

Audits of Less Complex Entities: ISA for LCE

Presented by

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IAASB Meeting

September 18, 2023

Agenda Item 2



ISA for LCE: The Journey

Exposure Draft – ISA for LCE

Published July 2021, comment period closed January 2022

Exposure Draft on Group Audits (Part 10)

Published January 2023, Comment period closed May 2023

Project Proposal

Approved December 2020

Information Gathering

Started 2017



ISA for LCE: The Journey



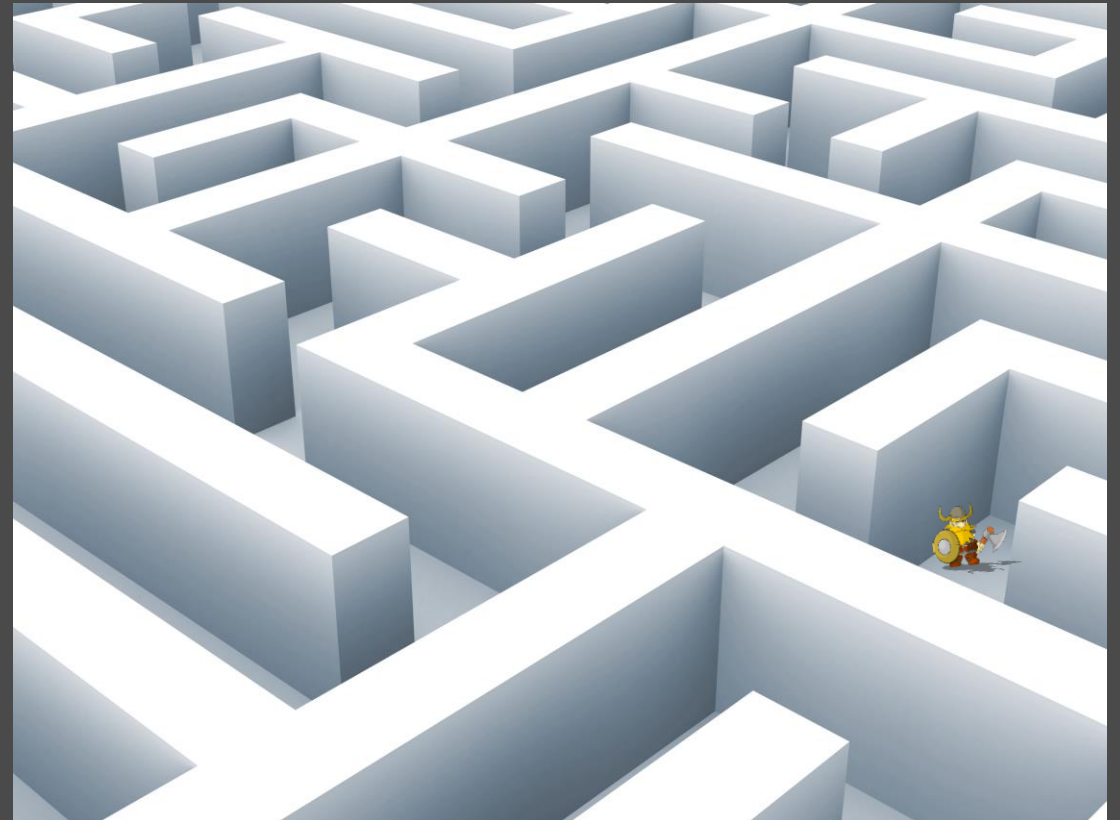
Discussed 18 times with
the Board



Analyzed 205 comments
letter for ED-ISA for LCE
and ED-Part 10



Held 30 Task Force
meetings



Task Force and Staff Activities Since June Board Meeting

Task Force Meetings

Coordination with IESBA and
IAASB Consultation Groups

CAG Meeting

Outreach



September 2023 CAG Discussion

Broad support for the ISA for LCE Standard

ISA for LCE

- Mixed views on the prohibition for the use of component auditors

Other Matters

- Emphasized the importance of outreach to support the adoption of the standard
- Suggested to review the IFRS for SME's adoption and implementation and liaise with the IASB to learn from their successes
- Emphasized the need for a post-implementation review
- Questioned the need for an initial effective date

