

# Supplement 1-03 to Agenda Item 2

## Audits of Less Complex Entities – ED-ISA for LCE – Q15 (Adoption of Future Revisions)

### Specific Questions\Section 4F – Other Matters\Question 15 - For any subsequent revisions to the standard, should early adoption be allowed\1) Support Early Adoption

#### 3. Regulators and Audit Oversight Authorities

##### Botswana Accountancy Oversight Authority

Early adoption may be allowed because it will be coming as a quality improvement and mostly also resources saving.

##### Independent Regulatory Board for Auditors (IRBA)

Response:

We support early adoption.

#### 4. National Auditing Standard Setters

##### Australian Auditing and Assurance Standards Board

AUASB Response:

The AUASB supports early adoption for any subsequent revisions in line with the underlying ISA.

##### Canadian Auditing and Assurance Standards Board

Yes. Consistent with permitting early adoption of the ISAs, early adoption of revisions to the ISA for LCE should be allowed.

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

Yes, we agree that early adoption should be allowed.

##### Federación Argentina de Consejos Profesionales de Cs. Económicas

Answer: We consider it appropriate to allow early adoption.

##### Indonesian Institute of Certified Public Accountants (IAPI)

Response: Yes

##### Japanese Institute of Certified Public Accountants

Response:

Early adoption should be allowed.

##### Malaysian Institute of Accountants

Response: Yes, we believe any subsequent revisions should allow for early adoption where appropriate.

##### New Zealand Auditing and Assurance Standards Board

Response:

The NZAuASB agrees with the IAASB's view that early adoption should be allowed for any subsequent revisions to the standard once effective.

##### Public Accountants and Auditors Board Zimbabwe

Response: Yes, it should be allowed

#### 5. Accounting Firms

##### Azets Audit Services

Response

Yes, to mirror ISAs and permit consistent roll-out across multiple tiers of complexity on a jurisdictional or firm-wide basis.

##### Baker Tilly International

Baker Tilly comments: Yes. Early adoption should be allowed.

##### Crowe Global

Early adoption, in line with the implementation date of the equivalent ISA should be permitted.

##### Duncan & Toplis Limited

Response: Yes, we see no issue with early adoption, in much the same way as is the case for the ISAs.

## **ETY sas**

Response:

Yes, we do not have any objection to early adoption and support it.

## **KPMG IFRG Limited**

We consider it appropriate that early adoption be permitted, consistent with the approach taken for the full-scope ISAs.

## **Mazars**

Yes, we support an early adoption. We should follow the general way like for the other standards.

## **MHA Monahans**

Early adoption should be allowed so users can benefit from improvements to the standard.

## **PKF International Limited**

Response:

In our view, early adoption should be allowed for any subsequent revisions to the standard, once effective, early adoption.

## **Price Bailey LLP**

Response: Yes early adoption should be allowed.

## **SRA**

15. We support the possibility of early adoption.

## **6. Public Sector Organizations**

### **Audit Scotland**

Yes.

### **Auditor-General of New Zealand**

We agree that early adoption of revisions to the standard should be allowed.

### **Swedish National Audit Office**

Response

Yes.

## **7. Professional Accountancy and Other Professional Organizations**

### **Accountancy Europe**

Response:

Yes, early adoption should be allowed.

### **ASSIREVI**

Early adoption should be allowed, like in all other circumstances.

### **Association of Practising Accountants**

Response: Yes early adoption should be allowed.

### **Botswana Institute of Chartered Accountants**

Response: We are of the view that early adoption should be allowed.

### **Chamber of Auditors of the Czech Republic**

Response:

Yes, early adoption should be allowed.

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

Yes.

### **Chartered Governance and Accountancy Institute in Zimbabwe**

Response: Yes. We are in support of early adoption.

### **Confederation of Swedish Enterprise**

Response: Yes, as a principle.

### **CPA Australia**

Response:

We support allowing early adoption of any future revisions to the LCE standard.

### **CPA Ireland**

Yes, CPA Ireland considers that it would be appropriate to allow for early adoption.

### **European Federation of Accountants and Auditors for SMEs**

Response:

We encourage using the same approach as is used for the ISAs that is, allowing early adoption.

