct of an audit. This is because interpretation of relevant ethical requirements and this standard and the informed decisions required throughout the audit cannot be made without the application of relevant knowledge and experience to the facts and circumstances.</i></p> <p><i>The distinguishing feature of the professional judgment expected of an auditor is that it is exercised by an auditor whose training, knowledge and experience have assisted in developing the necessary competencies to achieve reasonable judgments (i.e., the professional judgment reached reflects a competent application of auditing and accounting principles and is appropriate in the circumstances).</i></p>	Essential Explanatory Material

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				<p><i>The exercise of professional judgment in any particular case is based on the facts and circumstances that are known to the auditor.</i></p> <p><i>Professional judgment is required to be documented in accordance with the requirements of Part 2 of this standard.</i></p>	
Application Material	<p>ISA 200</p> <p>Paragraphs A20, A22 and A24</p>	<p>With Paragraph 1.4.7.</p> <p>Fundamental Concepts and General Principles</p> <p>Fundamental Concepts and General Principles for Performing the Audit</p> <p><i>Professional Skepticism</i></p>	-	<p><i>Professional skepticism includes being alert to, for example:</i></p> <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 [draft] ISA for LCE.</i> <p><i>Professional skepticism is necessary to the critical assessment of audit evidence. This includes questioning contradictory audit evidence and the reliability of documents and</i></p>	Essential Explanatory Material

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				<p><i>responses to inquiries and other information obtained from management, and where appropriate, those charged with governance. It also includes consideration of the sufficiency and appropriateness of audit evidence obtained in the light of the circumstances.</i></p> <p><i>The auditor cannot be expected to disregard past experience of the honesty and integrity of the entity's management, and where appropriate, those charged with governance. Nevertheless, a belief that management and those charged with governance are honest and have integrity does not relieve the auditor of the need to maintain professional skepticism or allow the auditor to be satisfied with less than persuasive audit evidence when obtaining reasonable assurance.</i></p>	
Application Material	ISA 200 Paragraphs A31-A33	With Paragraph 2.2.2. Audit Evidence and Documentation Sufficient Appropriate Audit Evidence	-	<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 audit evidence is likely to be required) and also the quality of the audit evidence (the higher the quality, the less may be required). Obtaining more audit</i></p>	Essential Explanatory Material

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				<p>evidence, however, may not compensate if it is of poor quality.</p> <p>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 audit evidence is influenced by its source and by its nature, and dependent on the individual circumstances under which it is obtained.</p> <p>Most of the auditor's work in forming the auditor's opinion consists of obtaining and evaluating audit evidence.</p> <p>Whether sufficient appropriate audit evidence has been obtained 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, is a matter of professional judgment.</p>	
ISA 210, Agreeing the Terms of Audit Engagements					
Objective	<p>ISA 210</p> <p>Paragraph 3</p>	<p>Paragraph 4.1.1.(a)</p> <p>Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements</p> <p>Objectives</p>	<p>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:</p>	<p>The objectives of the auditor are:</p> <p>(a) To accept or continue an audit engagement only when the basis upon which it is to be performed has been agreed, through:</p>	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p>

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			<p>(a) Establishing whether the preconditions for an audit are present; and</p> <p>(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.</p>	<p>(i) Establishing whether the preconditions for an audit are present; and</p> <p>(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.</p> <p>....</p>	<p>2. Should / could the objective be revised or modified for the circumstances of an LCE?</p> <p>Yes, only change to adapt to a bulleted list to match the structure of the [draft] ISA for LCE standard.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 210</p> <p>Paragraph 6</p> <p>Preconditions for an Audit</p>	<p>Paragraph 4.3.1.</p> <p>Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements</p> <p>Preconditions for an Audit</p>	<p>In order to establish whether the preconditions for an audit are present, the auditor shall:</p> <p>(a) Determine whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable; and</p> <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,</p>	<p>In order to establish whether the preconditions for an audit are present, the <u>auditor</u> shall:</p> <p>(a) Determine whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable;</p> <p>(b) Obtain the agreement of management and where appropriate, those charged with governance, that it acknowledges and understands its responsibility:</p> <p>(i) For the preparation of the financial statements in accordance with the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – to match the structure of the [draft] ISA for LCE standard which discusses internal control as controls, language revised to be consistent with changes from ISA 315 (Revised 2019).</p>

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			<p>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 from whom the auditor determines it necessary to obtain audit evidence.</p>	<p>applicable financial reporting framework, including where relevant their fair presentation;</p> <p>(ii) For such controls 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</p>	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>

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				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 4.3.3. Acceptance or Continuance of an Audit Engagement and Initial Audit 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 those charged with governance 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 and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Modification for drafting principles however all aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>
Requirements	ISA 210 Paragraph 8 Other Factors Affecting Audit Engagement Acceptance	Paragraph 4.3.2. Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements Preconditions for an Audit	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: (a) If the auditor has determined that the financial reporting framework to be applied in the	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: (a) If the auditor has determined that the financial reporting framework to be applied in	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

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			<p>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>the preparation of the financial statements is unacceptable; or</p> <p>(b) If the agreement of management that it acknowledges and understands its responsibility has not been obtained.</p>	<p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE – the exception in paragraph 19 has not been included in the [draft] ISA for LCE (see below for explanation). It is anticipated that commonly the auditor would not be able to accept the engagement if the auditor has determined the financial reporting framework is unacceptable. Minor modification to 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</p>
Requirements	<p>ISA 210</p> <p>Paragraph 9</p> <p>Agreement on Audit Engagement Terms</p>	<p>Paragraph 4.5.1.</p> <p>Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements</p> <p>Terms of the Audit Engagement</p>	<p>The auditor shall agree the terms of the audit engagement with management or those charged with governance, as appropriate.</p>	<p>The auditor shall agree the terms of the audit engagement, in writing, with management. or where appropriate, those charged with governance, as appropriate.</p> <p>If law or regulation prescribes the responsibilities of management that are equivalent in effect to what this standard requires, the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

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				auditor may use the wording of the law or regulation to describe them in the written agreement.	<p>Yes. The requirement has been adapted to the circumstances of the [draft] ISA for LCE by referencing TWCG “if appropriate”, to reflect the typical structure of an LCE that might not have both. The [draft] ISA for LCE includes that the terms of the engagement need to be agreed “<i>in writing</i>” which is required by paragraph 10 of ISA 210.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 210</p> <p>Paragraph 10</p> <p>Agreement on Audit Engagement Terms</p>	<p>Paragraph 4.8.4.</p> <p>Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements</p> <p>Specific Documentation Requirements</p>	<p>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:</p> <p>(a) The objective and scope of the audit of the financial statements;</p> <p>(b) The responsibilities of the auditor;</p> <p>(c) The responsibilities of management;</p>	<p>The auditor shall record in an audit engagement letter or other suitable form of written agreement:</p> <p>(a) The objective and scope of the audit of the financial statements;</p> <p>(b) The responsibilities of the auditor;</p> <p>(c) The responsibilities of management;</p> <p>(d) Identification of the applicable financial reporting framework for the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the [draft] ISA for LCE - Reference to ISA 210, paragraph 11 has been removed (paragraph</p>

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			<p>(d) Identification of the applicable financial reporting framework for the preparation of the financial statements; and</p> <p>(e) Reference to the expected form and content of any reports to be issued by the auditor; and</p> <p>(f) A statement that there may be circumstances in which a report may differ from its expected form and content.</p>	<p>preparation of the financial statements;</p> <p>(e) Reference to the expected form and content of any reports to be issued by the auditor; and</p> <p>(f) A statement that there may be circumstances in which a report may differ from its expected form and content.</p>	<p>4.8.5.). Minor modification to the language used in the requirement for drafting principles and improve its readability (e.g., two “shalls” within the ISA intro – one has been removed). All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 210</p> <p>Paragraph 11</p> <p>Agreement on Audit Engagement Terms</p>	<p>Paragraph 4.8.5.</p> <p>Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements</p> <p>Specific Documentation Requirements</p>	<p>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).</p>	<p>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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to remove references to other ISAs: reference to ISA 210, paragraph references to 10 (paragraph 4.8.4.) and 6(b) (paragraph 4.3.1.). All aspects of auditor action retained.</p>

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					3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 210 Paragraph 12 Agreement on Audit Engagement Terms	Paragraph 4.5.1. Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements Terms of the Audit Engagement	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).	The auditor shall agree the terms of the audit engagement, in writing, with management or those charged with governance, as appropriate. If law or regulation prescribes the responsibilities of management that are equivalent in effect to what this standard requires, the auditor may use the wording of the law or regulation to describe them in the written agreement.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - Modification to the language used in the requirement for drafting principles and improve its readability as well as to remove any reference to the ISAs. Paragraph 6 (b) referred to are included in the [draft] ISA for LCE as mapped in this document (paragraph 4.3.1.). 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the requirement has been retained allowing the auditor to use the wording of

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					the law or regulation where equivalent.
Requirements	ISA 210 Paragraph 13 Recurring Audits	Paragraph 4.5.2. Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements Terms of the Audit Engagement	On recurring audits, the auditor shall assess whether circumstances require the terms of the audit engagement to be revised and whether there is a need to remind the entity of the existing terms of the audit engagement.	On recurring audits, the auditor shall assess whether circumstances require the terms of the audit engagement to be revised and whether there is a need to remind the entity of the existing terms of the audit engagement.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 210 Paragraph 14 Acceptance of a Change in the Terms of the Audit Engagement	Paragraph 4.5.3. Acceptance or Continuance of an Audit Engagement and Initial Audit 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.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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					-
Requirements	ISA 210 Paragraph 15 Acceptance of a Change in the Terms of the Audit Engagement	Paragraph 4.5.4. Acceptance or Continuance of an Audit Engagement and Initial Audit 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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified 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 4.5.5. Acceptance or continuance of an audit engagement and Initial Engagements 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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance?

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					-
Requirements	ISA 210 Paragraph 17 Acceptance of a Change in the Terms of the Audit Engagement	Paragraph 4.5.6. Acceptance or continuance of an audit engagement and Initial Engagements Terms of the Audit Engagement	<p>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:</p> <p>(a) Withdraw from the audit engagement where possible under applicable law or regulation; and</p> <p>(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.</p>	<p>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:</p> <p>(a) Withdraw from the audit engagement where possible under applicable law or regulation; and</p> <p>(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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 210 Paragraph 18 Additional Considerations in Engagement Acceptance <i>Financial Reporting Standards Supplemented by Law or Regulation</i>	-	<p>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</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>No - based on the profile of what constitutes an LCE for the purposes of the [draft] ISA for LCE, it is not expected that this will be a common occurrence. For example, it is expected that most LCE audits are performed under local FRFs</p>

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			<p>requirements and shall agree whether:</p> <p>(a) The additional requirements can be met through additional 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>or IFRS for SMEs without the need for supplementations by laws or regulations. If there are local laws and regulations that conflict with FRFs then local bodies would identify this as part of their consideration for use of the [draft] ISA for LCE.</p> <p>2. Should / could the requirement be revised or modified 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</p> <p>Paragraph 19</p> <p>Additional Considerations in Engagement Acceptance</p> <p><i>Financial Reporting Framework Prescribed by Law or</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</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>It is the view of the LCE Task Force that this would be a jurisdictional issue and is unlikely to be common. Where this may be an issue in a jurisdiction, this could be addressed by local</p>

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	<i>Regulation— Other Matters Affecting Acceptance</i>		<p>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, 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>bodies for the circumstances in their jurisdiction. If there are local laws and regulations that conflict with FRFs then local bodies would identify this when considering use of the [draft] ISA for LCE and decide how to deal with it (e.g., this requirement could be added back for that particular jurisdiction).</p> <p>.</p> <p>2. Should / could the requirement be revised or modified 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 210 Paragraph 20 Additional Considerations	-	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:	-	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?

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	in Engagement Acceptance <i>Financial Reporting Framework Prescribed by Law or Regulation—Other Matters Affecting Acceptance</i>		(a) Evaluate the effect of the misleading nature of the financial statements on the auditor's report; and (b) Include appropriate reference to this matter in the terms of the audit engagement.		<p>It is the view of the LCE Task Force that this would be a jurisdictional issue and is unlikely to be common. Where this may be an issue in a jurisdiction, this could be addressed by local bodies for the circumstances in their jurisdiction. If there are local laws and regulations that conflict with FRFs then local bodies would identify this when considering use of the [draft] ISA for LCE and decide how to deal with it (e.g., this requirement could be added back for that particular jurisdiction).</p> <p>2. Should / could the requirement be revised or modified 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 210 Paragraph 21	Paragraph 4.4.1 Paragraph 4.4.2.	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	4.4.1. In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the auditor's report	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p>

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	Additional Considerations in Engagement Acceptance <i>Auditor's Report Prescribed by Law or Regulation</i>	Acceptance or Continuance of an Audit Engagement and Initial Engagements Additional Considerations in Engagement Acceptance	<p>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 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>	<p>in a form or in terms that are significantly different from the requirements of this standard. In these circumstances, the auditor shall evaluate:</p> <p>(a) Whether users may 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>4.4.2. If the auditor concludes that additional explanation in the auditor's report cannot mitigate possible misunderstanding, the 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 the [draft] ISA for LCE. Accordingly, the auditor shall not include any reference within the auditor's report to the audit having been conducted in accordance with this [draft] ISA for LCE.</p>	<p>Yes – the requirement is aligned to the ISA requirement except for referring to the [draft] ISA for LCE rather than to the ISAs. The paragraph has been split into two requirements to increase readability.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? See above.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>

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Requirements	-	Paragraph 4.2.1. Acceptance or Continuance of an Audit Engagement and initial Audit Planning Determining that the [Draft] ISA for LCE is Appropriate for the Audit Engagement	-	The engagement partner shall only accept or continue an audit engagement using this [draft] ISA for LCE when the auditor determines the audit engagement is an audit of an entity as contemplated in Part A.	There is no ISA requirement – this is specific to the applicability of the [draft] ISA for LCE.
Requirements		Paragraph 4.8.2. Acceptance or Continuance of an Audit Engagement and Initial Engagements Specific Documentation Requirements	-	The auditor shall document the determination made for using the [draft] ISA for LCE.	There is no ISA requirement – this is specific to the documentation of the applicability of the [draft] ISA for LCE on engagement acceptance / continuance.
Requirements		Paragraph 4.8.3. Acceptance or Continuance of an Audit Engagement and Initial Engagements Specific Documentation Requirements	-	The auditor shall document changes, if any, to the determination of the use of the [draft] ISA for LCE 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 documentation of the applicability of the [draft] ISA for LCE if changes to the auditor's determination occur during the audit
Application Material	-	With Part 4.5. Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements	-	<i>This standard requires the auditor to ascertain certain matters, upon which it is necessary for the auditor and management or, where appropriate, those charged</i>	Essential Explanatory Material This paragraph is based on paragraph A39 in ISRE 2400. ²² There is no equivalent requirement in the ISAs but

²² International Standard on Review Engagements (ISRE) 2400, *Engagements to Review Historical Financial Information*

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		Terms of the Audit Engagement		<i>with governance to agree, and which are in the control of the entity, prior to the auditor accepting the audit engagement.</i>	added as provides context for engagement acceptance to address Board comments that users of the financial statements should also be considered in the decision to use the [draft] ISA for LCE.
ISA 220 (Revised), Quality Management for an Audit of Financial Statements					
Objective	ISA 220 (Revised) Paragraph 11	Paragraph 3.1.1. Engagement Quality Management Objectives	The objective of the auditor is to manage quality at the engagement level to obtain reasonable assurance that quality has been achieved such that: (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 (b) The auditor's report issued is appropriate in the circumstances.	The objective of the auditor is to manage quality at the engagement level to obtain reasonable assurance that quality has been achieved such that: (a) The auditor has fulfilled the auditor's responsibilities in accordance with this [draft] ISA for LCE, relevant ethical standards and the applicable legal and regulatory requirements; and (b) The auditor's report is appropriate in the circumstances.	<ol style="list-style-type: none"> Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to expand that professional standards consist of “this [draft] ISA for LCE and relevant ethical standards”, but the overall objective is expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE the management of quality. Do the changes result in requirements that still

