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**INDEPENDENT REGULATORY BOARD FOR AUDITORS**  
**COMMITTEE FOR AUDITING STANDARDS**

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**IAASB Issues an Exposure Draft on the Proposed International Standard on Auditing of  
Financial Statements of Less Complex Entities**

Johannesburg / 12 August 2021

This announcement is relevant to all practitioners, but most especially those with clients described as less complex, registered auditors (auditors) of entities that are voluntary audits, planned audits for entities that are currently only being reviewed (not audited), and practitioners willing to consider whether a new suite of auditing standards may be responsive to the needs and circumstances of the South African market-place.

The IRBA announces that the International Auditing and Assurance Standards Board (IAASB) has issued the proposed new standalone International Standard on Auditing (ISA) of Financial Statements of Less Complex Entities (ED-ISA for LCE), for public comment.

This is a landmark new draft standard, as it responds to demands to have a set of high-quality requirements that are tailored for the needs of less complex entities (LCEs). The ED-ISA for LCE will provide a globally consistent approach at a time when several jurisdictional-specific LCE standards or related initiatives are arising. Its release, therefore, is part of a broader effort to support implementation of quality audits that are more scalable and proportionate to the circumstances of audited entities.

"Smaller LCEs play a vital role in the world's economy. The IAASB has prioritised addressing the needs of stakeholders representing these entities over the last 18 months," said IAASB Chair Tom Seidenstein. "Our new proposed standard's objective is appropriately focusing the work of auditors through requirements designed to be proportionate to the typical nature and circumstance of less complex entities. We are not compromising on the quality of the audit."

The ED-ISA for LCE is relevant to, among others, 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 standard-setting authority; professional accountancy organisations; academics; regulators and audit oversight bodies; as well as auditors and audit firms.

### **Request for Comments**

The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) welcomes comments on all matters that are addressed in the ED-ISA for LCE, including responses to the specific questions set out in the Explanatory Memorandum. Comments should be submitted via email to [standards@irba.co.za](mailto:standards@irba.co.za) by 30 November 2021. All comments will be considered as a public record. We particularly highlight the need to hear from local audit firms, without global network membership, and affiliations, about the perceived benefits and risks of the proposals.

Alternatively, we invite auditors and other interested stakeholders to submit comments directly to the IAASB via its [website](#) by 31 January 2022.

A copy of the ED-ISA for LCE is available in PDF format and may be downloaded from the exposure draft page of the IRBA [website](#). Should you have any other queries or experience any technical difficulties in downloading the document, please do not hesitate to email the [Standards Department](#).

**Imran Vanker**  
**Director: Standards**

#### **About the IRBA**

*The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.*

*The statutory responsibilities of the CFAS are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.*