

Supplement 1-01 to Agenda Item 2

Audits of Less Complex Entities – ED-ISA for LCE – Q21 (Effective Date)

Specific Questions\Section 4G - Approach to Consultation and Finalization\Question 21 - Effective Date—Sufficiency of Effective Date (Periods Beginning At Least 18 Months After Approval)\1) 18 Months is Sufficient

4. National Auditing Standard Setters

Australian Auditing and Assurance Standards Board

AUASB Response:

The AUASB supports the proposed effective date being for financial reporting periods beginning at least 18 months after the approval of a final standard with early adoption permitted.

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

Response: Addressing the challenge to adapt the audit tools existing in the market concurrently we recommend a timely decision to issue the standard including an adequate transition period (see question 21).

Response: Effective date is sufficient (see question 17c).

Canadian Auditing and Assurance Standards Board

Following the IAASB's approval of the final standard, jurisdictions will need time to obtain local approval and, for many countries, translate the final standard. Further, time will be needed for practitioners to understand the new standard, determine how it may impact their practice, and develop training and new methodologies and tools.

We believe that 18 months would provide a sufficient period to support effective implementation of the ISA for LCE.

Compagnie Nationale des Commissaires aux Comptes and Conseil Supérieur de l'Ordre des Experts-Comptables

We believe that the suggested period for the effective date is sufficient and consistent with the process retained for the other ISAs.

Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

We agree that given the need for national due process and translation, as well as to provide support for effective implementation, an effective date beginning at least 18 months after the approval of the final standard is appropriate.

Institute of Chartered Accountants of India

In our view, proposed effective date is fine.

Malaysian Institute of Accountants

Response: We believe the proposed timing is appropriate for the effective date.

New Zealand Auditing and Assurance Standards Board

The NZAuASB believes the proposed effective date and permission for earlier application is appropriate.

Public Accountants and Auditors Board Zimbabwe

Response: Agreed

5. Accounting Firms

Azets Audit Services

Response

We agree that this provides a sufficient period to support effective implementation.

Duncan & Toplis Limited

Response: We have no objection with this proposal.

Famme & Co. Professional Corporation

21. We believe 18 months is adequate time to allow for a transition to the new standard.

PKF International Limited

Response:

In our view, 18 months is an appropriate period between the approval date of the final version of the standard and its effective date, particularly if early application is permitted.

Price Bailey LLP

Response: This approach seems appropriate.

6. Public Sector Organizations

Audit Scotland

The proposed effective date provides sufficient time to adopt appropriate procedures.

Auditor-General of New Zealand

The effective date, with provision for early adoption, is considered to be reasonable.

Government Accountability Office (USA)

We find the 18 months sufficient for an effective date.

Swedish National Audit Office

Response:

Agree with your suggestion.

7. Professional Accountancy and Other Professional Organizations

Accountancy Europe

Response:

We believe that suggested period for the effective date is sufficient.

Association of Practising Accountants

Response: This approach seems appropriate, as a minimum time

Botswana Institute of Chartered Accountants

Response: We have no objection to the proposal.

Chamber of Auditors of the Czech Republic

Response:

The proposed period for the effective date is sufficient.

Chamber of Auditors of the Republic of Azerbaijan

21. We believe that the standard will be effective for the financial reporting periods beginning at least 18 months after the approval of the standard.

Chamber of Financial Auditors of Romania

Response:

We consider that at least 18 months after approval is a reasonable timeframe.

Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants

Given the non-mandatory nature of the standard, this seems reasonable.

Chartered Accountants Ireland

We agree with the proposed effective date.

Chartered Governance and Accountancy Institute in Zimbabwe

Response: We are in support of the proposal.

CPA Ireland

Given the urgency of this project we believe that the standard should be available for early adoption as soon as possible and believe that the time period proposed is reasonable.

European Federation of Accountants and Auditors for SMEs

Response:

We believe this will provide a sufficient period – albeit the bare minimum - to support effective implementation of the ISA for LCE.

We are keen to see a high-quality standard in place and effective as soon as is practicable. That said, we recognize the huge effort needed to adopt and implement the standard. In an ideal world we would welcome a longer period. But we do not have time. The need for urgency trumps the need for time to implement the standard. We must not let perfection stand in the way of progress.

Federation of Accounting Professions of Thailand

We agreed that the proposed effective date after the standard is issued is appropriate.

