



Audits of Less Complex Entities

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October ASB 2022 Meeting

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Key Takeaway from July ASB Meeting

- Board supports the Task Force taking action to address U.S. practitioner needs, including working with Peer Review and TIC
- Task force to continue to monitor IAASB activities, provide feedback, and identify potential actions for the ASB

Actions Since July ASB Meeting

- Formed a “Benchmarking Working Group” consisting of Task Force plus 4/5 of the ARSC members that are not currently on the Task Force
 - Strong Peer Review representation including past Peer Review Committee members and former TIC members
- Using 8 proposed German Standards for Audits of Less Complex Entities (exposed for public comment in January 2022) as a base, prepared mapping documents to compare to Nordic Federation proposal and French Statutory Audit standard and US GAAS to identify potential scaling opportunities.
- Aim is to present findings to the ASB in January 2023.

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Upcoming Task Force Activities

- Continue benchmark analysis
- Continue to provide feedback to the IAASB
 - Task Force member Mike Manspeaker invited to join the IAASB's LCE Reference Group – which provides input to the IAASB Task Force on targeted matters
 - IAASB is planning to issue their final standard in Q4 of 2023
- Continue to liaise with other national standard setters to share information regarding LCE activities/views
- Work with AICPA staff to monitor reactions and feedback to SAS 145, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and publication of new Risk Assessment Guide

What to Expect in 2023

- In 2023, the ASB will be asked to consider, given actions taken on risk assessment (and based on benchmark analysis of other standards), whether additional scalability guidance or changes to GAAS may need to be considered