

Submission from Diane Robinson CA on [Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities \(ISA for LCE\)](#)

My comments come from the perspective of a Sole Practitioner without any staff, specializing in the audit of Not for Profits with less than \$2m annual expense. Thus, they either use PBE-SFR-A (NFP) or PBE-SFR-C (NFP) or Special Purpose (e.g., Incorporated Societies that are not Registered charities). My feedback largely comes from listening to the issues raised in the feedback forum today (28Oct21).

Referring to IAASB ED on Audit of Less complex entities

2.5.1 is appreciated, viz not having to document items for an engagement team, when the team is only the engagement partner ditto 3.2

4.6 Where the previous auditors workpapers are not available or of a dubious standard comparative figures and opening balances will likely be qualified in the audit report. Doesn't happen a lot now, but I still do get some news audits that have not had a previous auditor using up to date audit standards.

4.8 I do think it is best the engagement letter say the LCE audit standard is being used because of..., in the interests of transparency

9.5 I particularly like the table re modified opinion options and Table C

Application of the proposed Standard

1/Being part of a group does not make an audit complex, e.g.

Charitable Trust A owns the property, separate Charitable Trust B does the work and rents the property owned by A. This is the only transaction to be eliminated on consolidation. This is not complex.

Another example might be a company that holds the patents or other key assets or is a name protection company and there is little if any revenue/expenses to be eliminated on consolidation

I don't think groups should be automatically excepted out of the standard but should only be precluded from the standard if the groups entities are genuinely complex. NB \$amounts, not always an indicator of complexity.

Tier1 or Tier 2 charities may likewise be less complex, e.g., endowment fund that simply earns income and gives most of it away

2/ It does seem self-evident that a less complex entity will not have an overseas associate or subsidiary entity or overseas branch.

3/ I like the term 'less complex' vs 'small'. It is a better term