Finnish Association of Authorised Public Accountants

We support the suggested time span of 18 months.

Indonesian Committee on Public Accountant Profession (KPAP)

Response: We agree with the proposed effective date with earlier application permitted.

Institute of Certified Public Accountants in Israel

Response:

ICPAI believes that a year and a half is a perfectly reasonable period of time to make preparations for effective implementation of the standard.

Institute of Certified Public Accountants of Kenya

Response:

We are of the view that this would be sufficient.

Institute of Certified Public Accountants of Rwanda

Response: We believe that a period of 18 months would provide a sufficient period to support effective implementation of the ISA for LCE.

Institute of Certified Public Accountants of Uganda

We agree that this time would provide a sufficient period to support effective implementation of the ISA for LCEs.

Institute of Chartered Accountants in England and Wales

We agree with IAASB's proposed approach but the emphasis should be on the words 'at least' - the effective date should be at least 18 months after final approval.

Institute of Chartered Accountants of Ghana

Response: This appears to be sufficient. This will provide sufficient time for configuration and Integration of auditing software as well as training for auditing staff.

Institute of Chartered Accountants of Jamaica

Response: We are in agreement with the 18 month period,

Institute of Chartered Accountants of Scotland

Response to Question 21

We are supportive of the proposed effective date.

Instituto Mexicano de Contadores Públicos (IMCP)

Response:

We agree with the period of at least 18 months and consider it sufficient for dissemination and implementation. However, we recognize that at the time of approval of the ISA for LCE it is necessary to evaluate what other projects issued by the IAASB are in the process of implementation to ensure that the dates are appropriate in each of them and that there is no saturation of activities in charge of the different jurisdictions that may prevent compliance with the proposed periods.

Korean Institute of Certified Public Accountants

We believe that the effective date proposed by the IAASB in the ED-ISA for LCE would provide a sufficient period to support effective implementation of the ISA for LCE.

Malaysian Institute of Certified Public Accountants

Comment:

If it is issued as a standard, the proposed timing is appropriate.

Nordic Federation of Public Accountants

We believe the suggested period for the effective date is sufficient. However, since the applicability of the standard will be voluntary, the effective date is less important.

Polish Chamber of Statutory Auditors Warsaw (Regional Branch)

Response: Yes.

REA Auditores

Response:

We believe this will provide a sufficient period to support effective implementation of the ISA for LCE.

Self-Regulatory Organization of Auditors Association (SRO AAS)

The 18-month implementation period looks sufficient.

Society of Certified Accountants and Auditors of Kosovo (SCAAK)

Response: We believe this will provide a sufficient period to support effective implementation of the ISA for LCE.

South African Institute of Chartered Accountants (2)

Response:

125. Consideration should be given to the new and revised standards becoming effective over the next two years for example the Quality Management Standards, ISA 315 (Revised 2019), ISRS 4400 (Revised) etc. We recommend that the ISA for LCE only becomes effective 18 months after the approval of a final LCE standard. It would be beneficial to allocate more rather than less time for the transition as this is an entirely new standard. Jurisdictional changes may also take a very long time to finalise as regulators have their own due processes to follow.

South African Institute of Professional Accountants

Response: We believe this would provide a sufficient period to support effective implementation of the ISA for LCE.

Union of Chambers of Certified Public Accountants of Turkey (TURMOB)

Response:

The suggested effective date is appropriate.

8. Academics

Argentine institute of Auditing Professors

Response: We consider the time frame to be reasonable and adequate.

9. Individuals and Others

Vera Massarygina

Response: Period of 18 months is sufficient.

Specific Questions\Section 4G - Approach to Consultation and Finalization\Question 21 - Effective Date—Sufficiency of Effective Date (Periods Beginning At Least 18 Months After Approval)\2) 18 Months is Too Short\1. Suggest 24 Months

3. Regulators and Audit Oversight Authorities

Botswana Accountancy Oversight Authority

We propose effective for the standard to be for financial reporting periods beginning at least 24 months after the approval of a final standard. This period would give stakeholders adequate time to transition to the new ISA for LCE and its effective implementation.