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					<p>achieve reasonable assurance?</p> <p>Yes – the focus on behavioural aspects has been retained rather than a ‘compliance’ focus.</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 13</p> <p>Leadership Responsibilities for Managing and Achieving Quality on Audits</p>	<p>Paragraph 3.2.1.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Leadership Responsibilities for Managing and Achieving Quality</i></p>	<p>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.</p>	<p>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 such that the engagement partner has the basis for determining whether the significant judgments made and conclusions reached are appropriate in the circumstances.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes –requirements related to actions (take overall responsibility and determining) have been retained. The requirement relating to taking responsibility for the culture and behaviour are captured in paragraph 3.2.2 and related EEM. The actions required in this requirement have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

					Yes – the key actions in this requirement have been retained.
Requirements	ISA 220 (Revised) Paragraph 14 Leadership Responsibilities for Managing and Achieving Quality on Audits	Paragraph 3.2.2. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	In creating the environment described in paragraph 13, the engagement partner shall take responsibility for clear, consistent 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	The engagement partner shall take responsibility for clear, consistent and effective actions being taken that reflect the firm's commitment to quality, and establish and communicate the expected behavior of the 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	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>

			exercising professional skepticism throughout the audit engagement.	exercising professional skepticism throughout the audit engagement.	
Requirements	ISA 220 (Revised) Paragraph 15 Leadership Responsibilities for Managing and Achieving Quality on Audits	Paragraph 3.2.3. & Paragraph 3.2.4. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	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 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.	3.2.3 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. 3.2.4 In taking overall responsibility for managing and achieving quality through direction, supervision, and review of the work, 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 standard, relevant ethical requirements and regulatory requirements.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modifications made to combine requirements to make more appropriate for the [draft] ISA for LCE standard but without losing the broad actions required of the EP, including removing references to the ISA. All aspects of auditor action from the ISA requirement retained so deliver a similar outcome as the ISA requirement in the context of an audit of an LCE i.e., the expectation on the engagement partner in managing quality. This requirement has been combined to also include paragraphs 29 and 30 of ISA 220 (Revised) to explain what the engagement partner is

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					<p>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</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 16</p> <p>Relevant Ethical Requirements, including Those related to Independence</p>	-	<p>The engagement partner shall have an understanding of the relevant ethical requirements, including those related to independence, that are applicable given the nature and circumstances of the audit engagement.</p>		<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – but not included as Part 1 (see paragraph 1.2.1.) makes clear the <u>auditor</u> shall comply with <u>relevant ethical requirements</u>, including those pertaining to independence, relating to financial statement audit engagements and it is therefore assumed that the engagement partner would have the requisite understanding. Paragraph 8.7.1.(b) also requires the engagement partner to determine that relevant ethical requirements, including those related to independence have been fulfilled, therefore the requirement to understand RER is implied elsewhere in the [draft] ISA for LCE.</p>

					<p>2. Should / could the requirement be revised or modified 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) Paragraph 17</p> <p>Relevant Ethical Requirements, including Those related to Independence</p>	<p>Paragraph 3.2.5.(a) and (b)</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Relevant Ethical Requirements</i></p>	<p>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 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>Throughout the audit engagement, the engagement partner shall:</p> <p>(a) 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 procedures for identifying, evaluating and addressing threats to compliance with relevant ethical requirements; and</p> <p>(b) Remain alert throughout the audit engagement, through observation, inspection of audit documentation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – The bullets contained in paragraphs 17(a), (b) and (c) of ISA 220 (Revised) are dealt with more broadly within the [draft] ISA for LCE (i.e., have been combined and summarized) but the broad requirement for the engagement partner to take responsibility has been retained.</p> <p>3. Do the changes result in requirements that still</p>

			(c) The responsibilities of members of the engagement team when they become aware of an instance of non compliance with laws and regulations	by members of the engagement team.	achieve reasonable assurance? Yes – overall responsibility and related actions still required so expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.
Requirements	ISA 220 (Revised) Paragraph 18 Relevant Ethical Requirements, including Those related to Independence	Paragraph 3.2.6. Engagement Quality Management The Engagement Partner's Responsibilities <i>Relevant Ethical Requirements</i>	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 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 if matters come to the engagement partner's attention that indicate that: (a) A threat to compliance with relevant ethical requirements exists; or (b) Relevant ethical requirements have not been fulfilled,	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – this requirement has been modified and combined with paragraph 20 of ISA 220 (Revised) for the purpose of drafting the [draft] ISA for LCE in a more succinct way, but without losing the expected outcomes 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.

					<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 deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	<p>ISA 220 (Revised) Paragraph 19</p> <p>Relevant Ethical Requirements, including Those related to Independence</p>	<p>Paragraph 3.2.5.(b)</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities <i>Relevant Ethical Requirements</i></p>	<p>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 policies or procedures by members of the engagement team.</p>	<p>Throughout the audit engagement, the engagement partner shall:</p> <p>...</p> <p>(b) Remain alert, throughout the audit engagement, 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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – modified to make the [draft] ISA for LCE standard more succinct and direct 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)</p>	<p>Paragraph 3.2.6.</p>	<p>If matters come to the engagement partner's attention through the firm's system of quality</p>	<p>The engagement partner shall take appropriate action, including evaluating the matter, complying</p>	<p>1. Is the requirement relevant and appropriate</p>

	<p>Paragraph 20 Relevant Ethical Requirements, including Those related to Independence</p>	<p>Engagement Quality Management The Engagement Partner's Responsibilities <i>Relevant Ethical Requirements</i></p>	<p>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>	<p>with the firm's related policies or procedures and consulting with others in the firm, as appropriate 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>in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes — this requirement has been modified and combined with paragraph 18 of ISA 220 (Revised) for the purpose of drafting the [draft] ISA for LCE in a more succinct way, but without losing the expected outcomes 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.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – the responsibility for the engagement partner is expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
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Requirements	ISA 220 (Revised) Paragraph 21 Relevant Ethical Requirements, including Those related to Independence	Paragraph 8.7.1.(b) Concluding Taking Overall Responsibility for Managing and Achieving Quality	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.	Prior to dating the auditor's report, the engagement partner shall determine whether: ... (b) Relevant ethical requirements, including those related to independence, have been fulfilled. ...	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modification made to the requirement for the engagement partner to determine.... Due to the smaller and less complex structure of engagement teams in an audit of a less complex entity, the modification is appropriate for the [draft] ISA for LCE standard while retaining the full intended outcome of the ISA requirement.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirements	ISA 220 (Revised) Paragraph 22	Paragraph 4.5.7. Acceptance or Continuance of an Audit	The engagement partner shall determine that the firm's policies or procedures for the acceptance and continuance of client relationships	The engagement partner shall determine that the firm's policies or procedures regarding acceptance and continuance of	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p>

	Acceptance and Continuance of Client Relationships and Audit Engagements	Engagement and Initial Engagements Terms of the Audit Engagement	and audit engagements have been followed, and that conclusions reached in this regard are appropriate.	the audit engagement have been followed and that conclusions reached in this regard are appropriate.	<p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – only very minor modifications to the sentence structure for drafting principles and readability. The required action has been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	ISA 220 (Revised) Paragraph 23 Acceptance and Continuance of Client Relationships and Audit Engagements	Paragraph 5.2.4. Planning Planning Activities	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 complying with the requirements of this ISA.	The engagement partner shall take into account information obtained in the acceptance and continuance process in planning and performing the audit.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – modifications only made to make appropriate for the [draft] ISA for LCE standard only to remove references to the ISAs – 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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – but not included in [draft] ISA for LCE because included as a requirement in ISQM 1 (paragraph 34) use of which is assumed (or the equivalent national requirements which are at least as demanding) when using the [draft] ISA for LCE.</p> <p>2. Should / could the requirement be revised or modified 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) Paragraph 25</p>	<p>Paragraph 3.2.7.(a)</p> <p>Engagement Quality Management</p>	<p>The engagement partner shall determine that sufficient and appropriate resources to perform the engagement are assigned or made available to 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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p>

	Engagement resources	The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i>	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.	(a) Sufficient and appropriate resources are assigned or made available to the engagement team in a timely manner; and (b) Members of the engagement team, and any auditor's external experts, collectively have the appropriate competence and capabilities, including sufficient time, to perform the audit engagement.	Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – made into a bullet list to incorporate related matters. However, no aspects of the required action in the requirement has been lost. This requirement has also been combined in the bullet list with paragraph 26 of ISA 220 (Revised). All key aspects of the requirement have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes
Requirements	ISA 220 (Revised) Paragraph 26 Engagement resources	Paragraph 3.2.7.(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: ... (b) Members of the engagement team, and any auditor's external experts, collectively have the appropriate competence and capabilities, including	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified for the nature of the [draft] ISA for

				sufficient time, to perform the audit engagement.	<p>LCE standard: Internal audit not included because excluded from the [draft] ISA for LCE standard. This requirement has also been combined in the bullet list with paragraphs 25 of ISA 220 (Revised). All relevant aspects of the requirement for an LCE audit would be retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 27</p> <p>Engagement resources</p>	<p>Paragraph 3.2.8.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Other Engagement Partner Responsibilities</i></p>	<p>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 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>	<p>If the conditions in paragraph 3.2.7 are not met, the engagement partner shall take appropriate action including, if relevant, 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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – Modification to the language used in the requirement for the application of the drafting principles and to improve its readability as well as to remove any reference to the ISAs (and instead reference the relevant paragraphs within the [draft])</p>

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					<p>ISA for LCE. All aspects that require action within the requirement have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 28</p> <p>Engagement resources</p>	<p>Paragraph 3.2.9.</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 take responsibility for using the resources assigned or made available to the engagement team appropriately, given the nature and circumstances of the audit engagement.</p>	<p>The engagement partner shall take responsibility for using the resources assigned or made available to the engagement team appropriately.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - modified the language. "Taking into account the nature and circumstances of the audit" to be brought into the intro to paragraph 3.2.7. and not considered necessary to repeat. All aspects that require action within the requirement have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>

Requirements	ISA 220 (Revised) Paragraph 29 Engagement Performance <i>Direction, Supervision and Review</i>	Paragraph 3.2.3. and 3.2.4. 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.	3.2.3. 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. 3.2.4. 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 [draft] ISA for LCE, relevant ethical standards and regulatory requirements.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modifications made to combine requirements to make more appropriate for the [draft] ISA for LCE standard but without losing the broad actions required of the EP, including removing references to the ISA. All aspects of auditor action from the ISA requirement retained so expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE i.e., the expectation on the engagement partner in managing quality. This requirement has been combined 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.
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					<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the responsibility for direction, supervision and review has been retained.</p>
Requirements	<p>ISA 220 (Revised) Paragraph 30</p> <p>Engagement Performance</p> <p><i>Direction, Supervision and Review</i></p>	<p>Paragraph 3.2.3. and 3.2.4.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Leadership Responsibilities for Managing and Achieving Quality</i></p>	<p>The engagement partner shall determine that the nature, timing and extent of direction, supervision and review is:</p> <p>(a) Planned and performed in accordance with the firm's policies or procedures, professional standards and applicable legal and regulatory requirements; and</p> <p>(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.</p>	<p>3.2.3. 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 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 [draft] ISA for LCE, relevant ethical standards and regulatory requirements.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – modifications made to combine requirements to make more appropriate for the [draft] ISA for LCE standard but without losing the broad actions required of the EP, including removing references to the ISA. All aspects of auditor action from the ISA requirement retained so expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE i.e., the expectation on the engagement partner in managing quality. This requirement has been</p>

					<p>combined 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?</p> <p>Yes – all significant aspects of the requirement have been retained.</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 31</p> <p>Engagement Performance</p> <p><i>Direction, Supervision and Review</i></p>	<p>Paragraph 3.2.11.</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 review audit documentation at appropriate points in time during the audit engagement, including audit documentation relating to:</p> <p>(a) Significant matters;</p> <p>(b) Significant judgments, including those relating to difficult or contentious matters identified during the audit engagement, and the conclusions reached; and</p> <p>(c) Other matters that, in the engagement partner's professional judgment, are relevant to the engagement partner's responsibilities.</p>	<p>The engagement partner shall review audit documentation at appropriate points in time during the audit, including documentation of 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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – modified for nature of the [draft] ISA for LCE to make more succinct and direct (i.e., applying the drafting principles). All significant aspects of the ISA requirement have been retained.</p> <p>3. Do the changes result in requirements that still</p>

					<p>achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 32</p> <p>Engagement Performance</p> <p><i>Direction, Supervision and Review</i></p>	<p>Paragraph 3.2.12.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Other Engagement Partner Responsibilities</i></p>	<p>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</p>	<p>On or before the date of the auditor's report, the engagement partner shall determine, that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes, modified to remove detail on how something may be performed to focus on the outcome.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes: expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</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 is appropriate in the circumstances.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the</p>

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					<p>circumstances of an LCE?</p> <p>Yes – modified for nature of the [draft] ISA for LCE since the communication of key audit matters is not anticipated in the [draft] ISA for LCE. No aspects of the auditor's required action have been reduced</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 34</p> <p>Engagement Performance</p> <p><i>Direction, Supervision and Review</i></p>	<p>Paragraph 3.2.15.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Review of Communications</i></p>	<p>The engagement partner shall review, prior to their issuance, formal written communications to management, those charged with governance or regulatory authorities.</p>	<p>The engagement partner shall review, prior to their issuance, formal written communications to management, those charged with governance or regulatory authorities.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified 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 220 (Revised)</p> <p>Paragraph 35</p>	<p>Paragraph 3.2.13.(b) and (c)</p>	<p>The engagement partner shall:</p>	<p>The engagement partner shall:</p> <p>(a) Take responsibility for differences of opinion being</p>	<p>1. Is the requirement relevant and appropriate</p>

	<p>Engagement Performance <i>Consultation</i></p>	<p>Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i></p>	<p>(a) Take responsibility for the engagement team undertaking consultation on:</p> <ul style="list-style-type: none"> (i) Difficult or contentious matters and matters on which the firm's policies or procedures require consultation; and (ii) Other matters that, in the engagement partner's professional judgment, require consultation; <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>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>(d) Not date the auditor's report until any differences of opinion are resolved.</p>	<p>in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to combine requirements for topics where the auditor's actions appear similar for the purpose of drafting for the nature of the [draft] ISA for LCE standard No significant aspects of the auditor's required actions expected to be lost – output expected to be similar. Consultations would also be addressed under the firm or practitioners' policies and procedures and ISQM 1 standard, use of which is assumed (or the equivalent national requirements which are at least as demanding) when using the [draft] ISA for LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – the significant aspects of the requirement have been retained as</p>
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					appropriate for an audit of an LCE.
Requirements	ISA 220 (Revised) Paragraph 36 Engagement Performance <i>Engagement Quality Review</i>	Paragraph 3.2.14. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i>	For audit engagements for which an engagement quality review is required, the engagement partner shall: (a) Determine that an engagement quality reviewer has been appointed; (b) Cooperate with the engagement quality reviewer and inform other members of the engagement team of their responsibility to do so; (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 (d) Not date the auditor's report until the completion of the engagement quality review.	If an engagement quality review is required, the engagement partner shall determine that an engagement quality review has been performed in accordance with the firm's related policies or procedures and: (a) Discuss significant matters and significant judgments arising during the audit with the engagement quality reviewer; and (b) Not date the auditor's report before the engagement quality review is complete.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified for nature of the [draft] ISA for LCE standard to make more action focused (also likely to be less engagement quality reviews for LCE audits but may still be needed in some cases therefore outcome focused requirement retained). All significant auditor actions about what needs to be done have been retained. Cooperation with the engagement quality reviewer is assumed due to the requirement to discuss significant matters with them.</p> <p>3. Do the changes result in requirements that still</p>

