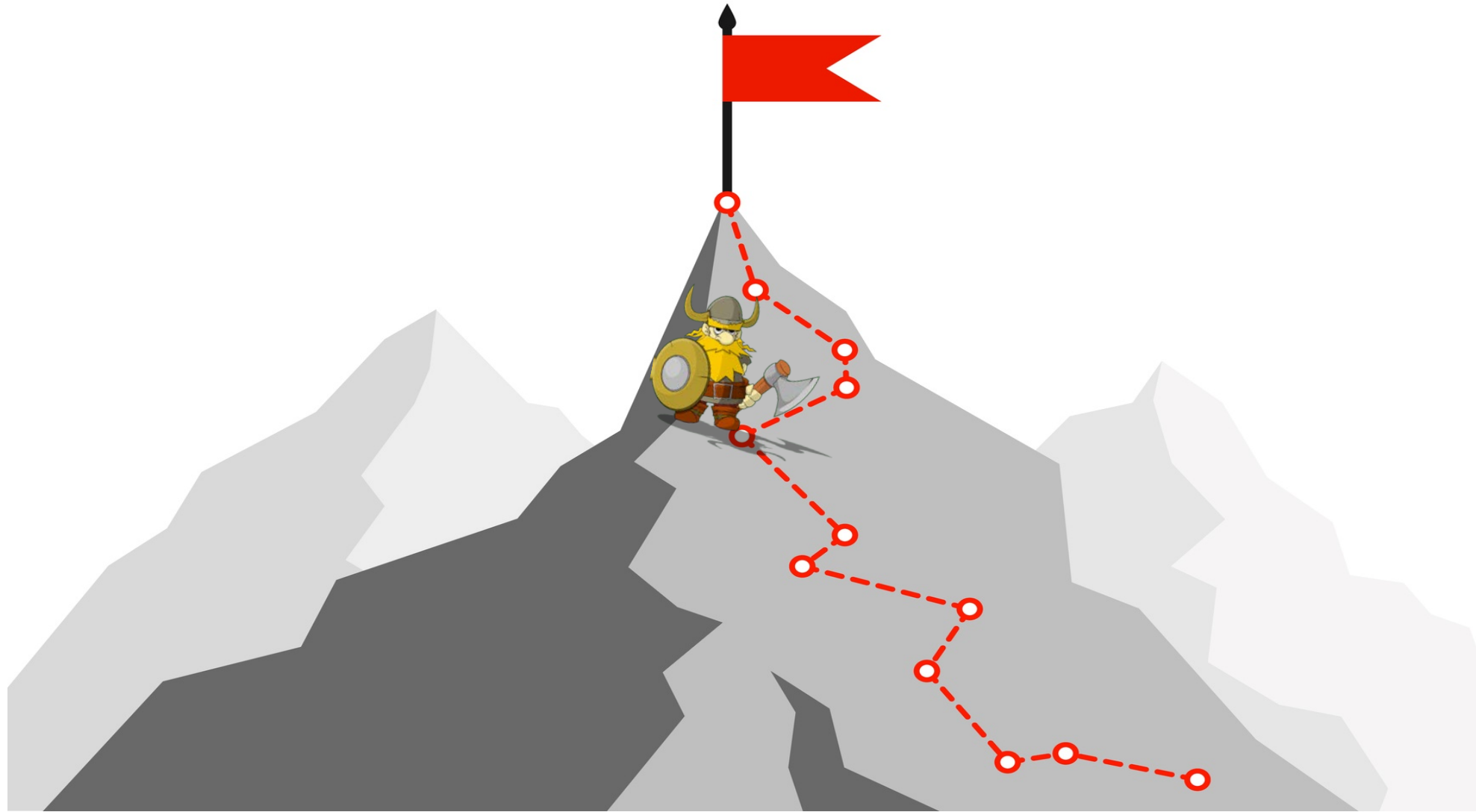


Audits of Less Complex Entities: Separate Standard

Presented by:
Kai Morten Hagen
Task Force Chair

IAASB Virtual Meeting
March 15-19, 2021
By Videoconference





Where Are We?

What We Discussed in December

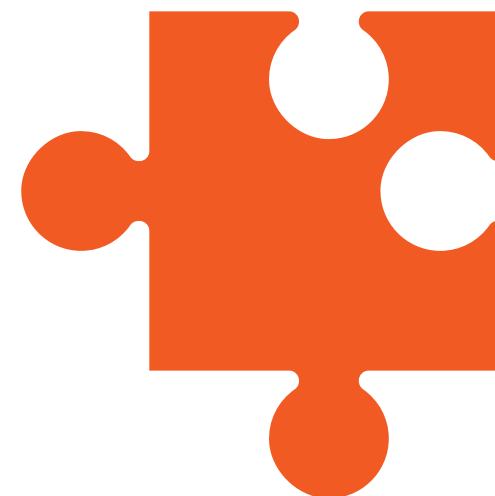
- Approved the project proposal (sets out the principles on which the ISA for LCE is premised)
- Board broadly supportive of overall direction of draft standard – some specific broad concerns
 - Changes have been made to address the concerns raised
 - Mapping documents

What We Will Discuss this Week

- Each Part of the ISA for LCE

Where To Next

- Approve exposure draft in June 2021



Areas to Highlight

Name of standard

Drafting principles

Definitions

Essential explanatory material

Introduction boxes

Supplements (planned)

Mapping

Still to be Done

Focus on last
Parts (8 and 9)