Finance Professions Supervisory Centre Indonesia

We suggested that an appropriate effective date for the standard would be for financial reporting periods beginning at least 24 months after the approval of a final standard. Earlier application would be permitted and encouraged. As is the case in the implementation of ISA 315 (Revised 2019) – Identifying and Assessing the Risks of Material Misstatement and ISA 220 (Revised) – Quality Management at the Engagement Level, the effective date for the standard start for financial reporting periods beginning at 24 months after the approval of a final standard. Apart from the need for a national process and translation into national languages, the jurisdiction, firms and auditors also need to be preparing to apply the new standard.

Independent Regulatory Board for Auditors (IRBA)

The discussion of effective date is premised on the understanding that a re-exposure will be necessary. As is usually the case with new standards, a due process within jurisdictions that will implement/adopt the proposed standard will be required. Translation of the proposed standard will also be necessary in some jurisdictions.

The due process for implementing/adopting the proposed standard will not be a simple process. It will require action and possible legislation to be passed, in addition to action at jurisdictional level, as noted in the Authority section of the proposed standard.

Also, there will be a need for the development or revision of audit firm methodology and training of auditors and staff.

As such, we suggest that the proposed standard be made effective for financial periods beginning 24 months after the approval of the final standard. Early adoption, though, should be permitted and encouraged.

4. National Auditing Standard Setters

Hong Kong Institute of Certified Public Accountants

We usually adopt the same effective date as IAASB. We believe the proposed time frame would be sufficient, but the IAASB may consider extending it slightly to 24 months on the basis that local jurisdictions may need to tailor the authority section for the local context.

5. Accounting Firms

Baker Tilly International

Baker Tilly comments: In addition to national due process and translation, there are needs for: users to make their views known about whether they will accept the standard (especially if there is a separate LCE report) software providers (and firms that build their own audit tool/methodology) to build/test/pilot/roll out a new LCE audit tool/template (which will be necessary if there is a separate ISA for LCE). Especially for software providers, given the experience of many firms with revised audit tools for ISA 540 and ISA 315 revised, 18 months implementation period is too short – we suggest a minimum of 24 months.

BDO International

Response: We would welcome a period of at least 24 months for the following reasons:

This is a standalone standard and audit firms may have to re-design, pilot, revise and implement portions of their methodologies and audit tools.

The standard has been fast tracked and field testing has not been performed.

This would allow for a longer trial/preparation period (2 financial year ends) when compared to historic changes to the ISAs (18 months) – the latter is generally considered an acceptable time frame when coming from a suite of existing standards.

There are 2 other significant standards being implemented in roughly the same time frame – ISQM 1 and ISQM 2.

Implementation of these standards require a significant investment of time and resources by firms, so implementation of the LCE standard may not get the attention it deserves.

A proposal for a delayed mandatory adoption, with early adoption being permitted, may bridge the gap between the urgency from certain participants, and these practical difficulties.

Crowe Global

The implementation of ISA for LCE is likely to require changes to audit documentation tools and the presentation of audit resources, beginning with the change of references to underlying standards.

To allow sufficient time for familiarisation and implementation of applications and supporting resources, the effective date ought to be for the audits of financial statements for accounting periods beginning on or after the 15 December that is at least twenty-four months after approval by the IAASB.

ETY sas

Response:

We believe that this would not be sufficient. We suggest at least 24 months to allow adoption process going to its end.

Grant Thornton International Limited

We believe that an appropriate effective date for the standard would be for financial reporting periods beginning at least 24 months after the approval of the final standard. This is a new standard that may require firms to develop a new methodology for the entire audit and not just aspects of the audit, as with the amendment of individual ISAs. It may also require firms to modify existing audit tools that facilitate performance and documentation of the audit.

KPMG IFRG Limited

We believe this proposed timeframe could be challenging, in particular, for firms which would need to develop two sets of methodologies, workflows, training processes, and which would need to implement ISQM 1 policies and procedures in connection with the two sets of standards. We therefore recommend a longer implementation period and would suggest a minimum of two years, whilst permitting firms which consider they are ready to use the standard to early adopt.

PriceWaterhouseCoopers

Absent any mandated adoption in a jurisdiction, which is unlikely, the determination of whether to adopt and use the LCE standard will primarily be a firm level decision, taking into account a number of factors, including necessary changes to methodology, tools and training and audit client demand.