### **Indonesian Committee on Public Accountant Profession (KPAP)**

Response: KPAP believes early adoption should be allowed for any subsequent revisions to the standard once effective.

### **Institute for the Accountancy Profession in Sweden (FAR)**

Response:

Yes

### **Institute of Certified Public Accountants in Israel**

Response:

In principle, early adoption should be allowed as is generally accepted in most accounting standards.

### **Institute of Certified Public Accountants of Cyprus**

Response: We do not see any reason for not allowing early adoption.

### **Institute of Certified Public Accountants of Kenya**

Response:

Yes, we do not have any objections to early adoption and in fact support it.

### **Institute of Certified Public Accountants of Rwanda**

Response: As for other standards, early adoption of ISA for LCE should also be allowed.

### **Institute of Certified Public Accountants of Uganda**

Comment:

ICPAU supports early adoption for any subsequent revisions to the standard once effective.

### **Institute of Chartered Accountants of Ghana**

Response: Yes, with the option to adopt revisions early (in the same way that newly revised or issued ISAs may be adopted early).

### **Institute of Chartered Accountants of Jamaica**

Response: YES

### **Institute of Chartered Accountants of Namibia**

Response: Yes.

### **Institute of Chartered Accountants of Scotland**

Response to Question 15

We are supportive of the principle that early adoption should be permissible. This would provide the opportunity for audit firms to avail themselves of the latest version of the standard as early as is possible.

### **Instituto Mexicano de Contadores Públicos (IMCP)**

Response:

We believe that, as in the case of the standards approved for ISAs which are not yet effective, early adoption of the ISA for LCE should be allowed. Subsequent amendments will certainly aim to provide a clearer and broader understanding in the application of the standards and may establish more simplified or efficient procedures or allow a better understanding for practitioners, and therefore, early application will be favorable to improve either the documentation or understanding of new situations that arise.

### **International Federation of Accountants' Small and Medium Practices Advisory Groups**

Yes, we believe that any subsequent revisions should allow for early adoption when appropriate.

## Malaysian Institute of Certified Public Accountants

Comment:

We have no objection if the early adoption is allowed.

## Nordic Federation of Public Accountants

Yes, early adoption should be allowed.

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

Response:

Yes, we do not have any objection to early adoption and support it.

## Pan-African Federation of Accountants (PAFA)

Response:

Yes, we do not have any objections to early adoption and in fact support it.

## Polish Chamber of Statutory Auditors Warsaw (Regional Branch)

Response: Yes.

## REA Auditores

Response:

We agree to use the same approach as is used for the ISAs that is, allowing early adoption.

## Society of Certified Accountants and Auditors of Kosovo (SCAAK)

Response: We encourage using the same approach as is used for the ISAs that is, allowing early adoption.

## South African Institute of Professional Accountants

Response: We have no objections on early adoptions

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

Response:

We are in favour of early adoption option.

## 9. Individuals and Others

### ASK KSA Consulting Inc.

ASK KSA Response:

We do not see an issue with early adoption of subsequent revisions to the standard once effective.

### Cristian Munarriz

Response: Yes, the same as ISAs

### Rodoula Roussou

Response:

Yes, an early adoption should be allowed.

## Specific Questions\Section 4F – Other Matters\Question 15 - For any subsequent revisions to the standard, should early adoption be allowed\2) Support Early Adoption with Comments

### 3. Regulators and Audit Oversight Authorities

#### Finance Professions Supervisory Centre Indonesia

To answer questions 14 and 15, we agree with the proposed approach to the future updates and maintenance of the standard and related supplemental guidance. Likewise, regarding the urgency to adjust the contents of the ED-ISA for LCE when the ISA changes as described in paragraphs 146-148. Therefore, it is allowed to early adoption with any subsequent revisions to the standard, but by considering the complexity of the revision of the standard as well as for adjustment to ISA changes. Therefore, the understanding and limitations of companies and auditors on this standard need to be properly disseminated. So that if there are revisions to the ISA in the future, the ED-ISA for LCE can immediately adjust.

### 4. National Auditing Standard Setters

#### Austrian Chamber of Tax Advisors and Public Accountants (KSW)

Response: Yes, but local endorsement mechanism could take some time and different effective dates could harm comparability.

