

International Auditing
and Assurance
Standards Board

Unser Zeichen JK
Sachbearbeiter Mag. Kometer

Submitted via Website

Datum 2nd May 2023

Subject: Proposed Part 10, Audits of Group Financial Statements of the proposed ISA for LCE

Dear Sir or Madam,

the Austrian Chamber of Tax Advisors and Public Accountants (KSW) is pleased to provide you with its comments on proposed Part 10, Audits of Group Financial Statements of the proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE).

General Comments

In general, we support the requirements in Part 10 which are built on ISA.

We have concerns about the restrictiveness of the scope by excluding engagements involving component auditors, considering the way European companies operate in a single market.

We thank you for the opportunity to comment. For further information on this letter, please contact our Technical Advisor: Mag. Gerhard Prachner (gerhard@prachner.at).

Sincerely,

Dr. Aslan Milla
(Chair of the KSW Expert
Committee on Auditing & Assurance)

Dr. Gerald Klement
(Secretary General)

digitally signed

Austrian Chamber of Tax Advisors and Public Accountants

The Austrian Chamber of Tax Advisors and Public Accountants, KSW is the statutory and regulatory authority of tax advisors and public accountants in Austria. KSW represents more than 10,000 members, making tax advisors and public accountants the second-largest group within the liberal professions. For 70 years now, KSW has been a reliable partner for its members and an important point of contact for the business sector and politics in Austria in all matters relating to tax advising and auditing. KSW works with the Austrian legislative bodies on bills of law and provides expert advice to its members.

The Austrian Chamber of Tax Advisors and Public Accountants is in the EU Transparency Register (No 533887237765-96).

Annex – Request for Comments

Questions

1. In the Authority, do you agree with the proposed prohibition on the use of the proposed ISA for LCE for group audits where component auditors are involved, other than in limited circumstances where physical presence is required?
 - (1) No, we do not agree with the outright ban on component auditors. As result of such a restrictive scope the standard will be used in a very limited capacity and even groups with branches may not be eligible. We therefore prefer a more principle-based approach. We would need criteria to determine which audit of groups may be considered less complex or not.

2. In the Authority, do you agree with the proposed group-specific qualitative characteristics to describe the scope of group audits for which the proposed ISA for LCE is designed to be used?
 - (2) Clear Criteria are necessary in order to avoid unacceptable risks to audit quality, especially that the LCE standard is inconsistently applied in similar fact patterns. Therefore, we basically agree with the proposed group-specific qualitative characteristics.
 - (3) However, in the European union with an open market for services, goods and finance setting up entities in several (i.e., more than three) member states are rather common also for less complex groups. The numbers of 5 and 3 are arbitrary. It seems that those numbers are seen as the upper end of a possible range (e.g., 5 or less), if so, it should be explained.

3. Do you agree with the content of proposed Part 10 and related conforming amendments?
 - (4) The content of proposed Part 10 is now written in the sense of very rare use for LCE-Groups because the use of component auditors is prohibited. We therefore propose to include in Part 10 a selection of key requirements of ISA 600 (Revised) relevant to LCE-Group Audits involving component auditors.