					<p>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) Paragraph 37 Engagement Performance <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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – This requirement is broadly addressed by paragraph 3.2.13.(a) which requires that the engagement partner take responsibility for differences of opinion being addressed and resolved in accordance with the firm's policies or procedures. Since the engagement partner takes overall responsibility for managing and achieving quality through direction and supervision of those members of the engagement team (those who the engagement partner assigns the design or performance of procedures, tasks or actions), and review of their work (paragraph 3.2.3.), the engagement team would, by inference, also be</p>

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					<p>required to follow the firm's policies or procedures for dealing with and resolving such differences of opinions. The policies or procedures for dealing with this would have been established by ISQM 1 (paragraph 31), use of which is assumed (or the equivalent national requirements which are at least as [draft] ISA for LCE demanding) when using the, and therefore this requirement would be indirectly covered by the engagement partner's responsibilities.</p> <p>2. Should / could the requirement be revised or modified 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>Paragraph 3.2.13.(a), (c) and (d)</p> <p>Engagement Quality Management</p>	<p>The engagement partner shall:</p> <p>(a) Take responsibility for differences of opinion being addressed and resolved in</p>	<p>The engagement partner shall:</p> <p>(a) Take responsibility for differences of opinion being addressed and resolved in</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p>

	<i>Differences of Opinion</i>	The Engagement Partner's Responsibilities <i>Other Engagement Partner Responsibilities</i>	accordance with the firm's policies or procedures; (b) Determine that conclusions reached are documented and implemented; and (c) Not date the auditor's report until any differences of opinion are resolved.	accordance with the firm's policies or procedures; (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; (c) Determine that conclusions reached with respect to differences of opinion and difficult or contentious matters are documented and implemented; and (d) Not date the auditor's report until any differences of opinion are resolved.	2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to combine requirements for topics where the auditor's actions appear similar for the purpose of drafting for the nature of the [draft] ISA for LCE No significant aspects of the auditor's required actions expected to be lost – output expected to be similar. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes
Requirements	ISA 220 (Revised) Paragraph 39 Monitoring and Remediation	Paragraph 3.2.10. 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	The engagement partner shall: (a) Understand the information from the firm's monitoring and remediation process that has been communicated and, if applicable, information for the monitoring and remediation process of other network firms that has been communicated, and determine the relevance and effect of that information on the audit engagement; and (b) Remain alert for matters that may be relevant to the firm's	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified for nature of the [draft] ISA for LCE standard by making more language direct – however significant outcomes for addressing findings from

			<p>paragraph 39(a) and take appropriate action; and</p> <p>(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.</p>	<p>monitoring and remediation process, and communicate that information as appropriate.</p>	<p>monitoring and remediation retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 220 (Revised)</p> <p>Paragraph 40</p> <p>Taking Overall Responsibility for Managing and Achieving Quality</p>	<p>Paragraph 8.7.1.</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 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:</p> <p>(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</p> <p>(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</p>	<p>Prior to dating the auditor's report, the engagement partner shall determine whether:</p> <p>(a) There has been sufficient and appropriate involvement by the engagement partner such that the engagement partner has the basis for determining that significant judgments made and conclusions reached are appropriate given the nature and circumstances of the engagement.</p> <p>...</p> <p>(c) Overall responsibility for managing and achieving quality on the audit engagement has been taken including the consideration of the firm's related policies and procedures.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>of the broad requirement for the engagement partner to have a basis for determining that significant judgments have been made has been retained. Paragraph 40(b) is built into what is required of an engagement partner by paragraphs 3.2.7-13.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

			in complying with the requirements of this ISA		Yes – the significant aspects of the requirement have been included in the standard.
Requirements	ISA 220 (Revised) Paragraph 41 Documentation	Paragraph 4.8.1. Acceptance or Continuance of an Audit Engagement and Initial Engagements Specific Documentation Requirements Paragraph 8.9.1.(c) Concluding Specific Documentation Requirements	In applying ISA 230, the auditor shall include in the audit documentation: (a) Matters identified, relevant discussions with personnel, and conclusions reached with respect to: (i) Fulfillment of responsibilities for relevant ethical requirements, including those related to independence. (ii) The acceptance and continuance of the client relationship and audit engagement. (b) The nature and scope of, and conclusions resulting from, consultations undertaken during the audit engagement and how such conclusions were implemented. (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.	4.8.1. In addition to the general documentation requirements ((Part 2.5) for an audit engagement, the auditor shall include in the audit documentation matters identified, relevant discussions with personnel, and conclusions reached with respect to: (a) Fulfillment of responsibilities relating to relevant ethical requirements, including applicable independence requirements. (b) The acceptance and continuance of the client relationships and audit engagement. 8.9.1. In addition to the general documentation requirements (Part 2.5) for an audit engagement, the auditor shall include the following in the audit documentation: (c) The nature and scope of, and conclusions from, consultations undertaken during the audit, including how such conclusions were implemented.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified for nature of [draft] ISA for LCE: <ul style="list-style-type: none"> Reference to ISA 230 is omitted but replaced with reference to where the overarching documentation requirements can be found. Paragraph 41(a) has been addressed in acceptance and continuation in paragraph 4.8.1. Paragraphs 41(b) of ISA 220 (Revised) addressed in paragraph 8.9.1.(c) Paragraph 41(c) of ISA 220 (revised)

				<p>3.2.14. If an engagement quality review is required, 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) ...; and</p> <p>(b) Not date the auditor's report before the engagement quality review is complete.</p>	<p>addressed by paragraph 3.2.14(b)</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all significant aspects of the requirement that would commonly be found in an audit of an LCE have been included.</p>
Application Material	ISA 220 (Revised) Paragraph A14	<p>With Part 3.2.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Leadership Responsibilities for Managing and Achieving Quality</i></p>		<i>The requirements for 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 Explanatory Material
Application Material	ISA 220 (Revised) Paragraph A37	<p>With Paragraph 3.2.1.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Leadership Responsibilities for Managing and Achieving Quality</i></p>		<p><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></p> <ul style="list-style-type: none"> <i>Informing assignees about the nature of their responsibilities and authority, the scope of the work being</i> 	Essential Explanatory Material

				<p><i>assigned and the objectives thereof; and to provide any other necessary instructions and relevant information.</i></p> <ul style="list-style-type: none"> • <i>Direction and supervision of the assignees.</i> • <i>Review of the assignees' work to evaluate the conclusions reached.</i> 	
Application Material	<p>ISA 220 (Revised)</p> <p>Paragraphs A28 and A29</p>	<p>With Paragraph 3.2.2.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Leadership Responsibilities for Managing and Achieving Quality</i></p>		<p><i>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 3.2.1. and 3.2.2. 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, timing 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 engagement team with few engagement team members,</i></p>	Essential Explanatory Material

				<i>influencing the desired culture through direct interaction and conduct may be sufficient.</i>	
Application Material	ISA 220 (Revised) Paragraph A96	With Paragraph 3.2.4. Engagement Quality Management The Engagement Partner's Responsibilities <i>Leadership Responsibilities for Managing and Achieving Quality</i>	-	<p><i>The approach to direction, supervision and review may be tailored depending on, for example:</i></p> <ul style="list-style-type: none"> <i>The engagement team member's previous experience with the entity and the area to be audited.</i> <i>The assessed risks of material misstatement. A higher assessed risk of material misstatement may require a corresponding increase in the extent and frequency of the direction and supervision of engagement team members and a more detailed review of their work.</i> <i>The competence and capabilities of the individual engagement team members performing the audit work. For example, less experienced engagement team members may require more detailed instructions and more frequent, or in-</i> 	Essential Explanatory Material

				<p><i>person, interactions as the work is performed.</i></p> <ul style="list-style-type: none"> • <i>The manner in which the reviews of the work performed are expected to take place. For example, in some circumstances, remote reviews may not be effective in providing the necessary direction and may need to be supplemented by in-person interactions.</i> 	
Application Material	ISA 220 (Revised) Paragraph A91	<p>With Paragraph 3.2.11.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Other Engagement Partner Responsibilities</i></p>		<p><i>The engagement partner exercises professional judgment in determining matters to review, for example based on:</i></p> <ul style="list-style-type: none"> • <i>The nature and circumstances of the audit engagement.</i> • <i>Which engagement team member performed the work.</i> • <i>Matters from recent inspection findings.</i> • <i>The requirements of the firm's policies or procedures.</i> 	Essential Explanatory Material
Application Material	ISA 300 Paragraph A17	<p>With Paragraph 3.2.13.</p> <p>Engagement Quality Management</p> <p>The Engagement Partner's Responsibilities</p> <p><i>Other Engagement Partner's Responsibilities</i></p>	-	<p><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 unusual issues are involved, it may be desirable to consult with other suitably-experienced</i></p>	Essential Explanatory Material

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				<i>auditors or the auditor's professional body.</i>	
Application Material	ISA 220 (Revised) Paragraph A99	With Paragraph 3.2.13. Engagement Quality Management The Engagement Partner's Responsibilities <i>Other Engagement Partner's Responsibilities</i>	-	<i>Consultation may be appropriate, or required by the firm's policies or procedures, when there are issues that are complex or unfamiliar, significant risks, significant transactions that are outside the normal course of business, or that otherwise appear to be unusual, limitations imposed by management or non-compliance with law or regulation.</i> <i>In considering matters related to differences of opinion, or difficult or contentious matters, the engagement partner may also consider whether the use of the [draft] ISA for LCE continues to be appropriate.</i>	Essential Explanatory Material
ISA 230, Audit Documentation					
Objective	ISA 230 Paragraph 5	Paragraph 2.1.1.(b) Audit Evidence and Documentation Objectives	The objective of the auditor is to prepare documentation that provides:	The objectives of the auditor are to: (b) Prepare documentation that provides a sufficient and	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes

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			<p>(a) A sufficient and appropriate record of the basis for the auditor's report; and</p> <p>(b) Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements.</p>	<p>appropriate record of the basis for the auditor's report and provides evidence that the audit was planned and performed in accordance with the [draft] ISA for LCE and applicable law or regulation;</p> <p>....</p>	<p>2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes, change to combine into a bulleted list only.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? Yes</p>
Requirements	<p>ISA 230 Paragraph 7 Timely Preparation of Audit Documentation</p>	<p>Paragraph 2.5.1. Audit Evidence and Documentation General Documentation Requirements</p>	<p>The auditor shall prepare audit documentation on a timely basis.</p>	<p>Specific matters to be documented are set out throughout this standard. 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 this standard and applicable legal and regulatory requirements, including recording:</p> <p>(i) The identifying characteristics of the specific items or matters tested;</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes paragraphs 7-9 of ISA 320 have been combined but all original words remain.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>

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				<p>(ii) Who performed the work and the date such work was completed;</p> <p>(iii) Who reviewed the audit work performed and the date and extent of such review, including what was reviewed;</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>	
Requirements	<p>ISA 230 Paragraph 8 Documentation of the Audit Procedures Performed and Audit Evidence Obtained <i>Form, Content and Extent of Audit Documentation</i></p>	<p>Paragraph 2.5.1. Audit Evidence and Documentation General 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>Specific matters to be documented are set out throughout this standard. 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 this</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to the language used in the requirement for drafting</p>

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			<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>standard and applicable legal and regulatory requirements, including recording:</p> <p>(i) ...</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 conclusions reached thereon, and significant professional judgments made in reaching those conclusions.</p>	<p>guidelines and 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</p>
Requirements	<p>ISA 230</p> <p>Paragraph 9</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 2.5.1.(a)</p> <p>Audit Evidence and Documentation</p> <p>General Documentation Requirements</p>	<p>In documenting the nature, timing and extent of audit procedures performed, the auditor shall record:</p> <p>(a) The identifying characteristics of the specific items or matters tested;</p> <p>(b) Who performed the audit work and the date such work was completed; and</p> <p>(c) Who reviewed the audit work performed and the date and extent of such review.</p>	<p>....</p> <p>(a) The nature, timing and extent of the audit procedures performed in accordance with this standard and applicable legal and regulatory requirements, including recording:</p> <p>(i) The identifying characteristics of the specific items or matters tested;</p> <p>(ii) Who performed the work and the date</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Modification to the language used in the requirement to improve its readability – combined paragraphs 7-9 of ISA 230.</p>

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				<p>such work was completed;</p> <p>(iii) Who reviewed the audit work performed and the date and extent of such review, including what was reviewed.</p> <p>...</p>	<p>All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 230</p> <p>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 2.5.5.</p> <p>Audit Evidence and Documentation</p> <p>General Documentation Requirements</p> <p><i>Documentation of the Communications</i></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 and, where appropriate, 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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – only change to add “and where, appropriate” in relation to those charged with governance to reflect that in LCE’s they often may not be separate (i.e., to reflect the likely structure of an LCE audit that may not have both).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>

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Requirements	<p>ISA 230 Paragraph 11 Documentation of the Audit Procedures Performed and Audit Evidence Obtained <i>Form, Content and Extent of Audit Documentation</i></p>	<p>Paragraph 2.5.2. Audit Evidence and Documentation General 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 and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modification to for drafting guidelines but does not change the auditor action.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 230 Paragraph 12 Documentation of the Audit Procedures Performed and Audit Evidence Obtained <i>Departure from a Relevant Requirement</i></p>	<p>Paragraph 2.5.3. Audit Evidence and Documentation General Documentation Requirements</p>	<p>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.</p>	<p>If, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement of the[draft] 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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No – although this is “in exceptional circumstances” that are generally omitted from the [draft] ISA for LCE the LCE Task Force had the</p>

Section	Reference & Heading		Text		Comparison
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					<p>view that such a requirement in the standard was crucial and has therefore been included.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 230 Paragraph 13</p> <p>Documentation of the Audit Procedures Performed and Audit Evidence Obtained</p> <p><i>Matters Arising after the Date of the Auditor's Report</i></p>	<p>Paragraph 8.9.1.(d)</p> <p>Concluding</p> <p>Specific Documentation Requirements</p>	<p>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:</p> <p>(a) The circumstances encountered;</p> <p>(b) The new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report; and</p> <p>(c) When and by whom the resulting changes to audit documentation were made and reviewed.</p>	<p>In addition to the general documentation requirements (Part 2.5) for an audit of an LCE, the auditor shall include the following in the audit documentation:</p> <p>....</p> <p>(d) If relevant, any new or additional audit procedures or conclusions after the date of the auditor's report, including:</p> <p>(i) The circumstances encountered;</p> <p>(ii) The new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report; and</p> <p>(iii) When and by whom the resulting changes to</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes requirement modified to broadly address the specific documentation requirements if the auditor performs additional procedures All bullets retained therefore expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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				audit documentation were made and reviewed.	Yes
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 and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified 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 delete or discard audit documentation of any nature before the end of its retention period.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – very minor modifications made which would not change the</p>

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					<p>outcomes of the auditor's actions.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 230</p> <p>Paragraph 16</p> <p>Assembly of the Final Audit File</p>	<p>Paragraph 8.9.4.</p> <p>Concluding</p> <p>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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Minor modification to the language used in the requirement for drafting guidelines but the requirement for what needs to be documented is still required and would achieve similar outcome by the auditor. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