A sufficient implementation period should be set to avoid setting unrealistic expectations in the market that the standard can be adopted without appropriate implementation work. If revisions to the proposals are developed, as we recommend, to better distinguish the standard from an ISA audit, thereby meeting expectations of stakeholders, this will inevitably have an incremental impact on the costs and effort required relating to implementation. The costs involved in attaining these benefits will not be insignificant and will necessitate development of a new methodology, documentation tools, and training together with the delivery of that training to staff. Associated activities, such as supplementary firmwide and engagement level quality review processes, will also need to be developed and implemented. The Board should not underestimate the scale of effort required.

Recognising the already significant implementation burden being placed on firms as a result of ISA 315 (Revised), the various Quality Management Standards, and shortly ISA 600 (Revised), we believe that the Board should adopt an effective date that is no less than 24 months after approval by the Board.

7. Professional Accountancy and Other Professional Organizations

ASSIREVI

ED-ISA for LCE acknowledges the important role that national standard setters will play in further refining the scope and authority for its use in an individual jurisdiction. In our view, a period of 24 months from approval of a final standard would be the minimum period necessary to allow sufficient time to allow for implementation across jurisdictions, including the need for firms to establish policies and procedures once any further implementation decisions by jurisdictional authorities become known.

CPA Australia

Regarding the effective date, we suggest allowing for at least 24 months after the approval of a final standard. The suggested time frame would give auditors sufficient time to familiarise themselves with the new standards while recovering from disruptions (such as staff shortages) caused by the pandemic. Further, the suggested timeframe would allow firms to prepare or amend their methodologies and train their staff accordingly. As early adoption is intended to be allowed, this would not prevent jurisdictions, firms or individual auditors moving to implement more quickly.

Institute of Chartered Accountants of Pakistan

Response:

We suggest that the effective date of the standard is set for financial reporting periods beginning at least 24 months after the approval of a final standard.

Instituto dos Auditores Independentes do Brasil

We would recommend at least 24 months.

International Federation of Accountants' Small and Medium Practices Advisory Groups

We believe that 18 months after approval of the final standard may be a reasonable time period to support effective implementation and those auditors that are prepared sooner can always early adopt the standard if permitted in their respective jurisdiction.

However, we do recognize the time and effort that may be needed to review all of the comments received and ensure proper due process, which could take more time than anticipated based on the number of comment letters and feedback received through the IFAC and IAASB survey. Then, once the standard is finalized, it will take time for translations and to provide communication of the changes to key stakeholders. In addition, time will also be needed for firms to develop their methodologies, train staff and also allow other providers to develop tools, practice aids, and other implementation support materials. Therefore, a period of 24 months may be more realistic.

Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA-BF)

Response:

We believe that this would not be sufficient. We suggest at least 24 months to allow adoption process going to its end.

Pan-African Federation of Accountants (PAFA)

We believe that this would not be sufficient due to the time required to launch the adoption process in some of the regions such as the OHADA jurisdiction. 24 months would be preferred.

9. Individuals and Others

Cristian Munarriz

Response: I think the effective date is less relevant if earlier application is permitted. Nonetheless, I think a longer period (i.e. 24 months) may be needed in some jurisdictions and firms to address translation, training and review of audit methodology, and even adaptation to local jurisdictions.

Specific Questions\Section 4G - Approach to Consultation and Finalization\Question 21 - Effective Date—Sufficiency of Effective Date (Periods Beginning At Least 18 Months After Approval)\2) 18 Months is Too Short\b. Suggest Longer Period (General)

4. National Auditing Standard Setters

Japanese Institute of Certified Public Accountants

We think that an effective date for ISA for LCE needs to be later than 18 months after the approval of the final standard. In addition to the IAASB's recognition that ISA for LCE is a new standard and the need for national due process and translation, it is necessary for stakeholders to deepen their understanding of the said standard for its proper application, and legislative or regulatory authorities or relevant local bodies with standard-setting authority will need to consider the jurisdiction level limitations as stated in the Part A "Authority of the ISA for Audits of Financial Statements of Less Complex Entities".

5. Accounting Firms

Ernst & Young Global Limited

The effective date of ED-ISA for LCE should be closely considered by the IAASB because the implementation of this standard will require a different approach than for a revision to a full ISA due to decisions that will need to be made about the authority in each jurisdiction (and potentially by firms). Firms will also need to assess and address the implications of providing audits under the ED-ISA for LCE on their systems of quality management, including how the standard may affect the portfolio of their audit engagements and determining transition plans for existing audit engagements that may qualify (e.g., updates to engagement acceptance, revised terms of engagement, communications with those charged with governance, assignment of staff, adaptation of methodologies/enabement/ training).

