

Maintenance of the ISA for LCE

Agenda Item 6

IAASB March 2026 Meeting



Project Team and Project Board Members



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Director



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Manager



Greg Schollum,
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Member



Hernán Casinelli,
Project Board
Member

Comments from IFAC SMP Advisory Group

- Appreciation for the constructive engagement throughout the development of the Approach for Maintaining the ISA for LCE
- Concerns that the relevance assessment for the public interest issues may not be appropriate.
- Avoid introducing new appendices.
- Relocate content only where necessary.
- Support for certain revisions relating to ISA 240 (Revised).
- Concerns regarding revisions arising from ISA 570 (Revised 2024).

Planned Outreach

Objective of Planned Outreach

Obtain feedback on the proposed ISA for LCE (Revised)

- Whether the proposed revisions are proportionate to the typical nature and circumstances of an LCE?

Planned Outreach

- LCE Advisory Group
- IFAC SMPAG
- Regional bodies representing auditors for SMEs

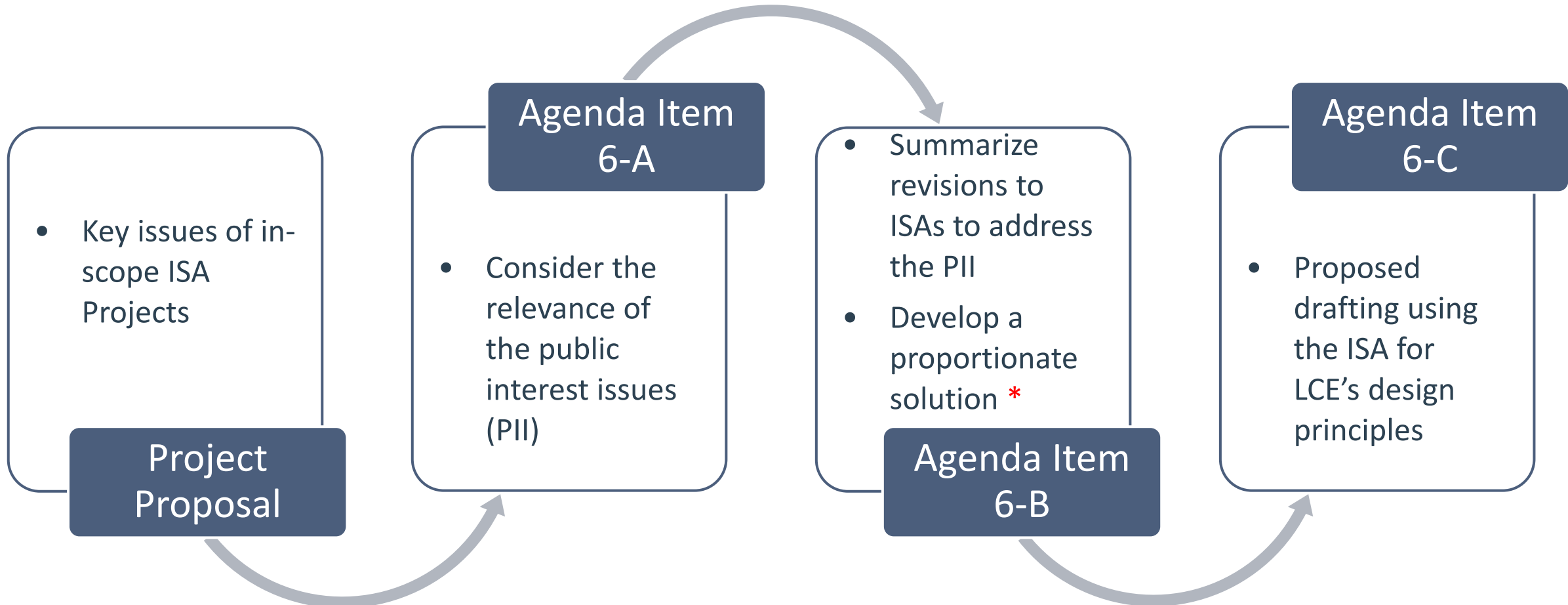
Objective of the Plenary Session

The objective of this session is to obtain Board's direction on:

- The Project Team's views and recommendations related to the proposed ISA for LCE (Revised)
- The drafting of the proposed ISA for LCE (Revised)

Structure of Agenda Items

SUPPORTED BY THE IAASB IN DECEMBER 2025



Matters for Board Consideration



1. The Board is asked for their views on whether the proposed ISA for LCE (Revised) is appropriate to address the public interest issues related to technology.
2. The Board is asked for their views on the drafting related to Part 1 and Part 5 as presented in **Agenda Item 6-C**, informed by the steps applied as set out in **Agenda Items 6-A** and **6-B.1 and 6-B.2**.

Part 6: Risk Identification and Assessment

Design Principles of Part 6

**ISA 240 (Revised) and
ISA 570 (Revised 2024)**



Revising Part 6 of the ISA for LCE

- **Fraud risk factors**
- **Events or conditions that may cast significant doubt on the entity's ability to continue as a going concern**
- **Presumption of the ROMMs due to fraud in revenue recognition**
 - Aligned requirement
 - Proportionality addressed by not including application material from ISA 240 (Revised) that drives the auditor not to rebut fraud in revenue recognition

Matters for Board Consideration



3. The Board is asked for their views on the Project Team's proposals on how to address in the proposed ISA for LCE (Revised):
 - (a) Fraud risk factors and events or conditions; and
 - (b) The presumption that there are ROMMs due to fraud in revenue recognition.
4. The Board is asked for their views on the drafting presented in Part 6 as presented in **Agenda Item 6-C**, informed by the steps applied as set out in **Agenda Items 6-A** and **6-B.3**.

Part 7: Responding to Assessed ROMM

Fraud or Suspected Fraud

- Included a separate section on fraud or suspected fraud
- Aligned requirements related to fraud or suspected fraud with ISA 240 (Revised)
- Moved communication and documentation requirements related to fraud or suspected fraud from Part 1 to Part 7

Testing Method, Significant Assumptions and Data for Going Concern: Added EEM for the auditor to consider performing the procedures for accounting estimates

Matters for Board Consideration



5. The Board is asked for their view on the Project Team's recommendations related to:
 - (a) Fraud or suspected fraud; and
 - (b) The method, significant assumptions and data for management's going concern assessment.

6. The Board is asked for their views on the other drafting related to Part 7 as presented in **Agenda Item 6-C**, informed by the steps applied as set out in **Agenda Items 6-A** and **6-B.4**.

Matters for Board Consideration



7. The Board is asked for their views on the drafting related to Part 8 as presented in **Agenda Item 6-C**, informed by the steps applied as set out in **Agenda Items 6-A** and **6-B.5**.

Matters for Board Consideration



8. The Board is asked for their views on the drafting related to Part 9 as presented in **Agenda Item 6-C**, informed by the steps applied as set out in **Agenda Items 6-A** and **6-B.6**.

Matters for Board Consideration



9. The Board is asked for their views on adding Appendix 4A for examples of identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
10. The Board is asked for their views on the drafting related to Part 10 and appendices as presented in **Agenda Item 6-C**, informed by the steps applied as set out in **Agenda Items 6-A** and **6-B.7**.

Matters for Board Consideration



11. Are there any other matters that the Project Team should consider in preparing the final draft for the Board's consideration at the June 2026 Board meeting?

Way Forward

- LCE Advisory Group
- Other outreach
- Input from March Board meeting

June 2026



**Targeted
approval of
exposure draft**