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-	-	With Part 2.5 Audit Evidence and Documentation General Documentation Requirements	-	<i>Automated Tools and Techniques</i> <i>This standard does not differentiate between different tools and techniques that the auditor may use to design and perform audit procedures, for example using manual or automated audit procedures with respect to what is required to be documented. Regardless of the tools and techniques used, the auditor is required to comply with relevant documentation requirements.</i>	Paragraph not from the ISAs but specific to the [draft] ISA for LCE – added to provide additional context for use of automated tools and techniques (from Staff document published)
Application Material	ISA 230 Paragraph A8	With Paragraph 2.5.1. Audit Evidence and Documentation General Documentation Requirements	-	<i>Judging the significance of a matter requires professional judgment and the analysis of the facts and circumstances. Examples of significant matters 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 opinion.</i>	Essential Explanatory Material
Application Material	ISA 230 Paragraphs A2-A5 and A16	With Paragraph 2.5.1. Audit Evidence and Documentation	-	<i>The form, content and extent of audit documentation depends on the nature and circumstances of the entity and the procedures being performed. Audit</i>	Essential Explanatory Material

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		General Documentation Requirements		<p><i>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></p> <p><i>The audit documentation for the audit of a less complex entity is generally less extensive than that for the audit of a more complex entity. Further, in the case of an audit where the engagement partner performs all the audit work, the documentation will not include matters that might have to be documented solely to inform or instruct members of an engagement team, or to provide evidence of review by other members of the team (for example, there will be no matters to document relating to team discussions or supervision). Nevertheless, the engagement partner complies with the overriding requirement to prepare audit documentation that can be understood by an experienced auditor, as the audit</i></p>	

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				<i>documentation may be subject to review by external parties for regulatory or other purposes.</i>	
Application Material	ISA 230 Paragraphs A21-A22	With 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
Application Material	ISA 230 Paragraph A23	With Paragraph 8.9.3. Concluding Specific Documentation Requirements	-	<i>For example, documentation should not be removed for a period of 5 years.</i>	Essential Explanatory Material
ISA 260 (Revised), Communication with Those Charged with Governance					
Objectives	ISA 260 (Revised) Paragraph 9	Paragraph 1.3.1 Fundamental Concepts and General Principles Overall Objectives of the Auditor	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	The overall objectives of the auditor when conducting an audit of financial statements using the [draft] ISA for LCE are to: (b) Report on the financial statements, and	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be revised or

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			<p>an overview of the planned scope and timing of the audit;</p> <p>(b) To obtain from those charged with governance information relevant to the audit;</p> <p>(c) To provide those charged with governance with timely observations arising from the audit that are significant and 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>communicate as required by this [draft] ISA for LCE, in accordance with the auditor's findings.</p>	<p>modified for the circumstances of an LCE?</p> <p>Yes – adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because the each Part covers various topics within a Part and not all are addressed within the objective. All relevant requirements for an audit of an LCE have been included.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - broader objective for all relevant Parts, together with all objectives and requirements expected to achieve reasonable assurance.</p>
Requirements	<p>ISA 260 (Revised) Paragraph 11 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>Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>No. Structures within an LCE would likely be relatively simpler and therefore expected to be</p>

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					<p>more straight forward as to whom to determine with whom to communicate with, therefore not specifically included in the [draft] ISA for LCE as a requirement. EEM is included with Paragraph 1.8.1 to explain typical governance structures in an LCE as well as guidance on establishing who to communicate with.</p> <p>2. Should / could the requirement be revised or modified 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 12</p> <p>Those Charged with Governance</p> <p><i>Communication with a Subgroup of Those</i></p>	-	<p>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>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>No. Structures within an LCE would likely be less complex (i.e., not expected to have sub-groups) therefore this requirement</p>

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	<i>Charged with Governance</i>				<p>not included in the [draft] ISA for LCE.</p> <p>2. Should / could the requirement be revised or modified 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 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>Paragraph 1.8.3.</p> <p>Fundamental Concepts and General Principles</p> <p>General Communications with Management and Those Charged with Governance</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</p>	<p>In some cases, all of those charged with governance are involved in managing the entity, for example, an LCE where a single owner manages the entity and no one else has a governance role. In these cases, if matters required by this standard 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. The auditor shall nonetheless be satisfied that communication with person(s) with management responsibilities adequately</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>No</p> <p>2. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

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			all of those with whom the auditor would otherwise communicate in their governance capacity.	informs all of those with whom the auditor would otherwise communicate in their governance capacity.	
Requirements	ISA 260 (Revised) Paragraph 14 Matters to Be Communicated <i>The Auditor's Responsibilities in Relation to the Financial Statement Audit</i>	Paragraph 4.7.1. Acceptance or Continuance of an Audit Engagement and Initial Audit 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 and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Minor modification for purposes of the [draft] ISA for LCE standard for the drafting guidelines and to increase readability but does not change the substance of the requirement and therefore the outcome of the auditor's actions. Do the changes result in requirements that still achieve reasonable assurance? Yes

Section	Reference & Heading		Text		Comparison
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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> Paragraph 6.7.1. Planning Specific Communication Requirements	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.	5.4.1. The auditor shall communicate to management, and where appropriate, those charged with governance an overview of the planned scope, timing and direction of the audit. 6.7.1. The auditor shall communicate to management, and where appropriate, those charged with governance, the significant risks identified by the auditor.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Minor modification to recognize the nature of an LCE audit and that those charged with governance may be the same as management. All the action aspects of the requirement still retained. Do the changes result in requirements that still achieve reasonable assurance? Yes
Requirements	ISA 260 (Revised) Paragraph 16 Matters to Be Communicated <i>Significant Findings from the Audit</i>	Paragraph 8.8.2.(a)-(c) and (g)-(i) Concluding Specific Communication Requirements	The auditor shall communicate with those charged with governance: (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 communicate to those charged with governance: (a) The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the

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			<p>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>(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>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 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) Circumstances, if any, that affect the form and content of the auditor's report.</p> <p>(g) Written representations the auditor is requesting.</p> <p>(h) Any other significant matters, if any, arising from the audit that, in the auditor's professional judgment, are</p>	<p>circumstances of an LCE?</p> <p>Yes – (a) wording has been modified for drafting principles but broad action about the communication to those charged with governance has been retained. To focus on the specific communications with TCWG this requirement now includes other communications also required by other ISAs.</p> <p>(a) ISA 240, Para 43</p> <p>(b) ISA 250 (Revised), Para's 23 & 24</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all relevant aspects of the auditor's actions have been retained and expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>

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				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 allocated to categories	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? No. The [draft] 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 revised or modified for the circumstances of an LCE? -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>

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			<p>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 and appropriate 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 [draft] ISA for LCE. Unlikely to impact obtaining reasonable assurance.</p>

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					<p>2. Should / could the requirement be revised or modified 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>Paragraph 2.85.7.</p> <p>Audit Evidence and Documentation</p> <p>General Documentation Requirements</p> <p><i>Documentation of the Communications</i></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>8.8.2 The auditor shall communicate to those charged with governance:</p> <p>...</p> <p>(c) 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>2.5.7 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>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – has been modified to form part of a bulleted list but all requirements retained. The last sentence has been included in paragraph 2.5.7.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>

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Requirements	ISA 260 (Revised) Paragraph 20 The Communication Process <i>Forms of Communication</i>	-	The auditor shall communicate in writing with those charged with governance regarding auditor independence when required by paragraph 17.	-	<p>1. Is the requirement relevant and appropriate 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 revised or modified for the circumstances of an LCE? n/a</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? n/a</p>
Requirements	ISA 260 (Revised) Paragraph 21 The Communication Process <i>Timing of Communications</i>	Paragraph 1.8.1. Fundamental Concepts and General Principles General Communications with Management and Those Charged with Governance	The auditor shall communicate with those charged with governance on a timely basis.	The auditor shall communicate, on a timely basis, with management, and those charged with governance, if separate.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

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					<p>Yes – only change is to add “management” and “(if separate)’ in order to reflect the likely circumstance of an LCE - this does not change substance of ISA 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 22</p> <p>The Communication Process</p> <p><i>Adequacy of the Communication Process</i></p>	<p>Paragraph 8.5.3.</p> <p>Concluding</p> <p>The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusion</p> <p><i>Evaluations Required</i></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 whether 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 audit and take action as appropriate.</p>	<p>1. Is the requirement relevant and appropriate 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. Modified the language for drafting principles and readability but outcome expected to be similar (i.e., but the broad auditor action is retained).</p> <p>3. Do the changes result in requirements that still</p>

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					<p>achieve reasonable assurance?</p> <p>Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirements	<p>ISA 260 (Revised)</p> <p>Paragraph 23</p> <p>Documentation</p>	<p>Paragraphs 2.5.6. and 2.5.7.</p> <p>Audit Evidence and Documentation</p> <p>General Documentation Requirements</p> <p><i>Documentation of the Communications</i></p>	<p>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.</p>	<p>2.5.6 Where matters required to be communicated by this standard are communicated orally, the auditor shall include them in the audit documentation, and when and to whom they were communicated.</p> <p>2.5.7 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>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – only change is to split into two requirements for drafting principles (i.e. avoiding two “shall’s” where possible).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – broad auditor actin retained</p>
Requirement	-	<p>Para 1.8.2.</p> <p>Fundamental Concepts and General Principles</p>	-	<p>Specific matters to be communicated are required throughout this standard. The auditor shall use professional judgment in determining the</p>	<p>Requirement specific to [draft] ISA for LCE – no equivalent requirement in the ISA.</p>

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		General Communications with Management and Those Charged with Governance		appropriate form, timing and general content of the communications with management, and when appropriate, those charged with governance. When determining the form of communication, the auditor shall consider: (a) Legal requirements for communication; and (b) The significance of the matters to be communicated.	
Application Material	ISA 260 (Revised) Paragraphs A2, A3 and A8	With Paragraph 1.8.1. Fundamental Concepts and General Principles General 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, partners, proprietors, a committee of management, a council of governors, trustees or equivalent.</i> <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</i>	Essential Explanatory Material

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				<p><i>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 (e.g., the governance structure may not be defined). 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)	With Paragraph 1.8.2. Fundamental Concepts and General Principles General Communications with Management and Those Charged with Governance	-	<p><i>The appropriate timing for communications will vary with the circumstances of the audit, and may be affected by the significance and nature of the matter, and the actions expected to be taken by those charged with governance.</i></p>	Essential Explanatory Material
Application Material	ISA 260 (Revised) Paragraph A53	With Paragraph 8.53. Concluding The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusions <i>Evaluations Required</i>	-	<p><i>For example, the original risk assessments may need to be revised, the auditor's opinion may need to be modified on the basis of a scope limitation or other actions as appropriate.</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
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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 and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be revised or modified for the circumstances of an LCE? No 3. Do the changes result in the objective that still achieve reasonable assurance? -
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 engagement partner and other key members of the engagement team shall be involved in planning the audit.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Engagement Team discussions are dealt with separately in paragraph 5.2.6. where the individuals

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					required are addressed. All auditor actions retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 300 Paragraph 6 Preliminary Engagement Activities	Paragraph 4.5.7. Acceptance or Continuance of an Audit Engagement and Initial Engagements Terms of the Audit Engagement Paragraph 5.2.4. Planning Planning Activities Paragraph 3.2.5. Engagement Quality Management The Engagement Partner's Responsibilities <i>Relevant Ethical Requirements</i>	The auditor shall undertake the following activities at the beginning of the current audit engagement: (a) Performing procedures required by ISA 220 regarding the continuance of the client relationship and the specific audit engagement; (b) Evaluating compliance with relevant ethical requirements, including independence, in accordance with ISA 220, and (c) Establishing an understanding of the terms of the engagement, as required by ISA 210.	4.5.7 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, including the appropriate use of the ISA for LCE. 5.2.4 The engagement partner shall take into account information obtained in the acceptance and continuance process in planning and performing the audit. 3.2.56. Throughout the audit engagement, the engagement partner shall: (a) 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	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE by being separated and included with other related requirements to follow the flow that the audit is performed (i.e. at the beginning of the engagement): <ul style="list-style-type: none">Paragraph 6(a) of ISA 300 is addressed in paragraphs 4.5.7 and 5.2.4. of the ISA for LCE.

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				<p>engagement and the firms related policies or procedures for identifying, evaluating and addressing threats to compliance with relevant ethical requirements; and (b) Remain alert, throughout the audit engagement, 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>3.2.6 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 if matters come to the engagement partner's attention that indicate that:</p> <p>fulfilled</p> <p>(a) A threat to compliance with relevant ethical requirements exists, or</p> <p>(b) Relevant ethical requirements have not been fulfilled.</p>	<ul style="list-style-type: none"> Paragraph 6(b) of ISA 300 is addressed in paragraph 3.25. of the ISA for LCE. Paragraph 6(c) of ISA 300 is addressed in Part 4.5.7. of the ISA for LCE (establishing an understanding of the terms of the engagement is included within requirements relating to acceptance and continuance within the ISA for LCE). <p>All aspects of auditor action retained.</p> <p>2. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>

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				.	
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 and:	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified 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 and language modified for drafting principles and readability. Although not explicitly stated the content of the strategy is still required (i.e., to set the scope, timing and direction of the audit) therefore similar</p>

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					<p>outcome that is appropriate to the nature and circumstances of an LCE is expected to be achieved</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirements	<p>ISA 300</p> <p>Paragraph 8</p> <p>Planning Activities</p>	<p>Paragraph 5.2.2.(a)-(e)</p> <p>Planning</p> <p>Planning Activities</p>	<p>In establishing the overall audit strategy, the auditor shall:</p> <p>(a) Identify the characteristics of the engagement that define its scope;</p> <p>(b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;</p> <p>(c) Consider the factors that, in the auditor's professional judgment, are significant in directing the engagement team's efforts;</p> <p>(d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements</p>	<p>....</p> <p>The auditor shall set the scope, timing and direction of the audit and:</p> <p>(a) Identify the characteristics of the engagement that define its scope;</p> <p>(b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;</p> <p>(c) Consider the factors that, in the auditor's professional judgment, are significant in directing the engagement team's efforts;</p> <p>(d) Consider the results of preliminary engagement</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes –modified to combine paragraphs 7- 8 and 11 for topics where the auditor's actions appear similar for the purpose of drafting for the nature of the ISA for LCE standard. Broad outcomes of this requirement retained. In addition, reference is made to considering whether experts are needed as</p>

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			<p>performed by the engagement partner for the entity is relevant; and</p> <p>(e) Ascertain the nature, timing and extent of resources necessary to perform the engagement.</p>	<p>activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for this entity is relevant;</p> <p>(e) Ascertain the nature, timing and extent of resources necessary to perform the audit, including determining whether experts are needed; and</p> <p>...</p>	<p>required by ISA 220 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes. However, these have not been addressed in one standalone requirement, instead including where the related requirements are described in order to follow the flow of the ISA for LCE:</p> <ul style="list-style-type: none"> Paragraph 9(a) of ISA 300 has been addressed in Part 6 which includes the requirements of ISA 315 (specific relevant paragraphs include 6.2.1 and 6.2.2.) of the ISA for LCE.

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					<ul style="list-style-type: none"> Paragraph 9(b) of ISA 300 has been addressed in Part 7 which includes the requirements of ISA 330 (specific relevant paragraphs include (Paragraph 7.3.1 and 7.3.2) 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 revised or modified 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 300 Paragraph 10 Planning Activities	Paragraph 5.2.3. 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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. modified to recognize not a separate strategy as</p>

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					explained above, although detailed requirements are required. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
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.	The <u>auditor</u> shall set the scope, timing and direction of the audit and: (f) Plan the nature, timing and extent of direction and supervision of engagement members and review of their work.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – this has been combined with paragraph 8, but no significant changes made to the required auditor action 3. Do the changes result in requirements that still achieve reasonable assurance? Yes
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	In addition to the general documentation requirements (Part 2.5) for an audit engagement, the auditor shall include the scope, timing and direction of the audit,	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?