Overall, we believe that the implementation of ED-ISA for LCE will require significant effort and coordination. We believe that the IAASB should establish an effective date that allows sufficient time for implementation considering the various parties involved in implementation. In particular, we believe that firms will need to defer implementation considerations until local jurisdictional plans for implementing the ED-ISA for LCE are known because decisions about the required or permitted use of the standard will rest with standard-setting, legislative or regulatory authorities in many jurisdictions. Because of the need for firms to understand any restrictions on use of the ED-ISA for LCE in the jurisdiction, it is our view that the IAASB consider the effect this may have on the establishment of the effective date. It would not seem to be appropriate for firms to implement the standard prior to adoption (or prior to the effective date that is established) by the jurisdiction, which is sometimes later than the effective date established by the IAASB. Otherwise, there would be a risk that a firm may apply the ED-ISA for LCE to an audit of entity for which the application is subsequently prohibited by the jurisdiction, which may call into question the validity of the audit opinion issued.

7. Professional Accountancy and Other Professional Organizations

Belgian Institute of Registered Auditors (IBR-IRE)

Response: In the light of our response under 20, 18 months may not be sufficient to allow national due process of adoption and translation, should the Belgian regulator choose to effectively approve the ISA for LCE.

Eurasian Group of Accountants and Auditors

he proposed time frame of 18 months from the effective date is a standard one. A longer period may be needed, as many audit firms will apply ISA for LCE for auditing LCEs, and the full-scope ISAs for auditing more complex entities. Accordingly, quality management policies and procedures will need to be developed and implemented in connection with the introduction of ISQM 1.

The proposed time frame of 18 months from the effective date is a standard one. A longer period may be needed, as many audit firms will apply ISA for LCE for auditing LCEs, and the full-scope ISAs for auditing more complex entities. Accordingly, quality management policies and procedures will need to be developed and implemented in connection with the introduction of ISQM 1.

Institute of Certified Public Accountants of Cyprus

Response: We find the timeline set for applying the standard as aggressive as the new standard does not only require national due process and translation but also educating auditors to apply it and raising awareness amongst the preparers and users of the financial statements. We therefore ask the IAASB to set a more realistic timeline such as 36 months after the approval of a final standard.

8. Academics

Hunter College Graduate Program

21. Implementation of the new standard 18 months after approval is not sufficient. This should be changed to implementation of the new standard by the 2nd financial reporting period after the standard has been approved. If we implement the new standard 18 months after the standard is approved, and the standard is approved in the month of March 2022, then the companies whose fiscal period starts in January, will not be able to adhere to the standard as they will be more than 18 months out before their next fiscal reporting period begins or choose to start 9 months earlier. By allowing implementation of the new standard by the 2nd financial reporting period, the companies can prepare to convert to the new standard and possibly implement some aspects of the new standard earlier to start to become compliant by the 2nd reporting period.

Specific Questions\Section 4G - Approach to Consultation and Finalization\Question 21 - Effective Date—Sufficiency of Effective Date (Periods Beginning At Least 18 Months After Approval)\3) As Soon as Possible or Shorter Period

5. Accounting Firms

Mazars

Since the standard is voluntary to use effective date is less important. We suggest that the effective date should be as soon as possible with permission to early adoption, subject to territory permission.

MHA Monahans

We agree that early adoption should be encouraged. We think a period of at least 12 months should be given after the approval of the standard for the effective date.

RSM International

Response:

We are aware that, when a new standard is issued, there is normally an implementation period with early adoption permitted to allow for the matters discussed in paragraph 153 of the Explanatory Memorandum. However, the new standard is not mandatory and therefore we do not understand why implementation follows the same pattern as other mandatory standards such as ISA 540 (Revised).

For a mandatory standard, an implementation period is necessary so that Firms and networks have time to adapt their methodologies to the new standard.

The voluntary nature of the ISA for LCE means that an implementation period is unnecessary. Many firms and networks already have simplified approaches for LCEs and they may want to begin using the new standard as soon as possible. Those networks and firms that do not have an LCE approach can take any length of time to adopt it, should they wish to.

