

Preliminary questions

What is your role? *

Audit engagement partner



Please provide your name *

Michael Taylor

Please provide the name of the organisation that you are employed by,
or affiliated with *

Ashton Wheelans Limited

Please provide your email address *

michael.taylor@ashtonwheelans.co.nz

Weighing up the potential benefits and issues

Do you agree with the potential benefits and costs/risks as outlined in the consultation document?

Yes

No

Are there other benefits or costs and risks to consider? How might the issues identified be mitigated?

Benefit is huge for the NFP sector who struggle with compliance costs of full ISA audit. I think key risk is the auditor documenting their determination and professional judgement as to whether an entity should be considered 'less complex' or not, don't think there is a hard and fast rule - the tendency/risk is there is bias towards LCE to make the job easier (pressure on ethics/PES-1 operation), but there are also risks that using set criteria to revert to full ISAs results in a self defeating outcome ie 'any engagement containing estimates' -> depreciation is a judgement/estimate, basic portfolio investments are financial instruments etc so I think it will always be prof judgement based to have practical outcomes but documenting this will be paramount.

Do you consider that the benefits of adopting the ISA for LCE in New Zealand outweigh the costs and risks of doing so? *

Yes

No

Why?

Cost of compliance is becoming too great, particularly in the NFP sector and this will help alleviate that.

Will you or your firm use the ISA (NZ) for LCE?

- Yes
- No
- Not applicable

When? Please provide your rationale.

For our smaller NFP clients which make up a significant part of our practice, this will help us keep costs down for the client while maintaining an appropriate and practical level of assurance procedures.

Does the timing of the maintenance of the ISA for LCE affect your view on its adoption?

- Yes
- No

Why?

Just like any set of standards there is always a 'trickle down' effect so as long as the fundamental principles are still consistent don't see how a 2 tier set of standards is an issues. We don't struggle with multi-tier accounting/PBE standards so don't see why audit standards would have any issue with a tiered approach. If anything it would be consistent with the management of accounting/compilation standard setting and maintenance

Do you have any other comments regarding the potential benefits and issues, adoption, or maintenance of the ISA for LCE.

I think the sooner the better as auditing at the smaller end of the market is onerous vs the low level of complexity in many of these 'micro' entities (vs international corporate/listed entities etc)

Applicability in New Zealand

Do you agree that FMC reporting entities with *higher levels* of public accountability should be prohibited from being audited under the ISA (NZ) for LCE?

Yes

No

Do you agree that we **do not** specifically prohibit FMC reporting entities with *lower levels* of public accountability from being audited under the ISA (NZ) for LCE? *

Yes

No

If you answered no to the above, please comment why

I think there is the perception (user) that FMC entities are inherently high risk

Are there any other entity types that you believe that we should specifically prohibit to ensure appropriate safeguards exist around the use of the ISA for LCE in New Zealand?

No

Do you agree with the XRB's position not to have a quantitative threshold within the Authority section of the ISA (NZ) for LCE? *

Yes

No

Do you have any other comments regarding the Authority?

I think it's important to have flexibility for practical outcomes but documenting that judgement is paramount

Audit of service performance information (SPI) with the ISA (NZ) for LCE

Do you support the addition of Part 11 to the ISA (NZ) for LCE to enable the audit of SPI?

Yes

No

Are the requirements in Part 11 appropriately tailored for LCEs?

Yes

No

Are there requirements in Parts 1-10 that would be difficult to apply and should be refined? If so, how?

Do you agree that the EEM included in Part 11 is appropriate?

Yes

No

What requirements in proposed ISA (NZ) for LCE could cause challenges for SPI? Do you have any suggestions on how to mitigate these challenges?

Final questions

Do you have any comments on the proposed New Zealand specific amendments or the *Conforming amendments arising from the ISA (NZ) for LCE?*

Do you agree with the proposed application date of periods beginning on or after 15 December 2025?

Yes

No

If you answered no to the above, why not?

Sooner the better

Do you have any other comments on the proposed standard?

No

Thank you

We thank you for your time spent completing this feedback form. Please press submit for your response to be recorded.

If you have any further comments or attachments, send them to assurance@xrb.govt.nz