## **Institut der Wirtschaftspruefer in Deutschland e.V. (IDW)**

With the exception of major changes in reporting requirements, early adoption should be allowed so that LCE audits benefit from the latest thinking on such audits. Like for the ISAs, we do not believe in early adoption of major changes in reporting requirements because having comparable auditors' reports in the market, rather than varying ones, is important in preventing confusion among stakeholders.

## **7. Professional Accountancy and Other Professional Organizations**

### **Belgian Institute of Registered Auditors (IBR-IRE)**

Response: Early adoption of a standard that is supposedly "better" is certainly an opportunity and may therefore be encouraged provided that it is allowed under the national law.

### **Federation of Accounting Professions of Thailand**

If the revisions result in an improvement of the standard, we do not have any concerns for early adoption.

### **Finnish Association of Authorised Public Accountants**

Yes, early adoption should always be allowed, unless the revision is tied to a new or revised law and the adoption needs to be dependent on that law.

### **Institute of Chartered Accountants in England and Wales**

Early adoption should be permitted but not required.

## **8. Academics**

### **Argentine institute of Auditing Professors**

Response: We conclude that early adoption should be allowed on an optional basis.

### **Brunel University London**

Yes. We believe early adoption should be allowed (first as a pilot and then full adoption)

### **Hunter College Graduate Program**

15. Yes, if early adoption will not be a burden to the auditor. In general, the auditor should consider a cost benefit analysis. The burden is on the auditor to train staff, update software, tools, forms etc. Larger firms are more easily able to adapt to new guidelines while smaller firms might be more reliant on auditing publishers on how to proceed.

## **Specific Questions\Section 4F – Other Matters\Question 15 - For any subsequent revisions to the standard, should early adoption be allowed\3) Should Align with the Corresponding ISAs**

## **4. National Auditing Standard Setters**

### **American Institute of Certified Public Accountants**

As the Exposure Draft should be revised at the same time as any revisions to the corresponding ISAs, the effective date of such revisions, including whether early adoption is allowed, should be the same as the effective date of the corresponding ISA.

### **Hong Kong Institute of Certified Public Accountants**

Following our comments to Question 14, any early adoption to subsequent revisions to the proposed standard should align with that of the ISAs on equivalent revisions.

For revisions not necessarily related to updates to the ISAs, we suggest that an option of early adoption be allowed as in the ISAs.

## **5. Accounting Firms**

### **BDO International**

Response: It may depend on the nature of the standard (for example a reporting requirement versus a performance requirement). If the corresponding ISA allows early adoption, so should the ISA for LCE. Consistency with the adoption of the corresponding ISA is important so that auditors who perform both types of engagements are not confused on whether the revised standard is to be implemented on a particular engagement.

### **Ernst & Young Global Limited**

It depends. We believe that, if subsequent revisions to the standard are made once it is effective, early adoption should be allowed for the ED-ISA for LCE if early adoption was allowed for the respective ISA that caused the ED-ISA for LCE to be updated. In other words, if the reason for the revisions to the ED-ISA for LCE was because of revisions made to the ISAs and early adoption was allowed for the respective ISAs, then early adoption should be allowed for the ED-ISA for LCE.

## Grant Thornton International Limited

We are of the view that the adoption, or effective date, of revisions to ED-ISA for LCE should be consistent with those for the ISA from which the changes resulted. Therefore, if early adoption is allowed for the ISA, early adoption should be allowed for ED-ISA for LCE.

## RSM International

Response: Yes, early adoption should be allowed, in line with the updates to ISAs, where relevant. However, please see our response to question 21 regarding implementation periods.

## 7. Professional Accountancy and Other Professional Organizations

### Chartered Accountants Ireland

We believe that early adoption should be aligned with the ISAs and where a revision/new standard permits early adoption this should be reflected in the LCE standard.

### Instituto dos Auditores Independentes do Brasil

It will depend on if the corresponding ISA also allows early adoption.

### Self-Regulatory Organization of Auditors Association (SRO AAS)

In our opinion, all changes to this standard should begin to take effect at the same time as the relevant provisions of the ISA are changed. It doesn't necessarily have to be sooner or later. Transition period would allow to assess application difficulties, if any, and duly collect public response.