7. Professional Accountancy and Other Professional Organizations

Institute for the Accountancy Profession in Sweden (FAR)

Response:

Since the standard is voluntary to use the effective date is less important. We suggest that the effective date should be as soon as possible with permission to early adoption, subject to territory permission.

Instituto Salvadoreño de Contadores Públicos (ISCP)

The time of 18 months for its implementation is considered very long, taking into account that Full ISAs are already applied.

Specific Questions\Section 4G - Approach to Consultation and Finalization\Question 21 - Effective Date—Sufficiency of Effective Date (Periods Beginning At Least 18 Months After Approval)\4) Other Comments

4. National Auditing Standard Setters

Federación Argentina de Consejos Profesionales de Cs. Económicas

Answer: In principle, yes, since the standard does not add new questions but rather synthesizes existing ones. In this sense, 18 months seems a more than prudent term. However, if the criterion of paragraph A9 is maintained, the application in different environments could require clarifying local pronouncements, and in that case the term will be insufficient, although it could be subject to the moment of adoption.

Specific Questions\Section 4G - Approach to Consultation and Finalization\Question 21 - Effective Date—Sufficiency of Effective Date (Periods Beginning At Least 18 Months After Approval)\6) Views on Early Adoption (Regardless of Response to 18 Months period)\a. Early Adoption Should be Permitted

3. Regulators and Audit Oversight Authorities

Finance Professions Supervisory Centre Indonesia

We suggested that an appropriate effective date for the standard would be for financial reporting periods beginning at least 24 months after the approval of a final standard. Earlier application would be permitted and encouraged.

Independent Regulatory Board for Auditors (IRBA)

Early adoption, though, should be permitted and encouraged.

4. National Auditing Standard Setters

Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

. We also agree that earlier application ought to be permitted.

New Zealand Auditing and Assurance Standards Board

The NZAuASB believes the proposed effective date and permission for earlier application is appropriate.

5. Accounting Firms

Baker Tilly International

We agree that earlier adoption should be allowed.

BDO International

A proposal for a delayed mandatory adoption, with early adoption being permitted, may bridge the gap between the urgency from certain participants, and these practical difficulties.

Duncan & Toplis Limited

Response: We have no objection with this proposal.

Grant Thornton International Limited

We agree that it is appropriate to allow early adoption.

KPMG IFRG Limited

We therefore recommend a longer implementation period and would suggest a minimum of two years, whilst permitting firms which consider they are ready to use the standard to early adopt.

Mazars

Since the standard is voluntary to use effective date is less important. We suggest that the effective date should be as soon as possible with permission to early adoption, subject to territory permission.

MHA Monahans

We agree that early adoption should be encouraged. We think a period of at least 12 months should be given after the approval of the standard for the effective date.

PKF International Limited

Response:

In our view, 18 months is an appropriate period between the approval date of the final version of the standard and its effective date, particularly if early application is permitted.

Price Bailey LLP

Response: This approach seems appropriate.

6. Public Sector Organizations

Auditor-General of New Zealand

The effective date, with provision for early adoption, is considered to be reasonable.

Swedish National Audit Office

Agree with your suggestion.

7. Professional Accountancy and Other Professional Organizations

Botswana Institute of Chartered Accountants

Response: We have no objection to the proposal.

Chamber of Auditors of the Republic of Azerbaijan

We also believe that permitting and encouraging earlier application is quite reasonable.

Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants

Given the non-mandatory nature of the standard, this seems reasonable.

Chartered Governance and Accountancy Institute in Zimbabwe

Response: We are in support of the proposal.

CPA Ireland

Given the urgency of this project we believe that the standard should be available for early adoption as soon as possible and believe that the time period proposed is reasonable.

Indonesian Committee on Public Accountant Profession (KPAP)

Response: We agree with the proposed effective date with earlier application permitted.

Institute of Chartered Accountants in England and Wales

Early adoption should be permitted if agreed locally.

Early adoption should be permitted if agreed locally.

International Federation of Accountants' Small and Medium Practices Advisory Groups

We believe that 18 months after approval of the final standard may be a reasonable time period to support effective implementation and those auditors that are prepared sooner can always early adopt the standard if permitted in their respective jurisdiction.