Overall Changes to the Standard



CUSP guidelines review

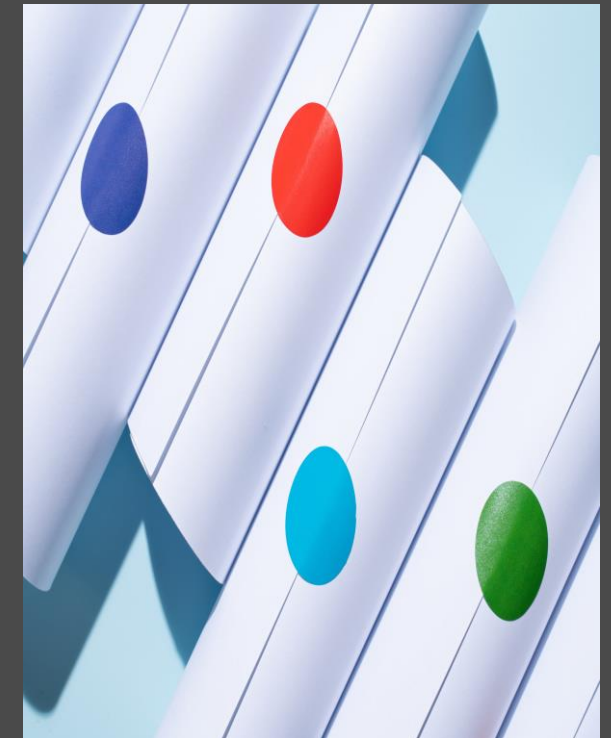


Cold read / consistency review

Matters for Board Consideration

ISA for LCE

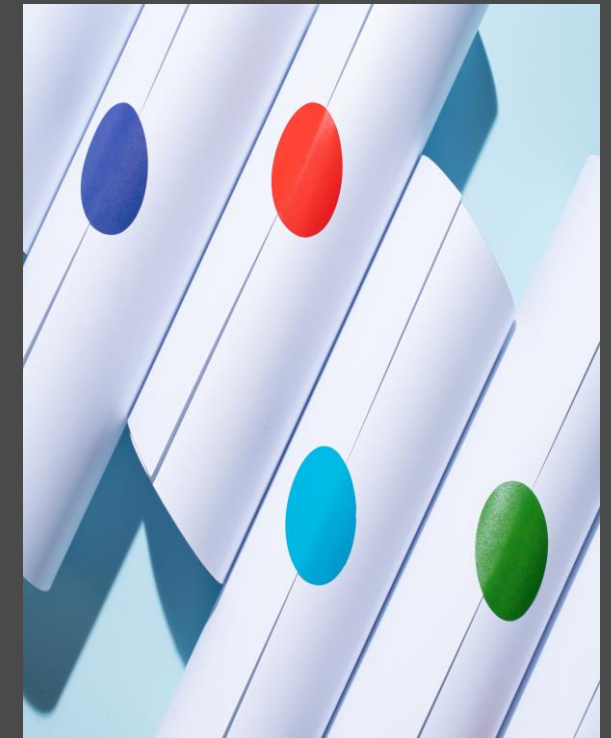
1. The Board is asked for their views on the proposed revisions to
 - a) The Preface and Authority



