

IAASB Update – ISA for LCE

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Train the trainer event, Sustainability reporting and IFRS for SMEs
event

Vienna, December 6, 2023

**Approved by PIOB
December 5, 2023 !**

The ISA for LCE

ISA for LCE: A Global Solution



Maintain
confidence in
financial reporting
of LCEs



Help auditors of
LCEs undertake
effective and high-
quality audits



Be responsive to
stakeholder
needs



Promote consistent
application of the
auditing standards
to audits of LCEs



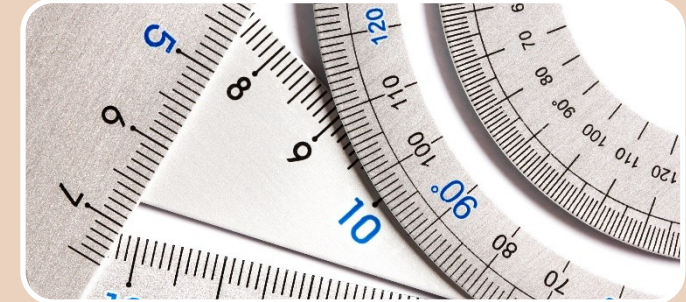
ISA for LCE: Basis of Design



Separate
standalone
Standard
developed for
Audits of LCEs

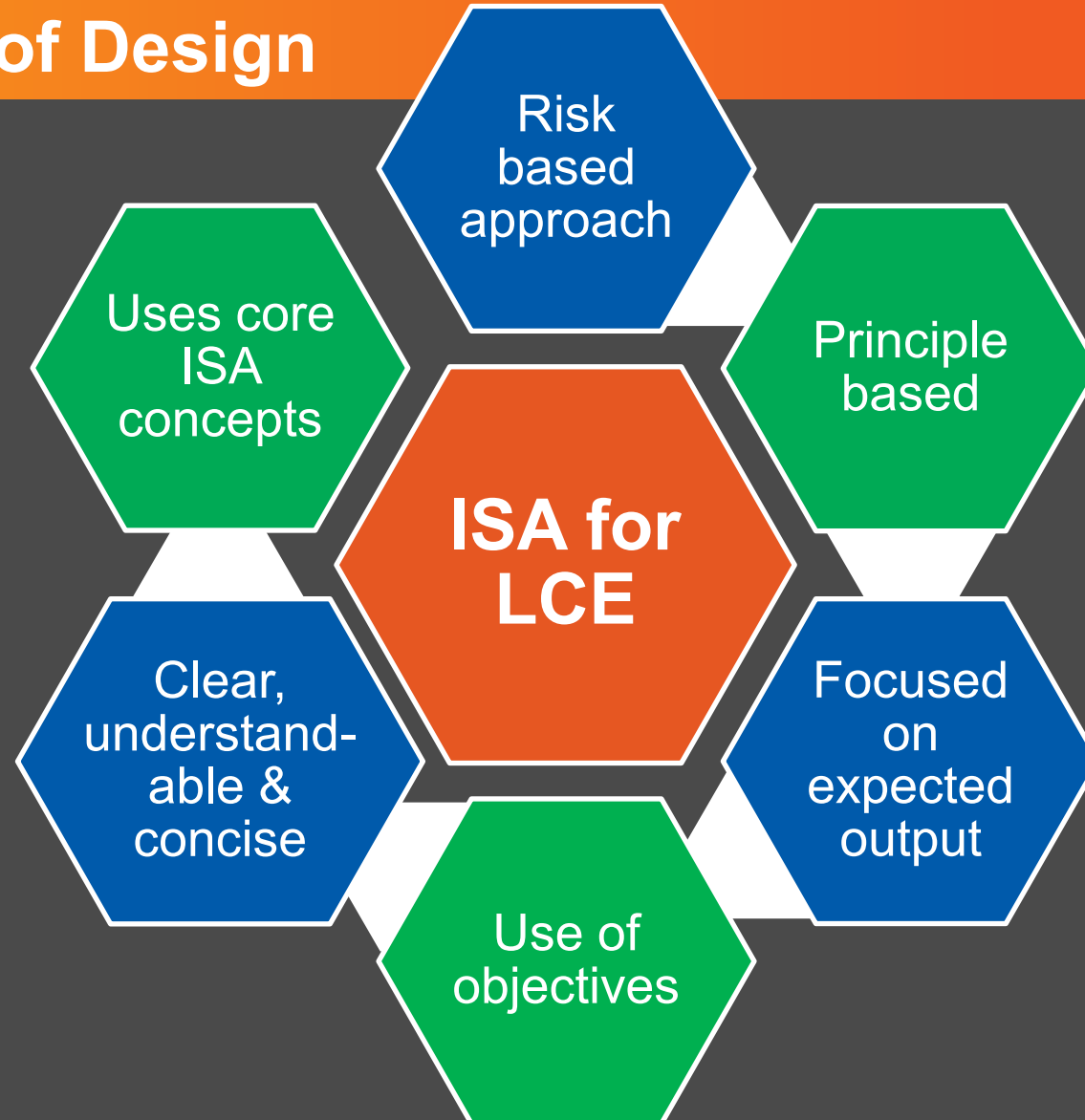


Designed to
achieve
Reasonable
Assurance



Proportional to
circumstances of
an Audit of an LCE

ISA for LCE: Basis of Design

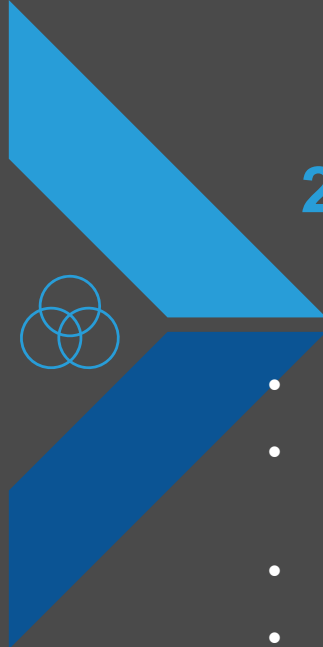


ISA for LCE: Authority



1. Specific Prohibitions

- Listed Entities
- Entities with public interest characteristics
- Otherwise prohibited by jurisdictions



2. Qualitative Characteristics

- Business activities and model
- Organization and ownership structure
- Nature of finance function
- Information technology
- Financial reporting framework and accounting estimates