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			(c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes.	and significant changes made during the audit, together with the reasons for such changes, in the audit documentation.	<p>Yes</p> <p>2. Should / could the requirement be revised or modified 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. All aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 300</p> <p>Paragraph 13</p> <p>Additional Considerations in Initial Audit Engagements</p>	<p>Paragraph 4.6.1.</p> <p>Acceptance or Continuance of an Audit Engagement and Initial Engagements</p> <p>Initial Audit Engagements</p>	<p>The auditor shall undertake the following activities prior to starting an initial audit:</p> <p>(a) Performing procedures required by ISA 220 regarding the acceptance of the client relationship and the specific audit engagement; and</p> <p>(b) Communicating with the predecessor auditor, where there has been a change of</p>	<p>If the engagement is an initial audit and there has been a change in auditors, the auditor shall communicate with the predecessor auditor, in compliance with relevant ethical requirements .</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the structure of the ISA for LCE:</p>

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			auditors, in compliance with relevant ethical requirements.		<p>(a) relevant procedures in ISA 220 have been included in the ISA for LCE (as mapped in this document) so this has not been duplicated as there is no additional requirement or auditor action.</p> <p>(b) Minor modification to the language used in the requirement for drafting principles and 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 similar.</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 300 Paragraph A17	With Paragraph 2.2.13. 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 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
Application Material	ISA 300 Paragraph A5	With Part 4.5. 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.</i>	Essential Explanatory Material
Application Material	ISA 300, Paragraph A1 Paragraph ISA 315 (Revised 2019) Paragraph A44	With Part 5.2. Planning Planning Activities	-	<i>The nature, timing and extent of planning activities will vary according to the nature and circumstances 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</i>	Essential Explanatory Material

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				<i>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>	
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 complicated or time-consuming exercise. For example, a suitable brief memorandum prepared at the completion of the previous audit, based on inspection 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. Standard audit programs or checklists drawn up on the assumption of few relevant control activities, as is likely to be the case in a smaller entity, may be used provided that they are tailored to the circumstances of the engagement, including the auditor's risk assessments.</i>	Essential Explanatory Material ATT paragraph not from the ISAs but specific to the ISA for LCE (from Staff document on automated tools and techniques).

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
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 Objective	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.	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 315 (Revised 2019) Paragraph 13 Risk Assessment Procedures and Related Activities	Paragraph 6.2.1. Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities Paragraph 1.4.7. Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit	The auditor shall design and perform risk assessment procedures to obtain audit evidence that provides an appropriate basis for: (a) The identification and assessment of risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels; and (b) The design of further audit procedures in accordance with ISA 330.	6.2.1 The auditor shall design and perform procedures to obtain audit evidence that provides an appropriate basis for: (a) The identification and assessment of risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels; and (b) The design of further audit procedures.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Intro, and (a) and (b) fully addressed except changes do not distinguish risk assessment

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		<i>Professional Skepticism</i>	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.	1.4.7 The auditor shall design and perform procedures in a way that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that is contradictory.	procedures from other procedures (the nature and extent is explained throughout). Hanging paragraph is included at paragraph 1.4.7 with modifications for readability and to include all procedures rather than specific to risk assessment procedures. All auditor actions retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – key actions of auditor retained and expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE
Requirements	ISA 315 (Revised 2019) Paragraph 14 Risk Assessment Procedures and Related Activities	Paragraph 6.2.2. Risk Identification and Assessment 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 of material misstatement shall include: (a) Inquiries with management, and other appropriate individuals within the entity; (b) Analytical procedures. If unusual or unexpected trends and relationships are identified they shall be evaluated for fraud or error; and	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes:

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				(c) Observation and inspection.	<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. <p>All relevant auditor's actions from the ISA requirement have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	ISA 315 (Revised 2019) Paragraph 15 Risk Assessment Procedures and Related Activities <i>Information from Other Sources</i>	Paragraph 6.2.4. Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	In obtaining audit evidence in accordance with paragraph 13, the auditor shall consider information from: (a) The auditor's procedures regarding acceptance or continuance of the client relationship or the audit engagement; and (b) When applicable, other engagements performed by	When identifying risks of material misstatement, including arising from fraud, the auditor shall consider information from: (a) The acceptance or continuance procedures; and (b) When applicable, other engagements performed by the engagement partner for the entity.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – Modified the requirement for readability</p>

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			the engagement partner for the entity.		and built in identifying ROMM arising from fraud so that the auditor is thinking about fraud and error simultaneously consistent with the intended design of the ISA for LCE. Auditor action to consider is retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 315 (Revised 2019) Paragraph 16 Risk Assessment Procedures and Related Activities <i>Information from Other Sources</i>	Paragraph 6.2.6. Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	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.	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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to make the sentence more succinct in line with the intended design of the [draft] ISA for LCE'. Auditor action to evaluate the relevance and reliability of information

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					<p>obtained from a previous audit is retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 315 (Revised 2019)</p> <p>Paragraph 17</p> <p>Risk Assessment Procedures and Related Activities</p> <p><i>Engagement Team Discussion</i></p>	<p>Paragraph 5.2.6.(a)</p> <p>Planning</p> <p>Planning Activities</p> <p><i>Engagement Team Discussion</i></p>	<p>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.</p>	<p>The engagement partner and other key engagement team members shall discuss the susceptibility of the entity's financial statements to material misstatement, as well as:</p> <p>(a) The application of the applicable financial reporting framework to the entity's facts and circumstances.</p> <p>....</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – combined with fraud considerations as part of a bulleted list, but auditor's action in the requirement has been retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 315 (Revised 2019) Paragraph 18 Risk Assessment Procedures and Related Activities <i>Engagement Team Discussion</i>	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.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? No Do the changes result in requirements that still achieve reasonable assurance? -

<p>Requirements</p>	<p>ISA 315 (Revised 2019) Paragraph 19</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 Entity and Its Environment, and the Applicable Financial Reporting Framework</i></p>	<p>Paragraph 6.3.1.</p> <p>Risk Identification and Assessment</p> <p>Understanding Relevant Aspects of the Entity</p> <p>Paragraph 6.3.3.</p> <p>Risk Identification and Assessment</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity and Its Environment</i></p> <p>Paragraph 6.3.5.</p> <p>Risk Identification and Assessment</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Applicable Financial Reporting Framework</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 understanding the entity and its environment and the applicable financial reporting framework, the auditor shall understand how inherent risk factors affect the susceptibility of assertions to misstatement, and the degree to which they do so.</p> <p>6.3.3. The auditor shall understand:</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 internally and externally.</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 that are recognized or disclosed. When an estimate is assessed to be significant for an item in the financial statements, the auditor shall</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>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 6.3.5. and 6.3.6. <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all relevant aspects of the understanding are still required.</p>
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				<p>understand the assumptions and methods 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 inspecting minutes of meetings and correspondence with legal counsel and inspecting legal expense accounts.</p> <p>6.3.5. The auditor shall understand:</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	<p>ISA 315 (Revised 2019)</p> <p>Paragraph 20</p> <p>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial</p>	<p>Paragraph 6.3.6.</p> <p>Risk Identification and Assessment</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Applicable Financial Reporting Framework</i></p>	<p>The auditor shall evaluate whether the entity's accounting policies are appropriate and consistent with the applicable financial reporting framework.</p>	<p>The auditor shall evaluate whether the entity's accounting policies are appropriate and consistent with the applicable financial reporting framework.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</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>				<p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 315 (Revised 2019) Paragraph 21</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>Paragraph 6.3.7.</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>The auditor shall obtain an understanding of the control environment relevant to the preparation of the financial statements, through performing risk assessment procedures, by:</p> <p>(a) Understanding the set of controls, processes and structures that address:</p> <p>(i) How management's oversight responsibilities are carried out, such as the entity's culture and management's commitment to integrity and ethical values;</p> <p>(ii) When those charged with governance are separate from management, the independence of, and</p>	<p>The auditor shall evaluate whether management (with the oversight of those charged with governance, if applicable) has created and maintained a control environment that provides an appropriate foundation for the other components of the entity's internal control system, including determining whether there are any deficiencies in this regard. For this purpose, the auditor shall understand:</p> <p>(a) How management, and where appropriate, those charged with governance, oversee the entity, and demonstrate integrity and ethical values;</p> <p>(b) The culture of the entity; and</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – some aspects of less significance in the circumstances of an LCE, so modification made to reflect the aspects most likely to drive the control environment in an LCE. Also have focused on the outcome of what is to be achieved but not lost the</p>

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	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>overall understanding that would be required in typical circumstances of an LCE. The aspect of performing "risk assessment procedures" has 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 similar.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			and complexity of the entity; and (iii) Control deficiencies identified in the control environment undermine the other components of the entity's system of internal control.		
Requirements	ISA 315 (Revised 2019) Paragraph 22 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> The Entity's Risk Assessment System	Paragraph 6.3.8. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	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: (a) Understanding the entity's process for: (i) Identifying business risks relevant to financial reporting objectives; (ii) Assessing the significance of those risks, including the likelihood of their occurrence; and (iii) Addressing those risks; and (b) Evaluating whether the entity's risk assessment process is appropriate to the entity's circumstances considering the nature and complexity of the entity.	The auditor shall evaluate 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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified 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. 3. Do the changes result in requirements that still achieve reasonable assurance?

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					Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE (i.e., determining whether risk assessment process is appropriate to nature and circumstances of entity) or whether any deficiencies are identified
Requirements	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>	-	If the auditor identifies risks of material misstatement that management failed to identify, the auditor shall: (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 (b) Consider the implications for the auditor's evaluation in paragraph 22(b).	-	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? No – typical LCE will likely not have formal processes around risk assessment or in an audit of an LCE, the risk assessment at a LCE is likely to be straightforward or not significant to the overall risk assessment. It is unlikely that this requirement would result in a difference to the auditor's risk assessment overall in the nature and circumstance of a typical LCE.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>System of internal Control</i> The Entity's Risk Assessment System				<p>2. Should / could the requirement be revised or modified 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 315 (Revised 2019) Paragraph 24 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 6.3.9. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	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: (a) Understanding those aspects of the entity's process that address: (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	The auditor shall evaluate 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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – nature of monitoring internal control in a typical LCE would likely be less formal; requirement is focused on appropriateness of monitoring internal control for the nature and circumstances of the entity being considered. Internal</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	The Entity's Process to Monitor the System of Internal Control		<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 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>audit is not addressed as not included in scope of standard.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE (i.e., determining whether risk monitoring internal control 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</p>	<p>Paragraphs 6.3.10. and 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>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</p>	<p>6.3.10. The auditor shall understand the information system relevant to the preparation of the financial statements, including:</p> <p>(a) For significant classes of transactions, account balances and disclosures, how those transactions are initiated, recorded, processed, corrected as necessary, transferred to the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<p>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>the policies that define, for significant classes of transactions, account balances and disclosures:</p> <p>(i) How information flows through the entity's 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>general ledger and reported in the financial statements, as well as:</p> <p>(i) How the information system captures, processes and discloses events and conditions, other than transactions;</p> <p>(ii) The accounting and other supporting records for 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 evaluate 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>6.3.12 The auditor shall understand how the entity communicates significant matters related to the preparation of the financial statements, and related reporting responsibilities,</p>	<p>Yes – the requirement has been modified for drafting principles and readability for the nature of the LCE standard (e.g., very complex paragraph structure in ISA) – similar understanding and outcome is expected to be achieved. Understanding the entity's communication has also been separated but is still expected to have similar outcome for the understanding required.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all broad aspects of the understanding required have been addressed, and expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

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			<p>(iii) The financial reporting process used to prepare the entity's financial statements, including disclosures; and</p> <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</p>	<p>between people within the entity, between management and those charged with governance (if applicable) and with external parties (such as regulatory authorities or others as required).</p>	

Section	Reference & Heading		Text		Comparison
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			entity's financial statements in accordance with the applicable financial reporting framework.		
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 6.3.14.</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>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 substantive procedures alone do not provide</p>	<p>The auditor shall identify controls that address risks of material misstatement at the assertion level as follows:</p> <p>(a) Controls that address risks determined to be significant risks;</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 that address risks for which 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>(e) If applicable, controls that relate to information</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – complex structure of requirement has been modified for drafting principles and readability, IT related requirements ((b) and (c)) below has been covered in a separate requirement paragraph 6.3.15 as mapped below. 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</p>

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			<p>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 and the other aspects of the entity's IT environment that are subject to risks arising from the use of IT</p> <p>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>(ii) The entity's general IT controls that address such Risks; 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</p>	<p>processed by a service organization; and</p> <p>(f) Controls, if any, to identify, account for, and disclose related party relationships in accordance with the applicable financial reporting framework, authorize and approve significant transactions and relationships with related parties, 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>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 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
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			<p>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)</p> <p>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>Paragraphs 6.3.15. and 6.3.16.</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>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>6.3.15 For the controls identified in paragraph 6.3.14, 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 risks arising from the use of IT.</p> <p>6.3.16 For those risks arising from the use of IT identified, the auditor shall identify the entity's general IT controls, and evaluate whether the general IT controls are effectively designed and determine whether the control has been implemented by performing procedures more than inquiry.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – complex structure in ISA has been modified to make more succinct and action based 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?</p>

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			<p>(i) The related risks arising from the use of IT; and</p> <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>		Yes – all aspects of the understanding and D&I retained.
Requirements	<p>ISA 315 (Revised 2019)</p> <p>Paragraph 27</p> <p>Obtaining an Understanding of the Entity and Its Environment, the Applicable</p>	<p>Paragraph 6.3.13.</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 evaluations about 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the</p>

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	Financial Reporting Framework and the Entity's System of Internal Control <i>Control Deficiencies Within the Entity's System of internal Control</i>			whether one or more control deficiencies have been identified.	circumstances of an LCE? Yes – modified to adjust for changes made to the required understanding but broad requirement to identify deficiencies has been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – outcome of identifying deficiencies when understanding the various component of the system of internal control have been retained.
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. Risk Identification and Assessment 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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Have left out "determine whether they exist" for succinctness and to

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					<p>be action focused– 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> <p>Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirements	<p>ISA 315 (Revised 2019)</p> <p>Paragraph 29</p> <p>Identifying and Assessing the Risks of Material Misstatement</p> <p><i>Identifying Risks of Material Misstatement</i></p>	<p>Paragraph 6.4.3.</p> <p>Risk Identification and Assessment</p> <p>Identifying Risks of Material Misstatement</p>	<p>The auditor shall determine the relevant assertions and the related significant classes of transactions, account balances and disclosures</p>	<p>The auditor shall determine the relevant assertions and the related significant classes of transactions, account balances and disclosures.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>No – requirements are the same</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 30 Identifying and Assessing the Risks of Material Misstatement <i>Assessing Risks of Material Misstatement at the Financial Statement Level</i>	Paragraph 6.5.1.(a) Risk Identification and Assessment 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 effect on the financial statements; and	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – paragraphs 30 and 31 of ISA 315 (Revised 2019) combined – same aspects of assessment at financial statement level required in combined requirement 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	Paragraph 6.5.1.(b) Risk Identification and Assessment 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	For identified risks of material misstatement, the auditor shall assess: (b) Inherent risk for identified risks of material misstatement at the	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or

Section	Reference & Heading		Text		Comparison
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	Material Misstatement <i>Assessing Risks of Material Misstatement at the Assertion Level</i> Assessing Inherent Risk		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.	assertion level by assessing the likelihood and magnitude of misstatement. In doing so, the auditor shall take into account the degree to which inherent risk factors, including estimation uncertainty for the entity's accounting estimates, affect the susceptibility of the relevant assertions to misstatement.	modified for the circumstances of an LCE? Yes – paragraphs 30 and 31 of ISA 315 (Revised 2019) are combined – with same aspects of assessment at assertion level required in combined requirement, except taking into account the inherent risk factors rearticulated. The specific reference to estimation uncertainty for an entity's accounting estimates is from ISA 540 (Revised), paragraph 16(a). 3. Do the changes result in requirements that still achieve reasonable assurance? 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	Paragraph 6.5.3. Risk Identification and Assessment Risk 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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the

