

IAASB PUBLIC CONSULTATION OPENS FOR PROPOSED NEW STANDARD FOR AUDITS OF FINANCIAL STATEMENTS OF LESS COMPLEX ENTITIES

New Proposed Stand-Alone Standard to Meet Market Needs

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Today, the International Auditing and Assurance Standards Board (IAASB) published an exposure draft of its new, stand-alone [standard for audits of financial statements of less complex entities](#). This landmark new draft standard responds to demands to have a set of high-quality requirements tailored for the needs of less complex entities (LCEs). The new standard for audits of financial statements of LCEs will provide a globally consistent approach at a time where several jurisdictional-specific LCE standards or related initiatives are arising. The release of the exposure draft is part of a broader effort to reduce complexity, improve understandability, and make International Standards on Auditing (ISAs) more scalable and proportionate to circumstances of audited entities.

“Smaller, less complex entities play a vital role in the world’s economy. The IAASB has prioritized addressing the needs of stakeholders representing these entities over the last eighteen 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 IAASB strongly encourages all interested stakeholders to provide their feedback by **January 31, 2022**. The standard is relevant to 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 organizations, academics, regulators and audit oversight bodies, and auditors and audit firms, among others.

Stakeholders can submit responses through the [“Submit Comment” button online](#). The Exposure Draft will also be available in French and Spanish in early September 2021. The IAASB is also planning outreach on the new draft standard; an outreach plan will be available on the IAASB’s website in late August 2021.

About the IAASB

The [International Auditing and Assurance Standards Board](#) develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting

process involving the [Public Interest Oversight Board](#), which oversees the activities of the IAASB, and the [IAASB Consultative Advisory Group](#), which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC). For copyright, trademark, and permissions information, please go to [permissions](#) or contact permissions@ifac.org.