



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **7.2.0**

Meeting Date: 6 March 2019

Subject: Audits of Less Complex Entities

Date Prepared: 1 March 2019

Action Required

For Information Purposes Only

IAASB Project Objective	AUASB SMEs
The objective of this initiative is to explore possible actions to address perceived issues when undertaking audits of less complex entities for further IAASB consideration.	Matthew/Roger
AUASB Key Points	
Agenda Item Objectives	
<ol style="list-style-type: none">1. Inform AUASB members about the IAASB’s Audits of Less Complex Entities Discussion Paper due to be discussed at the March 2019 IAASB meeting.2. Obtain feedback from AUASB members about the IAASB Discussion Paper, Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges, set out in Agenda Item 7.2.1 to provide to the IAASB before it is issued for public consultation.	
Background	
<ol style="list-style-type: none">1. The AUASB last discussed the IAASB’s approach to SMP/SME Audit Issues at its April 2018 meeting.2. At its September 2018 meeting the IAASB supported that the IAASB’s Less Complex Entities (LCE) Working Group develop a Discussion Paper (DP) on Audits of Less Complex Entities.3. The AUASB Chair, Prof. Roger Simnett, has now been appointed the Chair of the IAASB’s LCE Working Group.4. The LCE Working Group DP is being tabled for discussion and approval at the March 2019 IAASB meeting	

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

IAASB Project Objective	AUASB SMEs
<p>Background to the IAASB LCE DP and Matters to be addressed by the IAASB at the March 2019 IAASB meeting:</p>	
<ol style="list-style-type: none"> 5. There is general agreement that a global solution for LCE's would be in the public interest to ensure consistency of application of the standards in an audit, as well as a common understanding of the procedures undertaken for an audit, thus maintaining the value of an audit of LCEs. 6. Furthermore, it has been recognized that there may be ways of addressing some of the issues identified by stakeholders through approaches other than standard-setting, and therefore doing so may not be within the remit of the IAASB. However, in exploring the various possible actions of the IAASB, it would be beneficial to explore the range of possible actions, including those actions where it would be more appropriate for others to undertake the work. 7. Consequently the IAASB LCE Working Group has developed the DP with the intended audience in mind, in particular practitioners who undertake audits of LCEs. The LCE Working Group has also been mindful of including sufficient and balanced information for context in order to elicit informed feedback about the potential courses of action for the IAASB, while keeping the paper short and succinct. The draft DP is also not intended to presuppose any specific courses of action and makes clear that the IAASB has not settled on any specific course of action. 8. The objective of the LCE DP is to gather further evidence as the basis for IAASB discussion about the most appropriate way forward in relation to audits of LCEs. 9. The expected outputs from the LCE DP are to obtain stakeholder views on the issues in using the ISAs in an audit of a LCE, and possible actions to address them, then from this develop a feedback statement setting out a summary of the responses to the DP. 10. The proposed timeline is to issue the LCE DP April 2019, have comments submitted by June 2019 and then have the IAASB deliberate on the responses to the DP at the September and December 2019 IAASB meetings. The issues highlighted in the LCE DP will also be covered at a global SMP/SME workshop being arranged in May 2019. 11. The final aim of this process will be to develop recommendations for IAASB consideration about the most appropriate possible actions to address the issues that have been identified. Only after this information gathering process is complete and the IAASB has deliberated about the most appropriate possible actions, if the IAASB agrees to a specific way forward, a project proposal setting out the IAASB's activities at that stage will be presented to the IAASB for approval in accordance with the IAASB's due process. 	
<p>What the ATG is seeking from the AUASB at this meeting:</p>	
<ol style="list-style-type: none"> 12. AUASB Members are requested to provide: <ol style="list-style-type: none"> (a) Overall views about the DP presented in Agenda Item 7.2.1, including the outlined structure, whether it is appropriate for the intended audience, and whether there is anything significant missing. (b) Whether there are any other matters that should be considered by the LCE Working Group as it finalises the DP for consultation and plans its outreach on this topic. 	

IAASB Project Objective	AUASB SMEs
IAASB timeline and impact on AUASB activities/Next steps	
13.	The IAASB LCE DP will be released in April 2019.
14.	The AUASB's Outreach plans and other actions associated with the DP will be determined once the IAASB LCE DP is finalised. This will be shared with the AAUSB for input at the April 2019 AUASB Meeting.

Material Presented

- Agenda Item 7.2.0 AUASB Board Meeting Summary Paper
- Agenda Item 7.2.1 IAASB Discussion Paper - Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges

Action Required

No.	Action Item	Responsibility	Due Date	Status
1.	Provide feedback on LCE DP	AUASB	6 March 2019	
