

IAASB

Team ISA ED for LCE's
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<i>Subject</i>	Comments on ISA ED for LCE's	<i>Date</i>	29th January 2022
<i>Our reference</i>	SPA/ES		

Dear ISA for LCE team,

In the first place, we would like to express our deep appreciation for the initiative of the IAASB to introduce segmentation in ISA standards for the first time in history. The segmentation is based on the degree of complexity of our audit clients and aims to strike an appropriate balance between auditing efforts on the one hand and the socio-economic significance of audits of less complex entities (LCE's) on the other.

We discussed the ISA ED for LCEs internally at Spiegel Accountants. Our firm conducts statutory audits for clients who are all expected to qualify as LCE. Unfortunately, as a small audit firm, we did not have enough time and capacity to thoroughly study the ISA ED for LCE. And our national professional organization for accountants in the Netherlands, the NBA, has not done an extensive exploration among its members on this subject. According to unconfirmed reports, the NBA currently considers the ISA ED for LCE to be little more than a concise summary of existing ISAs. However, we believe that the subject deserves more attention.

From our own limited perception, we have formulated an important core question:

In your opinion, how would the new stand-alone ISA for LCE's increase the efficiency and effectiveness of audits compared to the application of current ISA standards?

Under this core question we add the following sub-questions:

- in which phases of the audit process could the benefits of the new standard be mainly expected?
- Has a cost-benefit analysis been made that supports the introduction of the new standard? This concerns, among other things, benefits for the entire LCE segment and the impact for audit firms.
- And finally, has there been an exploration of opportunities and threats for the introduction of the new standard? The chance of implementation in our national jurisdiction (the Netherlands) does not seem very great at the moment.

If there are actual benefits to be expected in the efficiency and effectiveness of LCE audits, this will have to be thoroughly investigated. We can imagine that pilots will then be conducted worldwide to explore the operation of the new standard and the intended benefits in practice.

Since the new standard may be important in particular for smaller audit firms, we recommend that the IAASB provides guidance to national professional associations to involve these smaller audit firms in the exploration of the new standard.

We will be happy to participate in explorations and pilots for the new standard, if the opportunity arises.

We hope, together with you, that a real breakthrough will come in the coming years with the new standard for LCEs. From Spiegel Accountants we wish you a fruitful continuation of the introduction process for the new standard and thank you for your attention to our comments.

Yours sincerely,

Originally signed by

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