Matters for Board Consideration

ISA for LCE

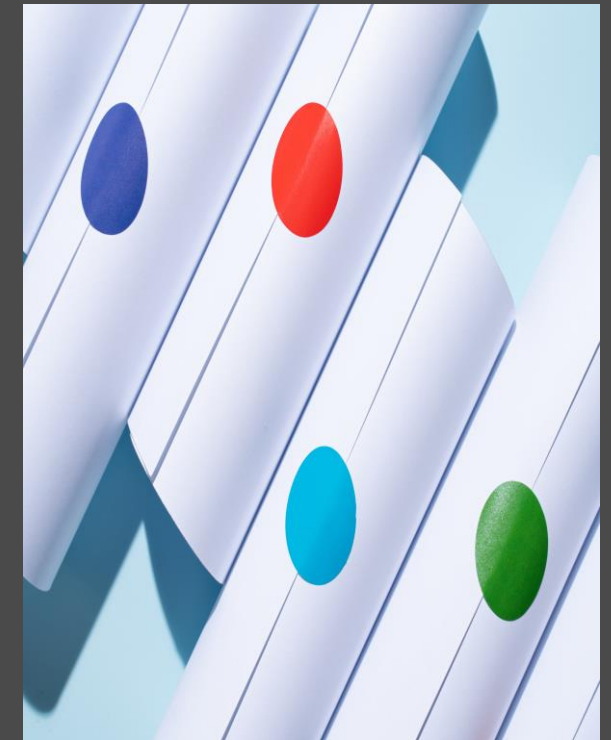
1. The Board is asked for their views on the proposed revisions to
 - a)
 - b) Parts 1 and 2



Matters for Board Consideration

ISA for LCE

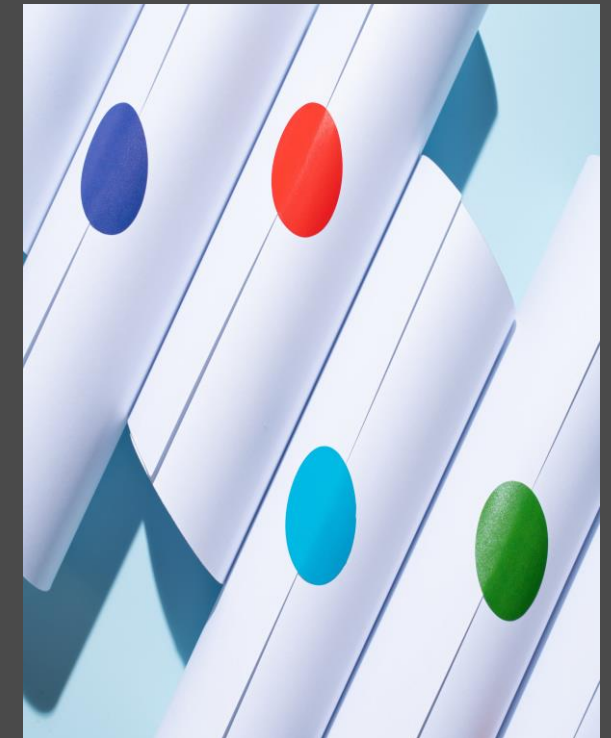
1. The Board is asked for their views on the proposed revisions to
 - a)
 - b)
 - c) Parts 3 to 5



Matters for Board Consideration

ISA for LCE

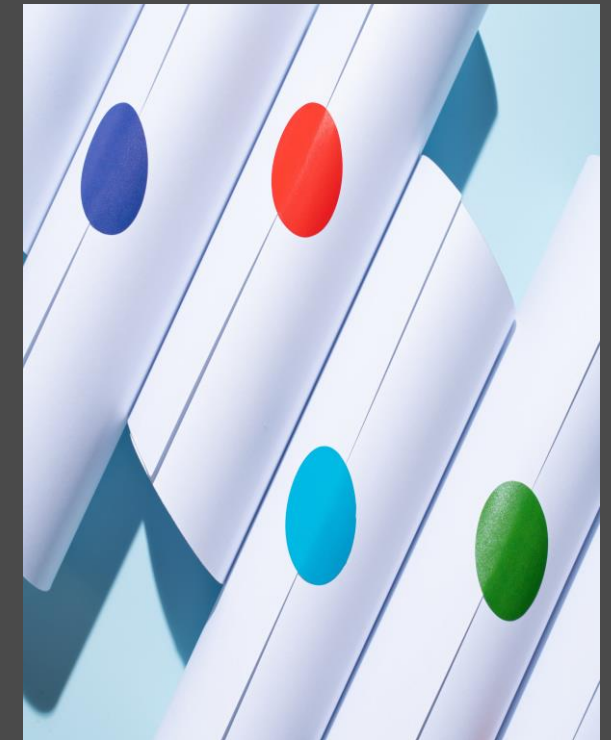
1. The Board is asked for their views on the proposed revisions to
 - a)
 - b)
 - c)
 - d) Parts 6 and 7