Information
technology

Automated
tools and
techniques

Public sector
considerations

Transitioning
back to the
ISAs

Supplements

Outreach plan

Audits of Group Financial Statements

Board agreed in December 2020 to not include in the draft ISA for LCE

Strong concerns – this may inadvertently scope out many entities that would otherwise be able to use the standard (ie all other criteria for use met)

Continue to exclude – but will have a separate focus in explanatory memorandum

Set out options for how much to include

Set out options for how to present within standard if include

Focus of May 2020 Board call

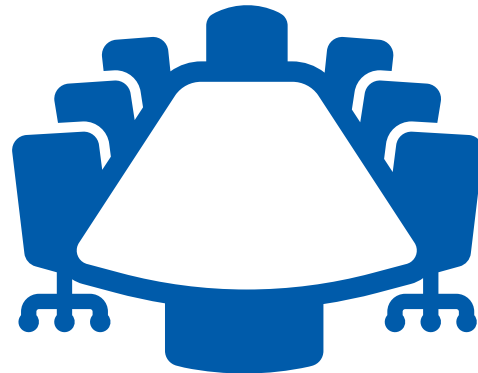
CAG Meeting

- Pleased with progress and supportive of direction
- EXCEPT – strong concerns about excluding audits of group financial statements
- Applicability
 - Consider work of IESBA on PIE project
 - Continue to exclude listed entities
 - Need to consider impact on public sector entities (e.g., governance structures)
- Continue to align with ISAs
 - Need to consider how will transition
- Reporting
 - Consider transparency around judgment to use the standard in eth auditor's report
 - Need to consider how to further distinguish auditor's report from an ISA auditor's report

Outreach and LCE Reference Group

Outreach in Quarter 1

- LCE Reference Group
- SMP Advisory Group
- CAG
- ICAEW Representatives
- IASB
- IDW Representatives
- Coordination with other IAASB Task Forces (ISA 600 and CUSP)



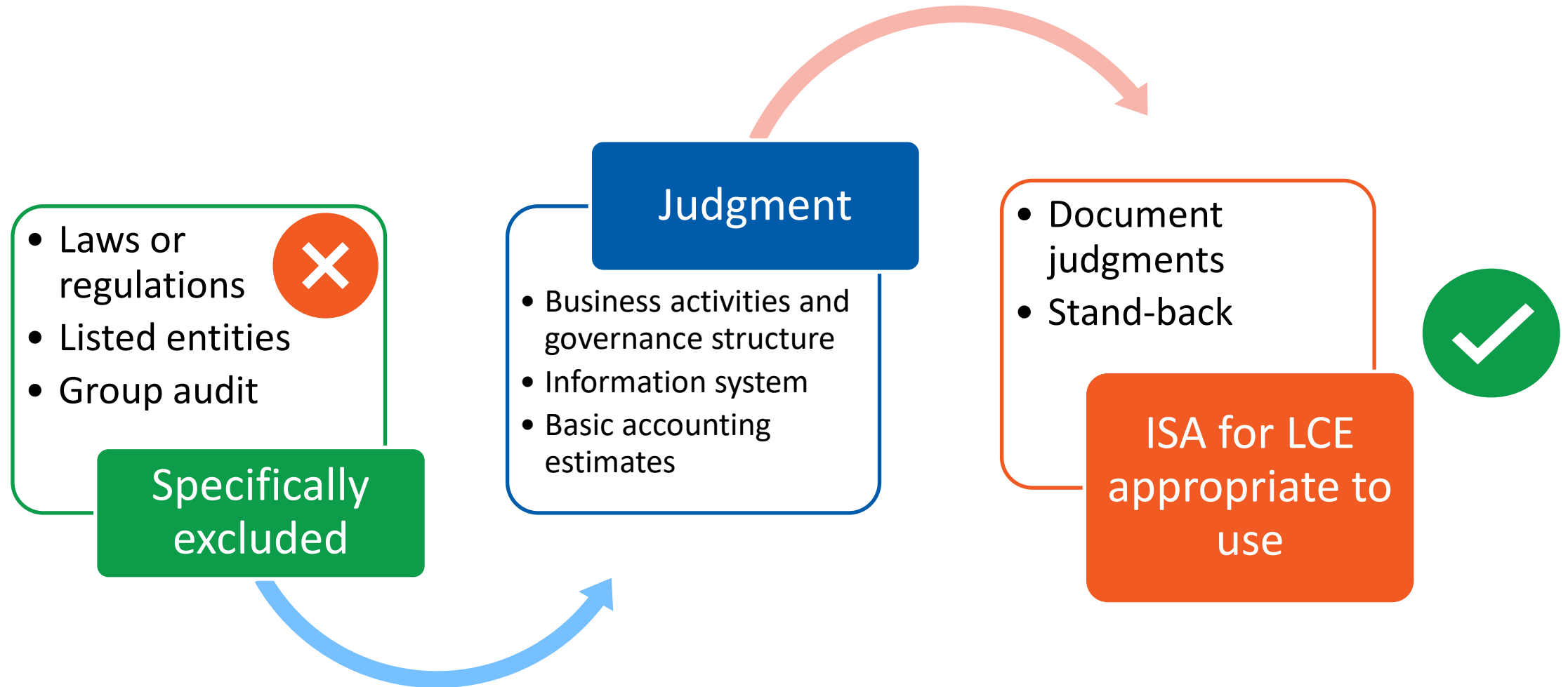
Outreach Coming Up

- Forum of Firms
- IFIAR SCWG
- Need to further consider outreach when standard is out for exposure

Walk-Through of Standard

The Task Force Chair will walk through each part of the draft ISA for LCE for Board members to provide comments.

Applicability





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