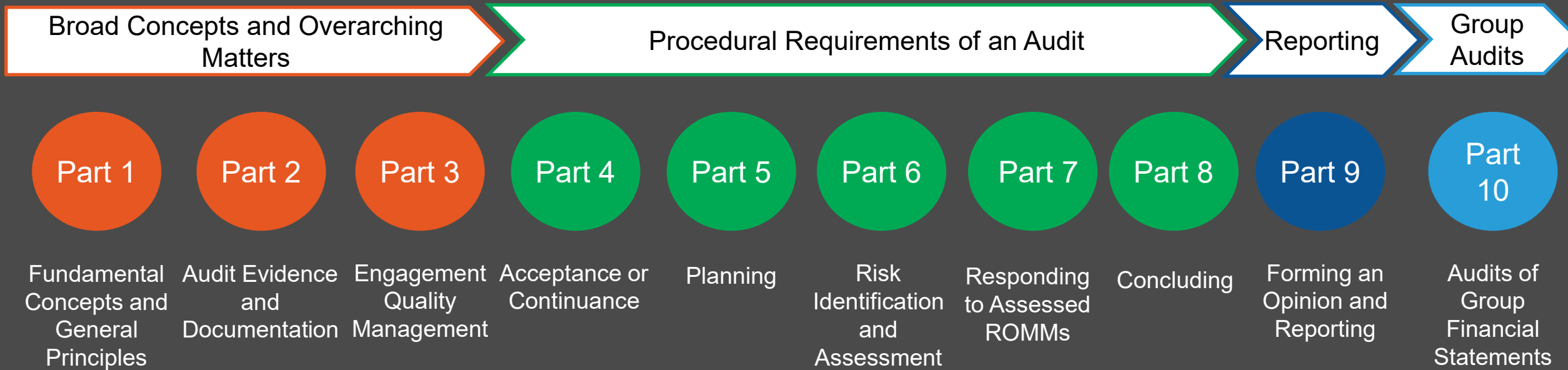
3. Quantitative Thresholds

- As defined by jurisdictions

Group Audit Considerations

- Use of component auditors, except for limited circumstances
- Group Structure
- Access to Information or People
- Consolidation Process

ISA for LCE: The Flow of the Standard



ISA for LCE: Maintenance of the standard

Standard approved in Sept. 2023, effective for audits of LCEs for periods beginning on or after Dec. 15, 2025

Period of Stability

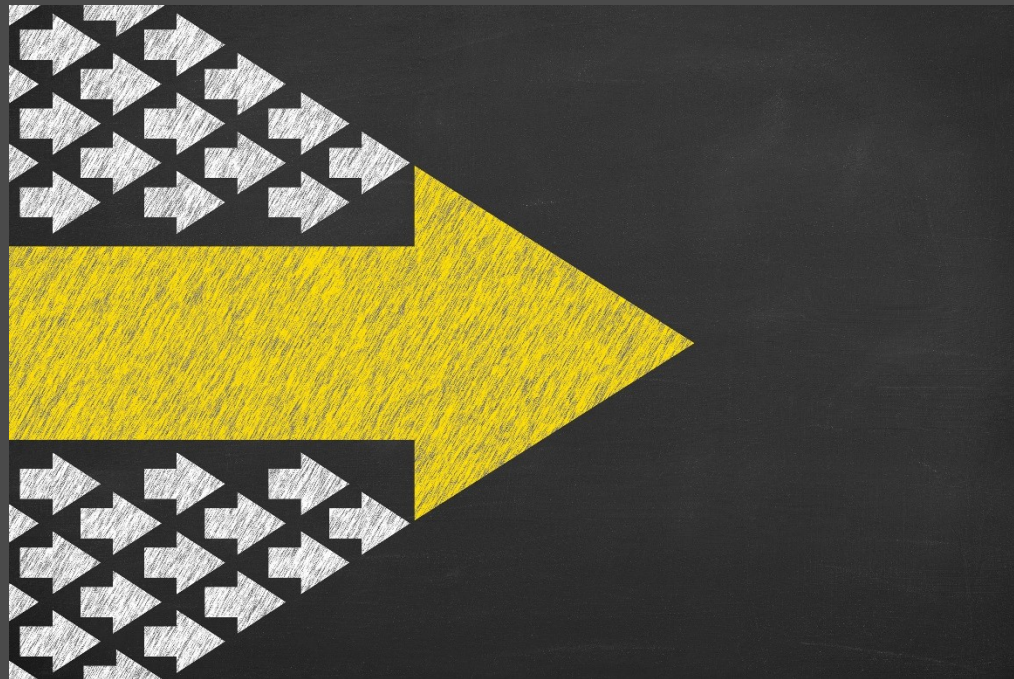
- No revisions to the standard for a period of 3 years following the effective date (i.e., for periods beginning on or after Dec. 15, 2028)

Future revisions

- Focused on matters relevant to LCEs



ISA for LCE: Adoption and Implementation



Adoption

- Adoption plan with the following actions
 - ✓ Outreach
 - ✓ Liaison with IFAC, NSSs and PAOs
 - ✓ Develop materials (e.g., factsheet for regulators and NSS)



Implementation

- Fact sheet
- First time implementation guide
- Supplemental Guide on Authority and Reporting
- Webinars



Questions

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