Matters for Board Consideration

ISA for LCE

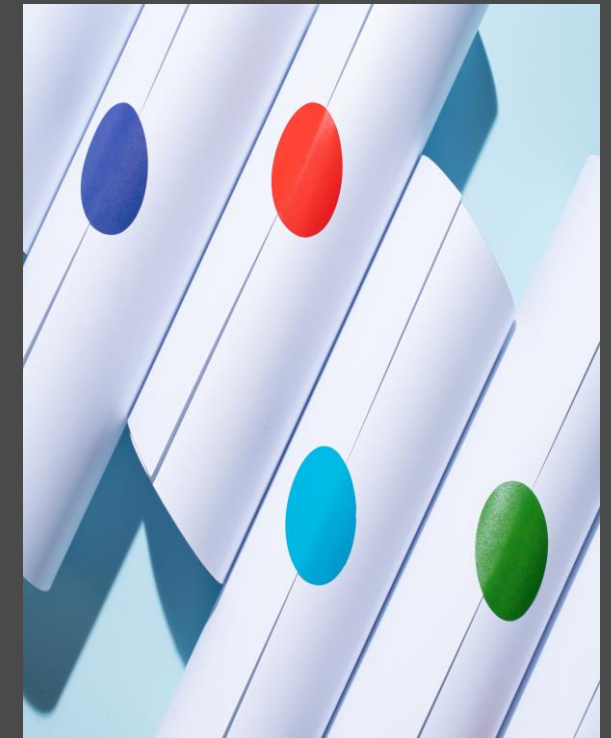
1. The Board is asked for their views on the proposed revisions to
 - a)
 - b)
 - c)
 - d)
 - e) Parts 8 and 9



Matters for Board Consideration

ISA for LCE

1. The Board is asked for their views on the proposed revisions to
 - a)
 - b)
 - c)
 - d)
 - e)
 - f) Part 10 and appendices



Conforming Amendments

Identified conforming amendments not previously presented to the Board



ISQM 1 and ISQM 2

- Added a paragraph indicating that the ISA for LCE also includes requirements regarding quality management

ISRE 2400

- Removed the reference to the ISAs in the practitioner's report and instead added a general reference to the auditing standards issued by the IAASB

Matters for IAASB Consideration

Conforming Amendments

2. The Board is asked for their views on proposed revisions to the Conforming Amendments as presented in **Agenda Item 2-D**

Effective Date and Maintenance



Effective Date

- Proposed implementation date: December 15, 2025



Maintenance

- Initial period of stability
- After initial period of stability, first revisions include
 - Considerations for ISA currently under revision
 - Post implementation review
- Formation of LCE Working Group
- Revisions to ISA for LCE to be developed and implemented concurrently with relevant project to revise ISAs

Early Adoption, Adoption and Implementation



Early adoption of
future revisions

- Case-by-case analysis



Adoption

- Outreach activities promoting the standard
- Liaison with IFAC, NSSs and PAOs
- Development of targeted materials



Implementation

- Factsheet
- Supplemental Guides on Authority and Reporting
- First time implementation guide
- Other materials TBD

Matters for IAASB Consideration

Adoption and Implementation Matters

3. The Board is asked for their views on the proposed way forward on
 - a) The effective date
 - b) Future updates and maintenance
 - c) Early adoption of future revisions
 - d) The implementation support and guidance

Matter for IAASB Consideration

Other Matters

4. The Board is asked whether there are any issues raised by respondents, in addition to those discussed in previous IAASB meetings, that it considers should have been discussed by the IAASB.

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