However, we do recognize the time and effort that may be needed to review all of the comments received and ensure proper due process, which could take more time than anticipated based on the number of comment letters and feedback received through the IFAC and IAASB survey. Then, once the standard is finalized, it will take time for translations and to provide communication of the changes to key stakeholders. In addition, time will also be needed for firms to develop their methodologies, train staff and also allow other providers to develop tools, practice aids, and other implementation support materials. Therefore, a period of 24 months may be more realistic.

Polish Chamber of Statutory Auditors Warsaw (Regional Branch)

Response: Yes.

South African Institute of Chartered Accountants (2)

126. The option to early adopt should be allowed for audit firms ready for the adoption and the mandated effective date should be extended to at least 18 months after the final standard has been approved. Allowing less time may result in inappropriate decisions and assessments regarding the use of the ISA for LCE.

Union of Chambers of Certified Public Accountants of Turkey (TURMOB)

It should be considered that for the standards to be nationally adopted, there will be additional time needed for (i) translation of the standards into local languages, preferably led by the professional accountancy body in the country to allow for local auditors

to start implementing voluntarily as soon as possible, and (ii) for the national regulators not only to translate but also to open up for national consultation before adopting it as national legislation and setting up criteria and thresholds for mandatory use, if deemed necessary.

Therefore, we deem it to be urgency that the ISAs for LCEs become effective in the shortest time possible and we fully support the option for early adoption.

Wirtschaftsprüferkammer (WPK)

We ask the IAASB to finalise the ISA for LCE as soon as possible so that audit firms can apply it promptly. Voluntary early application should be permitted, provided this does not conflict with national laws.

9. Individuals and Others

Vera Massarygina

Earlier application may be permitted and encouraged only for jurisdictions not for users.

Specific Questions\Section 4G - Approach to Consultation and Finalization\Question 21 - Effective Date—Sufficiency of Effective Date (Periods Beginning At Least 18 Months After Approval)\6) Views on Early Adoption (Regardless of Response to 18 Months period)\b. Early Adoption Should Not Be Permitted

3. Regulators and Audit Oversight Authorities

National Association of State Boards of Accountancy (NASBA)

The Exposure Draft indicates that the effective date for the standard would be for financial reporting periods beginning at least eighteen months after the approval of a final standards. Earlier application would be permitted and encouraged. Given the significant changes and impact of this standard and in an effort to avoid confusion, we do not believe that early adoption should be permitted.

5. Accounting Firms

Ernst & Young Global Limited

The effective date of ED-ISA for LCE should be closely considered by the IAASB because the implementation of this standard will require a different approach than for a revision to a full ISA due to decisions that will need to be made about the authority in each jurisdiction (and potentially by firms). Firms will also need to assess and address the implications of providing audits under the ED-ISA for LCE on their systems of quality management, including how the standard may affect the portfolio of their audit engagements and determining transition plans for existing audit engagements that may qualify (e.g., updates to engagement acceptance, revised terms of engagement, communications with those charged with governance, assignment of staff, adaptation of methodologies/enabement/ training).

Overall, we believe that the implementation of ED-ISA for LCE will require significant effort and coordination. We believe that the IAASB should establish an effective date that allows sufficient time for implementation considering the various parties involved in implementation. In particular, we believe that firms will need to defer implementation considerations until local jurisdictional plans for implementing the ED-ISA for LCE are known because decisions about the required or permitted use of the standard will rest with standard-setting, legislative or regulatory authorities in many jurisdictions. Because of the need for firms to understand any restrictions on use of the ED-ISA for LCE in the jurisdiction, it is our view that the IAASB consider the effect this may have on the establishment of the effective date. It would not seem to be appropriate for firms to implement the standard prior to adoption (or prior to the effective date that is established) by the jurisdiction, which is sometimes later than the effective date established by the IAASB. Otherwise, there would be a risk that a firm may apply the ED-ISA for LCE to an audit of entity for which the application is subsequently prohibited by the jurisdiction, which may call into question the validity of the audit opinion issued.

We do not agree that earlier application should be permitted, unless it is permitted by the jurisdiction or regulatory authority, for the same reasons expressed above.

We do not agree that earlier application should be permitted, unless it is permitted by the jurisdiction or regulatory authority, for the same reasons expressed above.

Famme & Co. Professional Corporation

21. We believe 18 months is adequate time to allow for a transition to the new standard. As noted earlier, we do not support provisions for early adoption.

As noted earlier, we do not support provisions for early adoption.