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	ISA	ISA for LCE	ISA	ISA for LCE	
	Material Misstatement <i>Assessing Risks of Material Misstatement at the Assertion Level</i> Assessing Inherent Risk				circumstances of an LCE? No changes to requirement in ISA 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.
Requirements		Paragraphs 6.5.4. and 6.5.5. Risk Identification and Assessment Risk Assessment <i>Significant Risks</i>		6.5.4 In exercising professional judgment as to which assessed risks are significant risks, the auditor shall consider at least the following: (a) Whether the risk is a risk of fraud (e.g., because of management override of controls or a presumed risk of fraud such as in revenue recognition). (b) Whether the risk involves significant transactions with related parties. (c) How, in the case of accounting estimates, the inherent risk factors, such as the complexity of transactions and the degree	This paragraph (not in ISA 315 (Revised 2019)) – combines various requirements from other ISAs related to significant risks into one requirement within the ISA for LCE: -First bullet from ISA 240 -Second bullet para 18 of ISA 550 -Next two bullets are Application Material -Last bullet is paragraph 33(c) of ISA 240

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				<p>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.</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>6.5.5 The auditor shall treat:</p> <p>(a) Identified fraud risks as significant risks; and</p> <p>(b) Identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks.</p>	
Requirements	<p>ISA 315 (Revised 2019)</p> <p>Paragraph 33</p> <p>Identifying and Assessing the Risks of Material Misstatement</p>	<p>Paragraph 6.5.2.</p> <p>Risk Identification and Assessment</p> <p>Risk Assessment</p> <p><i>Assessing Inherent Risk</i></p>	<p>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.</p>	<p>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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Assessing Risks of Material Misstatement at the Assertion Level</i> Assessing Inherent Risk				circumstances of an LCE? No Do the changes result in requirements that still achieve reasonable assurance? -
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 Risk 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 risk of material misstatement is the same as the assessment of inherent risk.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – changes for drafting principles but no change to the outcome of the auditor's action. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 315 (Revised 2019) Paragraph 35</p> <p>Identifying and Assessing the Risks of Material Misstatement</p> <p><i>Evaluating the Audit Evidence Obtained from the Risk Assessment Procedures</i></p>	<p>Paragraph 6.5.7.</p> <p>Risk Identification and Assessment</p> <p>Risk Assessment</p> <p><i>Evaluation of the Procedures to Identify and Assess Risks of Material Misstatement and Revision of Risk Assessment</i></p>	<p>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.</p> <p>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 or contradictory to assertions made by management</p>	<p>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 until audit evidence has been obtained to provide such a basis.</p>	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes –first part of the requirement included in full other than using “additional procedures” rather than “additional risk assessment procedures” (further explained above). The latter part on professional skepticism addressed more broadly in ISA for LCE in Part 1 (paragraphs 1.4.6-1.4.7) with action relevant to the full audit. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE

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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>	-	<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>	-	<p>1. Is the requirement relevant and appropriate 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 are expected to be simpler and not made up from numerous disaggregated sources, therefore the determination of significant classes of transactions, account balances and disclosures. In an audit of an LCE risk assessment is likely performed in one step (vs. multiple steps for larger more complex audits) and there would be an overall understanding of the significant accounts based on prior knowledge or other risk assessment procedures performed.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>-</p>

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					3. Do the changes result in requirements that still achieve reasonable assurance? -
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 Risk Assessment <i>Evaluation of the Procedures to Identify and Assess Risks of Material Misstatement and Revision of Risk Assessment</i>	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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified and combined for drafting purposes for nature of [draft] ISA for LCE but broad action of auditor retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 315 (Revised 2019) Paragraph 38 Documentation	Paragraph 6.8.1.(a) and (c)-(e) Risk Identification and Assessment Specific Documentation Requirements	The auditor shall include in the audit documentation: (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 rationale for the significant judgments made.	In addition to the general documentation requirements (Part 2.5) for an audit of an LCE, the auditor shall include the following in the audit documentation: (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 risks due to fraud, at the financial statement level and at the assertion level, including significant risks and risks for which substantive	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified 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 2.5 -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

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				<p>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 paragraphs 6.3.14. and 6.3.16. and the evaluation whether the control is designed effectively and determination whether the control has been implemented;</p> <p>(f) For accounting estimates, 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>have been covered by general documentation requirements in Part 2.5</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 –matters to be documented are similar.</p>

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				(g) Identified or suspected non-compliance with law or regulation and the results of discussion with management and, where appropriate, those charged with governance and parties outside the entity.	
Requirements	-	Paragraph 6.5.9. Risk Identification and Assessment Risk Assessment <i>Evaluation of the Applicability of the ISA for LCE</i>	-	The engagement partner shall evaluate whether the ISA for LCE continues to be appropriate for the nature and circumstances of the entity being audited.	This “stand back” requirement is not addressed in the ISAs and has been included in the ISA for LCE to evaluate the appropriate use of the ISA for LCE once risk identification and assessment has been done.
Requirements	-	Paragraph 6.8.2. Planning Specific Documentation Requirements	-	The auditor shall document the evaluation about whether the ISA for LCE continues to be appropriate for the nature and circumstances of the entity being audited.	There is no ISA requirement – this is specific to stand-back for the auditor’s evaluation of the applicability of the [draft] ISA for LCE.
Application Material	-	With 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 matters related to relevant ethical requirement including independence) and the</i>	Essential Explanatory Material

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				<i>timing of the audit and communications that are required.</i>	
Introduction	ISA 315 Revised 2019) Paragraph 7 Introduction Key Concepts in the ISA	With Paragraph 6.1.1. Risk Identification and Assessment Objective		<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	ISA 315 (Revised 2019) Paragraph A17 Example and Paragraph A15	With Paragraph 6.2.1. 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, which may 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</i>	Essential Explanatory Material

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				<p><i>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 procedures within this Part are still required to be completed, for example the auditor may still be able to perform the required procedures through observation and inquiry.</i></p> <p><i>Designing and performing procedures to obtain audit evidence in a manner that is not biased may involve obtaining evidence from multiple sources within and outside the entity. However, the auditor is not required to perform an exhaustive search to identify all possible sources of evidence.</i></p>	
Application Material	ISA 315 (Revised 2019) Paragraph A20, A24 and A36	With Paragraph 6.2.2. Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	-	<p><i>The auditor is not required to perform all of these procedures for each aspect of the auditor's understanding required.</i></p> <p><i>Considerations Specific to Public Sector Entities</i></p>	Essential Explanatory Material ATT paragraph not from the ISAs but specific to the ISA for LCE (from Staff documents on automated tools and techniques)

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				<p><i>When making inquiries of those who may have information that is likely to assist in identifying risks of material misstatement, auditors of public sector entities may obtain information from additional sources such as from the auditors that are involved in performance or other audits related to the entity. Procedures performed by auditors of public sector entities to identify and assess risks of material misstatement may also include observation and inspection of documents prepared by management for the legislature, for example documents related to mandatory performance reporting.</i></p> <p><i>Automated Tools and Techniques</i></p> <p><i>If the auditor uses ATT, the auditor may design and perform procedures to identify and assess risks of material misstatement on relatively large volumes of data (from the general ledger, sub-ledgers or other operational data) including for analysis, observation or inspection. For example, ATT may be used to observe or inspect particular assets, such as through the use</i></p>	

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				<i>of remote observation tools (e.g., a drone).</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A7 and A50	With Part 6.3. Risk Identification and Assessment Understanding Relevant Aspects of the Entity	-	<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 assesses the risks of material misstatement, and also informs how the auditor plans and performs further audit procedures.</i>	Essential Explanatory Material From paragraphs A50 and A95 in ISA 315 (Revised 2019)
Application Material	ISA 315 (Revised 2019) Paragraph A7	With Paragraph 6.3.2. Risk Identification and Assessment Understanding Relevant Aspects of the Entity	-	<i>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:</i> <ul style="list-style-type: none"> <i>Complexity;</i> <i>Subjectivity;</i> <i>Change;</i> <i>Uncertainty (for accounting estimates this is estimation uncertainty); or</i> <i>Susceptibility to misstatement due to management bias or other</i> 	Essential Explanatory Material

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				<i>fraud risk factors insofar as they affect inherent risk.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A61 and A66	With Paragraph 6.3.3. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity and Its Environment</i>	-	<p><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></p> <p><i>Entities operating in the public sector may create and deliver value in different ways to those creating wealth for owners but will still have a 'business model' with a specific objective. Matters public sector auditors may obtain an understanding of that are relevant to the business model of the entity, include:</i></p> <ul style="list-style-type: none"> <i>Knowledge of relevant government activities, including related programs.</i> <i>Program objectives and strategies, including public policy elements.</i> 	Essential Explanatory Material

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Application Material	ISA 315 (Revised 2019) Paragraphs A92, A93 and A95 Paragraph 315.12(m) Definitions	With Paragraph 6.3.6. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	-	<p><i>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> <i>The entity's process to monitor the internal control system.</i> <i>The information system and communications.</i> <i>Control activities.</i> <p><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</i></p>	Essential Explanatory Material

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				<p><i>understand how management, or where appropriate, or those charged with governance prevent and detect fraud and errors, and use professional judgment to determine the nature and extent of the work to obtain the required understanding.</i></p> <p><i>Auditors of public sector entities often have additional responsibilities with respect to internal control, for example, to report on compliance with an established code of practice or reporting on spending against budget. Auditors of public sector entities may also have responsibilities to report on compliance with law, regulation or other authority. As a result, their considerations about the internal control system may be broader and more detailed.</i></p>	
Application Material	<p>ISA 315 (Revised 2019)</p> <p>Paragraph A97 and 4</p> <p>ISA 240</p> <p>Paragraph A28</p>	<p>With Paragraph 6.3.7.</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><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</i></p>	<p>Essential Explanatory Material</p> <p>Definition of control environment</p>

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				<p><i>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></p> <p><i>In the case of an LCE, some or all of the auditor's considerations may be inapplicable or less relevant. For example, an LCE may not have a written code of conduct but, instead, may have developed a culture that emphasizes the importance of integrity and ethical behavior through oral communication and by management example.</i></p> <p><i>Domination of management by a single individual in an LCE does not generally, in and of itself, indicate a failure by management to display and communicate an appropriate attitude regarding internal control and the financial reporting process. In some entities, the need for management authorization can compensate for otherwise deficient controls and reduce the risk of employee fraud. However,</i></p>	

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				<i>domination of management by a single individual can be a potential deficiency in internal control since there is an opportunity for management override of controls.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A111 ISA 240 Paragraph A14	With Paragraph 6.3.8. 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 addressed as appropriate to the nature and circumstances of the entity. For example, in some entities, particularly LCEs, the focus of management's assessment may be on the risks of employee fraud or misappropriation of assets.</i>	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraphs A121 and A114	With Paragraph 6.3.9. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</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</i>	Essential Explanatory Material

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				<i>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>	
Application Material	ISA 315 (Revised 2019) Paragraph A136, A137 and A131	With Paragraph 6.3.10. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	-	<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> <p><i>The information system, and related business processes, in</i></p>	Essential Explanatory Material

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				<p><i>less complex entities are likely to involve a less complex IT environment; however, the role of the information system is just as important when identifying and assessing risks of material misstatement. Less complex entities with direct management involvement may not need extensive descriptions of accounting procedures, sophisticated accounting records, or written policies. Understanding the relevant aspects of the entity's information system may therefore require less effort in an audit of an LCE, and may involve a greater amount of inquiry than observation or inspection of documentation.</i></p> <p><i>Automated Tools and Techniques</i> <i>The auditor may also use ATT to obtain direct access to, or a digital download from, the databases in the entity's information system that store accounting records of transactions. By applying ATT to this information, the auditor may confirm the understanding obtained about how transactions flow through the information system by tracing journal entries, or other digital records related to</i></p>	

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				<i>a particular transaction, or an entire population of transactions, from initiation in the accounting records through to recording in the general ledger. Analysis of complete or large sets of transactions may also result in the identification of variations from the normal, or expected, processing procedures for these transactions, which may result in the identification of risks of material misstatement.</i>	
Application Material	ISA 315 (Revised 2019) Paragraph A125 and A160	With Paragraph 6.3.14. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	-	<i>The auditor is required to identify specific controls, evaluate the design and determine whether these controls have been implemented. This 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> <i>Controls that address risks of material misstatement at the assertion level that are expected to be identified for all audits are controls over journal entries, because the manner in which an</i>	Essential Explanatory Material

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				entity incorporates information from transaction processing into the general ledger ordinarily involves the use of journal entries, whether standard or non-standard, or automated or manual. The extent to which other controls are identified may vary based on the nature of the entity and the auditor's planned approach to further audit procedures, for example, in an audit of an LCE, the entity's information system may not be complex and the auditor may not plan to rely on the operating effectiveness of controls. Further, the auditor may not have identified any significant risks or any other risks of material misstatement for which it is necessary for the auditor to evaluate the design of controls and determine that they have been implemented. In such an audit, the auditor may determine that there are no identified controls other than the entity's controls over journal entries.	
Application Material	ISA 315 (Revised 2019) Paragraphs A168 and A170	With paragraph 6.3.16. Risk Identification and Assessment	-	The auditor's understanding of the information system (which may be done by performing a walk-through procedure) includes the IT environment relevant to the	Essential Explanatory Material

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	Paragraph 315.12 Definitions	Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>		<p><i>flows of transactions and processing of information in the entity's information system. This is because the entity's use of IT applications or other aspects of the IT environment may give rise to risks 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><i>The extent of the auditor's understanding of the IT processes, including the extent to which the entity has general IT 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></p>	
Application Material	ISA 315 (Revised 2019) Paragraphs A184, A195, A188 and A186	With Part 6.4. Risk Identification and Assessment Identifying Risks of Material Misstatement	-	<p><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</i></p>	Essential Explanatory Material

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				<i>financial statements at an acceptably low level of audit risk.</i>	
Application Material	ISA 315 (Revised 2019) Paragraphs A184, A195, A188 and A186	With Paragraph 6.4.1. Risk Identification and Assessment Identifying Risks of Material Misstatement	-	<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> <p><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></p> <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 4 sets out assertions that may be used by</i></p>	Essential Explanatory Material

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				<i>the auditor in considering different types of misstatements at the assertion level.</i>	
Application Material	ISA 315 (Revised 2019) Paragraphs A188 and A202	With Paragraph 6.4.3. Risk Identification and Assessment Identifying Risks of Material Misstatement	-	<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 identification and assessment of risks of material misstatement.</i>	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraph A209	With Paragraph 6.5.1. Risk Identification and Assessment Risk Assessment <i>Assessing Inherent Risk</i>		<i>The assessed inherent risk for 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) Paragraphs A208 - A209	With Paragraph 6.5.1. Risk Identification and Assessment Risk 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 or circumstances of the entity, and takes into account the assessed likelihood</i>	Essential Explanatory Material The Essential Explanatory Material added introduces the concept of spectrum of inherent risk and is from para A208-209 of ISA 315 (Revised 2019)

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				<i>and magnitude of the misstatement and inherent risk factors.</i>	
Application Material	ISA 315 (Revised 2019) Paragraphs A210-A211 and A217	With Paragraph 6.5.1. Risk Identification and Assessment Risk 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., misstatements in assertions about classes of transactions, account balances or disclosures may be judged to be material due to size, nature or circumstances). Considerations Specific to Public Sector Entities In exercising professional judgment as to the assessment of the risk of material misstatement, public sector auditors may consider the complexity of the regulations and directives, and the risks of non-compliance with authorities.</i>	Essential Explanatory Material