### South African Institute of Chartered Accountants (2)

Response:

112. Yes. For revisions also affecting the ISAs, early adoption in the LCE standard should be allowed only if early adoption for the applicable section of the original ISAs is allowed. Otherwise, early adoption should not be allowed as this may lead to confusion for teams who may be working on multiple engagements with both suites of ISAs. Only for amendments made solely to the LCE standard, should early adoption be considered independently.

**Specific Questions\Section 4F – Other Matters\Question 15 - For any subsequent revisions to the standard, should early adoption be allowed\4) Depends on the Nature or Significance**

## 5. Accounting Firms

### PriceWaterhouseCoopers

This question cannot fully be answered without an understanding of the nature and significance of the proposed changes. Notwithstanding, and subject to considering the merits of individual prospective revisions, we believe the default position should be that early adoption is permissible.

## 6. Public Sector Organizations

### Government Accountability Office (USA)

We believe that determining whether early adoption of an update to the standard is permitted should be part of the updating process. Such a determination should be based on the significance of the update and the nature of the areas updated.

## 7. Professional Accountancy and Other Professional Organizations

### Chamber of Auditors of the Republic of Azerbaijan

15. In our view, the adoption of any subsequent revisions to the standard once it is effective is a generally accepted practice, while early adoption of changes depends on their nature and materiality.

### Korean Institute of Certified Public Accountants

Need for early adoption depends on the nature of subsequent revision. Therefore, we propose that early adoption be allowed on a case-by-case basis, rather than making decision to allow early adoption in advance, so that it can be allowed if necessary.

**Specific Questions\Section 4F – Other Matters\Question 15 - For any subsequent revisions to the standard, should early adoption be allowed\5) Do Not Support Early Adoption**

## 4. National Auditing Standard Setters

### Institute of Chartered Accountants of India

In our view, in case of subsequent revisions to the standard, early adoption should not be allowed because it may create inconsistency in adoption date of standard by different jurisdictions. Further, sufficient time needs to be given to understand and

implement the revised standard. In our view, time period of at least 18 months mentioned in paragraph 149 of Explanatory Memorandum to ED-ISA for LCE for effective date of the updated revised standard is fine.

## 5. Accounting Firms

### Famme & Co. Professional Corporation

We do not support early adoption provisions for any subsequent revisions. We further suggest that all future revisions carry the same effective date wherever possible. We would suggest that revisions become effective for fiscal periods ended on or after December 14th of a given year. This would effectively result in the same standards in effect for all audits performed in a calendar year. Mid-year revisions require a second set of standards (audit forms, procedures and policies) to be in use at the same time and can lead to misapplication of the standards. We would further suggest that all future effective dates be based on periods “beginning on or after (date)” rather than having some effective for periods “ending on or after (date)”. Again, this would serve to reduce confusion and help ensure auditors are applying the revisions in the correct periods.

## 7. Professional Accountancy and Other Professional Organizations

### Institute of Chartered Accountants of Pakistan

Response:

Once finalised the ISA for LCE would be a new and significant development for the auditing profession, aimed primarily to facilitate the auditors of less complex entities. We believe that the applicability of proposed standard should be made when stakeholders are reasonably expected to be familiar and knowledgeable about the requirements of the ISA for LCE.

The option of early adoption may result in a mixed approach. An auditor would be early adopting the ISA for LCE for a particular engagement, while same auditor would not be early adopting the ISA for LCE on another engagement. This situation might create confusion among auditors, entities and other stakeholders.

In our view early adoption should not be allowed to reduce confusion and ensure consistent understanding and application.

## 9. Individuals and Others

### Vera Massarygina

Response: No, revised versions should be effective simultaneously.

**Specific Questions\Section 4F – Other Matters\Question 15 - For any subsequent revisions to the standard, should early adoption be allowed\6) Other Comments**

## 6. Public Sector Organizations

### Office of the Auditor General of Alberta

As an independent standard, future updates and maintenance should follow the same diligence as other standalone standards, i.e. ISAs and ISAE 3000.

## 7. Professional Accountancy and Other Professional Organizations

### Chamber of Financial Auditors of Romania

Response:

Early adoption was a key element for all ISAs. After all, all national regulators and professional bodies will adopt the proposed standard based on circumstances and local regulations/transnational regulations (such EU regulations).