IAASB and st

International Auditing and Assurance Standards Board®

Audits of Less Complex Entities

Kai Morten Hagen, LCE Task Force Chair November 30, 2021

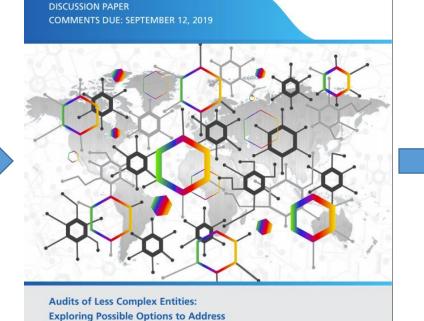


Journey until now

NRF

NORDIC STANDARD FOR AUDITS OF SMALL ENTITIES

JUNE 2015 - CONSULTATION



the Challenges in Applying the ISAs



Exposure Draft July 2021 Comments due: January 31, 2022

International Standard on Auditing

Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE)

Sid





What is the Aim?

A Global Solution for Audits of Less Complex Entities

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l earn how we can help

EXPOSURE DRAFT, PROPOSED INTERNATIONAL STANDARD ON AUDITING OF FINANCIAL STATEMENTS OF LESS COMPLEX ENTITIES

IAASE Jul 23, 2021 | Exposure Drafts and Consultation Papers English Comments due by: Jan 31, 2022

SUBMIT COMMENT

Smaller, less complex entities play a vital role in the world's economy. In an increasingly complex world with evolving reporting needs, a need for a set of high-quality requirements tailored for the audits of less complex entities has emerged. With this consultation, the IAASB is moving to provide a globally consistent approach at a time where a number of jurisdictional-specific less complex entity standards are emerging, which is not in the public interest.

The IAASB strongly encourages all interested stakeholders to provide their feedback by January 31, 2022. The standard is relevant to users of financial statements, owners, management and those charged with governance of entities, preparers of financial statements, legislative or regulatory authorities, relevant local bodies with standardsetting authority, professional accountancy organizations, academics, regulators and audit oversight bodies, and auditors and audit firms, among others,

Stakeholders can submit responses using the "Submit Comment" button.









LCE Audits will be High Quality Audits

Separate standalone Standard developed for Audits of Less Complex Entities (LCE)



Designed to achieve Reasonable Assurance



Proportionate to circumstances of an Audit of an LCE



When can it be used?

- Specific Prohibitions
 - Listed Companies
 - Classes of Entities with Public Interest Characteristics*
 - Audits of Group Financial Statements
 - Additional Jurisdictional Limitations
- Firm Policies or Procedures
- Engagement Level Evaluation
- Consideration of Qualitative Characteristics



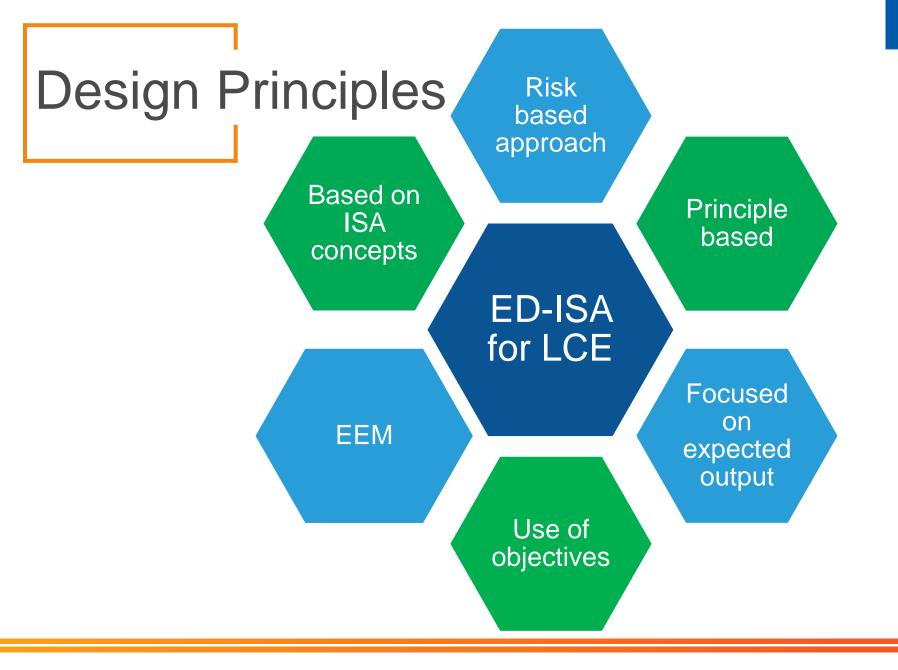
* Descriptions of classes may be modified in local jurisdiction



Authority of the Standard

ISA for LCE: Specific Prohibitions	Is the audit: × Of a listed entity × In a jurisdiction which prohibits use of the standard × Of an entity with "public interest characteristics" (para A.7(c))* × A group audit <u>No</u> Yes	* Descriptions of classes may be modified in local jurisdiction
Jurisdiction Level Limitations	Is the audit: × Of an entity in a class of entity prohibited in jurisdiction to use the standard × Outside any other qualitative criteria and quantitative thresholds established within jurisdiction No Yes	
Firm Policies or Procedures	Is the audit: × Prohibited from using the standard under firm policies or procedures? No Yes	
	Does the audit: × Exhibit qualitative characteristics that would make the standard inappropriate to use? No Yes	
May use IS	SA for LCE	ISA for LCE







The Flow of the Standard





Key Areas for Feedback

The Content, Flow and Structure of the Standard



EA

The Authority and Scope of the Standard



Exclusion of Procedures for Audits of Group Financial Statements



Transition and Implementation Guidance



Maintenance of the Standard (Stable Platform?)



Further Resources & Information

- Supplemental Guidance: Authority of the Standard
- Supplemental Guidance: Auditor Reporting
- Mapping Documents: ISA to ISA for LCE
- Translation of ED & Guides: French & Spanish
- Outreach Plan
- Overview Videos: <u>English</u> <u>French</u> <u>Spanish</u>
- Optional Response Template
- Survey

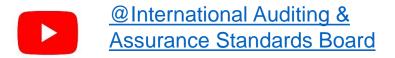
IAASB LCE web page: <u>iaasb.org/less-complex-entities</u>

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