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Application Material	ISA 315 (Revised 2019) Paragraph A224	With Paragraph 6.5.2. Risk Identification and Assessment Risk Assessment <i>Assessing Inherent Risk</i>	-	<p>Where routine business transactions are subject to highly automated processing with little or no manual intervention, it may not be possible to perform only substantive procedures in relation to the risk. This may be the case in circumstances where a significant amount of an entity's information is initiated, recorded, processed, or reported only in electronic form such as in an information system that involves a high degree of integration across its IT applications. In such cases:</p> <ul style="list-style-type: none"> Audit evidence may be available only in electronic form, and its sufficiency and appropriateness usually depend on the effectiveness of controls over its accuracy and completeness. The potential for improper initiation or alteration of information to occur and not be detected may be greater if appropriate controls are not operating effectively. 	Essential Explanatory Material

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Application Material	ISA 315 (Revised 2019) Paragraph A 219 and A220	With Paragraph 6.5.3. Risk Identification and Assessment Risk 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 in paragraphs 6.5.4.–6.5.5. 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 A226-A227	With Paragraph 6.5.6. Risk Identification and Assessment Risk Assessment <i>Assessing Control Risk</i>	-	<i>The auditor's plans to test the operating effectiveness of controls is based on the expectation that controls are operating effectively, and this will form the basis of the auditor's assessment of control risk. The initial expectation of the operating effectiveness of controls is based on the auditor's evaluation of the design, and the determination of implementation, of the controls identified in paragraphs 6.3.14. and 6.3.16. Once the auditor has tested the operating effectiveness of the controls in accordance with</i>	Essential Explanatory Material

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				<p><i>Part 7, the auditor will be able to confirm the initial expectation about the operating effectiveness of controls. If the controls are not operating effectively as expected, then the auditor will need to revise the control risk assessment.</i></p> <p><i>The auditor's assessment of control risk may be performed in different ways depending on preferred audit techniques or methodologies, and may be expressed in different ways.</i></p>	
Application Material	-	<p>With Paragraph 6.5.9.</p> <p>Risk Identification and Assessment</p> <p>Risk Assessment</p> <p><i>Evaluation of the Appropriateness of Using the ISA for LCE</i></p>	-	<p><i>The engagement partner shall evaluate whether the ISA for LCE continues to be appropriate for the nature and circumstances of the entity being audited.</i></p>	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraph A241	<p>With Part 6.8.</p> <p>Risk Identification and Assessment</p> <p>Specific Documentation Requirements</p>		<p><i>The form and extent of documentation for the identification and assessment of the risks of material misstatement may be simple and relatively brief, and is influenced by:</i></p> <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> 	Essential Explanatory Material

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				<ul style="list-style-type: none"> The audit methodology and technology used in the course of the audit. <p>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 Part 2 and the matters noted below.</p>	
Application Material	ISA 315 (Revised 2019) Paragraph A241	With Paragraph 6.8.1.(a) Risk Identification and Assessment Specific Documentation Requirements	-	Key elements of understanding documented by the auditor may include those on which the auditor based the assessment of risks of material misstatement.	Essential Explanatory Material
Application Material	ISA 315 (Revised 2019) Paragraph A241 & A150	With Paragraph 6.8.1. Risk Identification and Assessment Specific Documentation Requirements	-	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.	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 objectives of the auditor are to: (b) Apply the concept of materiality appropriately in	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes

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				planning and performing the audit.	<p>2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes – only to be included in a bulleted list.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? Yes</p>
Requirements	<p>ISA 320 Paragraph 10 Determining Materiality and Performance Materiality When Planning the Audit</p>	<p>Paragraph 5.3.1. Planning Materiality</p> <p>Paragraph 5.3.2. Planning Materiality</p>	<p>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.</p>	<p>5.3.1 The auditor shall determine materiality for the financial statements as a whole.</p> <p>5.3.2 The auditor shall also determine the materiality level or levels to be applied to particular classes of transactions, account balances or disclosures 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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Minor modification for structure of LCE to not structure requirements for the audit strategy separately but the required actions all included.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA</p>

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					requirement in the context of an audit of an 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.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
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.	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) if the auditor becomes aware of information during the audit that would have caused a lower materiality level to be determined initially.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – sentence modified for drafting principles and readability but all significant aspects retained.</p>

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					3. Do the changes result in requirements that still achieve reasonable assurance? Yes
Requirements	ISA 320 Paragraph 13 Revision as the Audit Progresses	Paragraph 5.3.5. 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 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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
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: (a) Materiality for the financial statements as a whole (see paragraph 10); (b) If applicable, the materiality level or levels for particular classes of transactions, account balances	The auditor shall include in the audit documentation the following amounts and the factors considered in their determination (including any revisions as applicable): (a) Materiality for the financial statements as a whole; (b) If applicable, the materiality level or levels for particular classes of transactions,	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Modified to structure the requirement for

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			<p>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>account balances or disclosures; and</p> <p>(c) Performance materiality.</p>	<p>readability by addressing ISA 320 para 14(d) in the lead-in.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Application Material	<p>ISA 320 Paragraph 5 Introduction Materiality in the Context of an Audit</p>	<p>With Paragraph 5.3.1. Planning Materiality</p>	-	<p><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></p>	Essential Explanatory Material
Application Material	<p>ISA 320 Paragraphs 4 & 6 Introduction Materiality in the Context of an Audit</p>	<p>With Paragraph 5.3.1. Planning Materiality</p>	-	<p><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 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> 	Essential Explanatory Material

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				<ul style="list-style-type: none"> Identifying and assessing the risks of material misstatement; and Determining the nature, timing and extent of further audit procedures. 	
Application Material	ISA 320 Paragraph A13	With Paragraph 5.3.3. Planning Materiality	-	<p>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.</p>	Essential Explanatory Material
ISA 500, Audit Evidence					
Objective	ISA 500 Paragraph 4	Paragraph 2.1.1.(a) Audit Evidence and Documentation 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	<p>The objectives of the auditor are to:</p> <p>(a) Design and perform audit procedures in such a way as to enable the auditor to obtain sufficient appropriate</p>	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p>

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			to draw reasonable conclusions on which to base the auditor's opinion.	audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion; and 	<p>2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes – only for incorporating into a bulleted list.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? Yes</p>
Requirements	ISA 500 Paragraph 6 Sufficient Appropriate Audit Evidence	Paragraph 2.2.2. Sufficient Appropriate 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 auditor shall design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 500	Paragraph 2.3.1. Audit Evidence and Documentation	When designing and performing audit procedures, the auditor shall consider the relevance and reliability of the information to be used as audit	When designing and performing audit procedures, the auditor shall consider the relevance and reliability of the information to be	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Paragraph 7 ²³ Information to Be Used as Audit Evidence	<i>Information to be Used as Audit Evidence</i>	evidence, including information obtained from an external information source.	used as audit evidence, including from external information sources.	Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
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 audit evidence has been prepared using the work of management's expert, the auditor shall evaluate the competence, capabilities and objectivity of that expert, and evaluate the appropriateness of the expert's work as audit evidence for the relevant assertion.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications appropriate to the nature of the LCE standard and how use of experts has been incorporated. 'Obtaining an understanding of the work of an expert' would be incorporated into 'evaluate the appropriateness of the experts work...'. Outcome of

²³ This paragraph includes conforming amendments from the International Standard on Auditing 540 (Revised).

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					<p>auditor's action expected to be appropriate to nature and circumstances of expected use of experts in [draft] ISA for LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirements	<p>ISA 500</p> <p>Paragraph 9</p> <p>Information to Be Used as Audit Evidence</p>	<p>Paragraph 2.3.2.</p> <p>Audit Evidence and Documentation</p> <p><i>Information to be Used as Audit Evidence</i></p>	<p>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:</p> <p>(a) Obtaining audit evidence about the accuracy and completeness of the information; and</p> <p>(b) Evaluating whether the information is sufficiently precise and detailed for the auditor's purposes.</p>	<p>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:</p> <p>(a) Obtaining evidence about the accuracy and completeness of the information; and</p> <p>(b) Evaluating whether the information is sufficiently precise and detailed for the auditor's purposes.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified 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	
Requirements	ISA 500 Paragraph 10 Selecting Items for Testing to Obtain Audit Evidence	Paragraph 7.3.4. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level	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 for testing that are effective in meeting the purpose of the audit procedure.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 500 Paragraph 11 Inconsistency in, or Doubts over Reliability of, Audit Evidence	Paragraph 2.3.4. Audit Evidence and Documentation Information to be Used as Audit Evidence	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 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 and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modification to the language used for drafting principles and to improve readability. All aspects of auditor action retained.</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
					3. Do the changes result in requirements that still achieve reasonable assurance? Yes, expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE
Application Material	ISA 500 Paragraph A2 (parts)	With Paragraph 2.2.2. Audit Evidence and Documentation Sufficient Appropriate Audit Evidence	-	... <i>Most of the auditor's work in forming the auditor's opinion consists of obtaining and evaluating audit evidence.</i> ...	Essential Explanatory Material
Application Material	ISA 500 Paragraph A5	With Part 2.3. Audit Evidence and Documentation Information to be Used as Audit Evidence	-	<i>Audit evidence is cumulative in nature and is primarily obtained from audit procedures performed during the audit, but may also include information from other sources, such as:</i> <ul style="list-style-type: none"> <i>Previous audits (provided that the auditor has confirmed there are no changes);</i> <i>Other engagement performed for the client; and</i> <i>The firm's quality management procedures for acceptance and continuance.</i> <i>Audit evidence may come from inside or outside the entity (the entity's accounting records are an</i>	Essential Explanatory Material

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				<i>important source of audit evidence), the work of management's expert, and includes information that both supports and corroborates management's assertions, as well as contradicts such assertions.</i>	
Application Material	ISA 500 Paragraph A27	With paragraph 2.3.1. Audit Evidence and Documentation Sufficient Appropriate Audit Evidence	-	<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 ²⁴	With paragraph 2.3.1. Audit Evidence and Documentation Sufficient Appropriate Audit Evidence	-	<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, including the controls over its preparation and maintenance where relevant. Generally, the reliability of information is increased when it is obtained from independent sources outside of the entity, by the auditor directly, is an original document rather than a copy and written is rather than oral information. However, circumstances may exist</i>	Essential Explanatory Material

²⁴ This paragraph includes conforming amendments from the International Standard on Auditing 540 (Revised).

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				<i>that could affect these generalizations.</i>	
Application Material	ISA 500 Paragraph A51	With paragraph 2.3.2. Audit Evidence and Documentation Information to be Used as Audit Evidence	-	<i>Obtaining audit evidence about the accuracy and completeness of such information may be performed concurrently with the actual audit procedure applied to the information when obtaining such audit evidence is an integral part of the audit procedure itself. In other situations, the auditor may have obtained audit evidence of the accuracy and completeness of such information by testing controls over the preparation and maintenance of the information. In some situations, however, the auditor may determine that additional audit procedures are needed.</i>	Essential Explanatory Material
Application Material	ISA 500 Paragraph A2 (parts)	With Part 2.4. Audit Evidence and Documentation Procedures for Obtaining Audit Evidence	-	<i>Audit procedures to obtain audit evidence can include inspection, observation, confirmation, recalculation, reperformance and analytical procedures, often in some combination, in addition to inquiry. Although inquiry may provide important audit evidence, and may even produce evidence of a misstatement, inquiry alone ordinarily does not provide sufficient audit evidence of the absence of a material</i>	Essential Explanatory Material Paragraph on ATT not from the ISAs but specific to the ISA for LCE (from Staff document on automated tools and techniques).

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	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>misstatement at the assertion level, nor of the operating effectiveness of controls.</i></p> <p><i>Automated Tools and Techniques</i></p> <p><i>In applying this standard, an auditor may design and perform audit procedures manually or through the use of ATT, and either technique can be effective. Regardless of the tools and techniques used, the auditor is required to comply with this standard. In certain circumstances, when obtaining audit evidence, an auditor may determine that the use of ATT to perform certain audit procedures may result in more persuasive audit evidence relative to the assertion being tested. In other circumstances, performing audit procedures may be effective without the use of ATT.</i></p>	
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 Audit 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	The objectives of the auditor are: (b) For initial audit engagements, to obtain sufficient appropriate audit evidence about whether: (i) Opening balances contain misstatements that materially affect the	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the objective be revised or modified for the circumstances of an LCE?</p>

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			<p>affect the current period's financial statements; and</p> <p>(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 accordance with the applicable financial reporting framework.</p>	<p>current period's financial statements, and</p> <p>(ii) The entity's accounting policies are consistently and appropriately reflected in the opening balances.</p>	<p>Modification to modify the objective to make appropriate to nature of standard.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>Yes, it is expected objective to be achieved with requirements in standard and will contribute to sufficient appropriate audit evidence to support the audit opinion.</p>
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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – not included because of nature of LCE standard to be succinct and outcome based. Paragraph 4.6.2. is considered sufficient to address obtaining sufficient appropriate audit evidence about Opening Balances.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>-</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? -
Requirements	ISA 510 Paragraph 6 Audit Procedures	Paragraph 4.6.2. Acceptance or Continuance of an Audit Engagement and Initial Audit 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 to the current period or, when appropriate, have been restated; (b) Determining whether the opening balances reflect the application of appropriate accounting policies; and (c) Performing one or more of the following: (i) Where the prior year financial statements were audited, reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances; (ii) Evaluating whether audit procedures performed in the current period provide	The auditor shall obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements 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 to the current period or, when appropriate, have been restated; (b) Determining whether the opening balances reflect the application of appropriate accounting policies; and (c) Performing one or more of the following: (i) Where the prior year financial statements were audited, inspecting the predecessor auditor's working papers to obtain evidence regarding the opening balances; (ii) Evaluating whether audit procedures performed in	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor change to replace reviewing with inspecting for drafting principles to be clearer about work effort required. – 3. Do the changes result in requirements that still achieve reasonable assurance? Yes

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			evidence relevant to the opening balances; or (iii) Performing specific audit procedures to obtain evidence regarding the opening balances.	the current period provide evidence relevant to the opening balances; or (iii) Performing specific audit procedures to obtain evidence regarding the opening balances.	
Requirements	ISA 510 Paragraph 7 Audit Procedures	Paragraph 4.6.3. Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements Initial Engagements Paragraph 8.8.1. Concluding Specific Communication Requirements	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 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.	4.6.3 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 effect on the current period's financial statements. 8.8.1 The auditor shall communicate all misstatements accumulated during the audit with the appropriate level of management, unless prohibited by law or regulation and request management to correct the misstatements.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modification to the language used in the requirement for drafting principles and to make more appropriate to the nature and circumstances of an LCE audit. All aspects of auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.

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	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 510 Paragraph 8 Audit Procedures	Paragraph 4.6.4. Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements Initial Engagements	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.	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 any changes in accounting policies have been appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 510 Paragraph 9 Audit Procedures	Paragraph 6.2.7. Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	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).	If the prior period's audit opinion on the prior year's financial statements was modified the auditor shall evaluate the effect on the current year's financial statements when identifying and assessing risks of material misstatement.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified the requirement to make more succinct while retaining the same action to evaluate the effect in the circumstance.

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					<p>Broad aspects of evaluation retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 510</p> <p>Paragraph 10</p> <p>Audit Conclusions and Reporting</p>	<p>Paragraph 9.5.2.</p> <p>Forming an Opinion and Reporting</p> <p>Modified Opinions</p> <p><i>Other Circumstances Where a Modification is Required</i></p> <p>Opening Balances</p>	<p>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).</p>	<p>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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - only to remove reference to the ISA.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 510</p> <p>Paragraph 11</p> <p>Audit Conclusions and Reporting</p>	<p>Paragraph 9.5.3.</p> <p>Forming an Opinion and Reporting</p> <p>Modified Opinions</p> <p><i>Other Circumstances Where a Modification is Required</i></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</p>	<p>If the auditor concludes, based on the audit evidence obtained, 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or</p>

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		Opening Balances	an adverse opinion, as appropriate, in accordance with ISA 705.	disclosed, the auditor shall express a qualified opinion or an adverse opinion, as appropriate.	<p>modified for the circumstances of an LCE?</p> <p>Yes - only to remove reference to the ISA and other minor changes for drafting principles.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 510</p> <p>Paragraph 12</p> <p>Audit Conclusions and Reporting</p>	<p>Paragraph 9.5.4.</p> <p>Forming an Opinion and Reporting</p> <p>Modified Opinions</p> <p><i>Other Circumstances Where a Modification is Required</i></p> <p>Opening Balances</p>	<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>If the auditor concludes, based on the audit evidence obtained, that the current period's accounting policies are not consistently applied in relation to opening balances in accordance with the applicable financial reporting framework or a change in accounting policies is not appropriately accounted for or adequately presented or disclosed, the auditor shall express a qualified opinion or an adverse opinion as appropriate.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – Simplified into one paragraph for nature of standard and improve readability. All actions required have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 510 Paragraph 13 Audit Conclusions and Reporting	Paragraph 9.5.5. Forming an Opinion and Reporting Modified Opinions <i>Other Circumstances Where a Modification is Required</i> Opening Balances	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.	The auditor shall modify the auditor's opinion, as appropriate, if a predecessor auditor's opinion regarding the prior year's financial statements included a modification that remains relevant and material to the current year's financial statements.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes –modified sentence structure for drafting principles and readability. All required actions retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>
Application Material	ISA 300 Paragraph A22	With Part 4.6. Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements Initial Audit 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

Section	Reference & Heading		Text		Comparison
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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.	-	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>ISA 520, <i>Analytical Procedures</i> is addressed in Part 7 of the ISA for LCE along with other substantive testing ISAs. Objectives relating to audit evidence have been included in Part 2 broadly and not for each audit evidence-related ISA as this would be considered voluminous for the nature of the LCE standard. Objectives are provided at a broader level for succinctness (in line with the drafting principles of the ISA for LCE). All relevant objectives included in ISA 520 paragraph 3 are included in requirements within the ISA for LCE as mapped below.</p> <p>2. Should / could the objective be revised or modified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the objective that still</p>

Section	Reference & Heading		Text		Comparison
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					achieve reasonable assurance? -
Requirements	ISA 520 Paragraph 5 Substantive Analytical Procedures	Paragraph 7.3.5. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Substantive Analytical Procedures</i>	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: (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; (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 available, and controls over preparation; (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	If the auditor uses analytical procedures to obtain audit evidence, the auditor shall: (a) Determine the suitability of the substantive analytical procedures for the purpose of the test and for the given assertion(s); (b) Evaluate the reliability of data from which the auditor's expectation of recorded amounts or ratios is developed; (c) Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify <u>misstatements</u> ; (d) Determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation being required; and (e) Investigate fluctuations or relationships that are inconsistent with other relevant information or that	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE, This requirement also incorporates paragraph 7 of ISA 520. In addition, modification to the language used in the requirement to for drafting principles and to improve its readability. All significant aspects of required auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, expected to deliver a similar outcome as the ISA

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			<p>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>differ from expected values by a significant amount, by inquiring of management and obtaining appropriate audit evidence and relevant to management's responses, performing additional audit procedures as necessary in the circumstances.</p> <p>....</p>	<p>requirement in the context of an audit of an LCE</p>
Requirements	<p>ISA 520 Paragraph 6</p> <p>ISA 240 Paragraph 35</p> <p>Analytical Procedures that Assist When Forming an Overall Conclusion</p>	<p>Paragraph 8.3.1.</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 evaluate whether analytical procedures that are performed near the end of the audit, when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity, indicate a previously unrecognized risk of material misstatement due to fraud.</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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirements have been combined to better integrate fraud but the significant required auditor actions have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the required action by expected to be similar.</p>

Section	Reference & Heading		Text		Comparison
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Requirements	<p>ISA 520</p> <p>Paragraph 7</p> <p>Investigating Results of Analytical Procedures</p>	<p>Paragraph 7.3.5.</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p> <p><i>Analytical Procedures</i></p> <p>Paragraph 8.3.2.</p> <p>Concluding</p> <p>Analytical Procedures that Assist When Forming an Overall Conclusion</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>7.3.5 If the auditor uses analytical procedures to obtain audit evidence, the auditor shall:</p> <p>(a) ...</p> <p>(b) ...</p> <p>(c) ...</p> <p>(d) ...</p> <p>(e) Investigate fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, by inquiring of management and obtaining appropriate audit evidence and relevant to management's responses, performing additional audit procedures as necessary in the circumstances.</p> <p>....</p> <p>8.3.2 The auditor shall investigate fluctuations or relationships that are inconsistent with other relevant information obtained during the course of the audit, by inquiring of management and performing other procedures as necessary in the circumstances.</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 objective be revised or modified for the circumstances of an LCE?</p> <p>3. Yes – minor modifications for readability and to form part of a bulleted list but does not change the substance of the requirement or intended action. All significant aspects of the auditor action retained. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>Yes</p>
-	-	With Paragraph 7.3.5.	-	<p><i>Automated Tools and Techniques</i></p> <p><i>Analytical procedures can be performed using a number of</i></p>	ATT paragraph not from the ISAs but is specific to the ISA for LCE standard (from Staff

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		Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Substantive Analytical Procedures</i>		<i>tools or techniques, which may also be automated. The evolution of technology, coupled with the increase in number and variety of sources of data, may create more opportunities for the auditor to use ATT in performing substantive analytical procedures.</i> <i>There are countless information sources available (e.g., social media, free access information sources) to the auditor, and some are more reliable than others. The use of ATT to perform substantive analytical procedures allows the auditor to incorporate information from more sources both internal and external to the entity and also to use much greater volumes of data in the analyses. Nonetheless, the auditor's responsibility for addressing the reliability of data used in substantive analytical procedures is unchanged.</i>	document on automated tools and techniques).
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.	-	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? ISA 530, <i>Audit Sampling</i> is addressed in Part 7, the ISA

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					<p>for LCE. Objectives are provided at a broader level for succinctness (in line with the development principles of the ISA for LCE). All relevant objectives included in ISA 530 paragraph 4 are addressed in requirements within the ISA for LCE as mapped below.</p> <p>2. Should / could the objective be revised or modified 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 530</p> <p>Paragraph 6</p> <p>Sample Design, Size, and Selection of Items for Testing</p>	<p>Paragraph 7.3.6.(a)</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p> <p><i>Audit Sampling</i></p>	<p>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.</p>	<p>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:</p> <p>(a) Consider the purpose of the audit procedures and the characteristics of the population from which the sample will be drawn;</p> <p>...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modifications to form part of a bulleted list but does not change the</p>

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					<p>substance of the requirement or intended action. All significant aspects of the auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 530</p> <p>Paragraph 7</p> <p>Sample Design, Size, and Selection of Items for Testing</p>	<p>Paragraph 7.3.6.(b)</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p> <p><i>Audit Sampling</i></p>	<p>The auditor shall determine a sample size sufficient to reduce sampling risk to an acceptably low level.</p>	<p>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:</p> <p>....</p> <p>(b) Determine a sample size sufficient to reduce sampling risk to an acceptably low level;</p> <p>....</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modifications to form part of a bulleted list but does not change the substance of the requirement. All significant aspects of the auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>

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Requirements	ISA 530 Paragraph 8 Sample Design, Size, and Selection of Items for Testing	Paragraph 7.3.6.(c) Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Audit Sampling</i>	The auditor shall select items for the sample in such a way that each sampling unit in the population has a chance of selection.	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: (c) Select items in a way that each sampling unit in the population has a chance of selection. 	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications to form part of a bulleted list but does not change the requirement. All significant aspects of the auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 530 Paragraph 9 Performing Audit Procedures	Paragraph 7.3.6.(d) Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Audit Sampling</i>	The auditor shall perform audit procedures, appropriate to the purpose, on each item selected	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: (d) Perform audit procedures, appropriate to the purpose, on each item selected, 	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Minor modifications to be included in a bulleted list – no change to requirement.</p>

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					<p>All significant aspects of the auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 530</p> <p>Paragraph 10</p> <p>Performing Audit Procedures</p>	<p>Paragraph 7.3.6.(d)</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p> <p><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>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:</p> <p>...</p> <p>(d) Perform audit procedures, appropriate to the purpose, on each item selected, unless the procedure is not applicable to the selected item in which case the auditor shall select a replacement item or perform a suitable 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 (in the case of tests of controls) or a misstatement (in the case of tests of details).</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modifications for readability and to form part of a bulleted list but does not change the substance of the requirement. All significant aspects of the auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 530</p> <p>Paragraph 11</p>	<p>Paragraph 7.3.6.(d)</p>	<p>If the auditor is unable to apply the designed audit procedures, or suitable alternative procedures, to</p>	<p>If the auditor uses audit sampling when responding to assessed risks of material misstatement as a</p>	<p>1. Is the requirement relevant and appropriate</p>

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	Performing Audit Procedures	Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <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.	means for selecting items for testing, the auditor shall: ... (d) Perform audit procedures, appropriate to the purpose, on each item selected, unless the procedure is not applicable to the selected item in which case the auditor shall select a replacement item or perform a suitable 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 (in the case of tests of controls) or a misstatement (in the case of tests of details).	in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications for readability and to form part of a bulleted list but does not change the substance of the requirement. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 530 Paragraph 12 Nature and Cause of Deviations and Misstatements	Paragraph 7.3.6.(e) Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <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.	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: (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 and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications for readability and to form part of a bulleted list but does not change the substance of the

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					<p>requirement. All significant aspects of the auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 530</p> <p>Paragraph 13</p> <p>Nature and Cause of Deviations and Misstatements</p>	<p>Paragraph 7.3.7.</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p> <p><i>Audit Sampling</i></p>	<p>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>	<p>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>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 530</p> <p>Paragraph 14</p> <p>Projecting Misstatements</p>	<p>Paragraph 7.3.6.(f)</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material</p>	<p>For tests of details, the auditor shall project misstatements found in the sample to the population.</p>	<p>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:</p> <p>....</p> <p>(f) For tests of details, excluding misstatements that do not</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or</p>

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		Misstatement at the Assertion Level <i>Audit Sampling</i>		affect the remaining population, project misstatements found in the sample to the population.	modified for the circumstances of an LCE? Yes – minor modifications for readability and to form part of a bulleted list but does not change the substance of the requirement. All significant aspects of the auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 530 Paragraph 15 Evaluating Results of Audit Sampling	Paragraph 7.3.8. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Audit Sampling</i>	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.	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 and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No 3. Do the changes result in the requirement that still achieve reasonable assurance? -

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Application Material	ISA 530 Paragraph A19	With Paragraph 7.3.7 Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Audit Sampling</i>	-	<i>A misstatement that has been established to be an anomaly need not be projected across the remaining population.</i>	
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 that work is adequate for the auditor's purposes.	-	1. Is the objective relevant and appropriate 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> and 8, <i>Concluding</i> , of the [draft] 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 planning the audit and concluding thereon. Objectives are provided at a broader level for succinctness (in line with the development principles

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					<p>of the ISA for LCE). All relevant objectives included in ISA 620 paragraph 5 are addressed in requirements within the ISA for LCE as mapped below.</p> <p>2. Should / could the objective be revised or modified 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</p> <p>Determining the Need for an Auditor's Expert</p>	<p>Paragraph 5.2.9.</p> <p>Planning</p> <p>Planning Activities</p> <p><i>Determining Whether to Use the Work of an Auditor's Expert</i></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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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					-
Requirement	ISA 620 Paragraph 8 Nature, Timing and Extent of Audit Procedures	Paragraph 5.2.10. Planning Planning Activities <i>Determining Whether to Use the Work of an Auditor's Expert</i>	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 management policies or procedures.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modification to the requirement to improve its readability, and removing reference to paragraphs 9-13 of ISA 620. All significant aspects of auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirement	ISA 620 Paragraph 9 The Competence, Capabilities and	Paragraph 5.2.11.(a) Planning Planning Activities	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	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	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p>

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	Objectivity of the Auditor's Expert	<i>Determining Whether to Use the Work of an Auditor's Expert</i>	evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity.	<p>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 the need for the expert to observe confidentiality requirements.</p>	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the focus on the outcome of the required auditor action, not the how that action should be undertaken. Consideration of the nature of potential threats to an expert's objectivity assumed within the broader requirement.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</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.(b)</p> <p>Planning</p> <p>Planning Activities</p> <p><i>Determining Whether to Use the Work of an Auditor's Expert</i></p> <p>Paragraph 7.4.19.</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>5.2.11.(b) 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

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		Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Using the Work of an Auditor's Expert</i>		enable the auditor to determine the nature, scope and objectives of the auditor's expert's work; and (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 the expert to observe confidentiality requirements. 7.4.19 When the auditor has used the work of an auditor's expert, the auditor shall evaluate the adequacy of the auditor's expert's work, including: ...	Yes – minor modifications for readability and to form part of a bulleted list but does not change the substance of the requirement. All significant aspects of auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirement	ISA 620 Paragraph 11 Agreement with the Auditor's Expert	Paragraph 5.2.11.(c) Planning Planning Activities <i>Determining Whether to Use the Work of an Auditor's Expert</i>	The auditor shall agree, in writing when appropriate, on the following matters with the auditor's expert: (a) The nature, scope and objectives of that expert's work; (b) The respective roles and responsibilities of the auditor and that expert;	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	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE?

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			<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>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 the expert to observe confidentiality requirements.</p>	<p>Yes. minor modifications for readability and to form part of a bulleted list but does not change the substance of the requirement. All significant aspects of the auditor action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirement	<p>ISA 620</p> <p>Paragraph 12</p> <p>Evaluating the Adequacy of the Auditor's Expert's Work</p>	<p>Paragraph 7.4.19.</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Specific Focus Areas</p> <p><i>Using the Work of an Auditor's Expert</i></p>	<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</p>	<p>When the auditor has used the work of an auditor's expert, the auditor shall evaluate the adequacy of the auditor's expert's work, 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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. minor modifications for readability and to form part of a bulleted list but does not change the substance of the requirement. All significant aspects of the auditor action of paragraph (a) retained. Paragraphs (b) and (c) have</p>

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			significant to that expert's work, the relevance, completeness, and accuracy of that source data.	(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.	not been addressed as likely relate to complex models or methods that are not contemplated within the scope of this standard. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes
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 Auditor's 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	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Yes. minor modifications for readability and to form part of a bulleted list but does not change the substance of the requirement. All significant aspects of the auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance?

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				auditor's expert on further procedures. ...	Yes.
Requirement	ISA 620 Paragraph 14 Reference to the Auditor's Expert in the Auditor's Report	- Paragraph 9.4.3. Forming an Opinion and Reporting 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.	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.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? No 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	Paragraph 9.5.7. Forming an Opinion and Reporting Modified Opinions <i>Other Circumstances Where a Modification is Required</i>	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.	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.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? No Do the changes result in the requirement that still

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					<p>achieve reasonable assurance?</p> <p>No</p>
Application Material	<p>ISA 620 Paragraph 3</p>	<p>With Paragraph 5.2.8.</p> <p>Planning</p> <p>Planning Activities</p> <p><i>Determining Whether to Use the Work of an Auditor's Expert</i></p>	-	<p><i>The auditor has sole responsibility for the audit opinion expressed, and that 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, based on the audit evidence obtained, 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></p>	Essential Explanatory Material
Application Material	<p>ISA 620 Paragraph A6</p> <p>Determining the Need for an Auditor's Expert</p>	<p>With Paragraph 5.2.9.</p> <p>Planning</p> <p>Planning Activities</p> <p><i>Determining Whether to Use the Work of an Auditor's Expert</i></p>		<p><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.</i></p>	Essential Explanatory Material

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				<i>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 progresses, or as circumstances change, the auditor may need to revise earlier decisions about using the work of an auditor's expert.</i>	