

Preliminary questions

What is your role?

Other



Audit Software Provider

Please provide your name

Clive McKegg

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

Audit Assistant

Please provide your email address

clive@auditassistant.com

Weighing up the potential benefits and issues

Should the XRB adopt the ISA for LCE in New Zealand? *

Yes

No

Please provide your reasoning on why the XRB should (if you answered yes) or should not (if you answered no) adopt the ISA for LCE in New Zealand

The ISA for LCE is a fit for purpose standard for the majority of audit work in NZ, which should allow auditors to provide more focussed, more efficient work for smaller, less complex entities.

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

Are there any other potential benefits or issues which should be considered? How might the issues identified be mitigated?

It may well attract more talent to auditing as it provides a great stepping stone for graduates to learn the flow of an audit the transfer the basis skills they have gained in LCE work into larger work if necessary.

Strengthening the Authority 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

If you answered no to the above, please comment why

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

Mt feeling is that all Tier 1 entities should be excluded from scope, and now that the threshold for Tier 2 has moved, possibly all Tier 2 work excluded as well. Also I cannot see how Public Sector entities can be regarded as less complex, except perhaps some schools.

Do you have any other comments regarding the Authority?

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 by auditors of less complex entities? *

Yes

No

If you answered no to the above, please comment why

Do you have comments regarding the audit of service performance information or the addition of Part 11 to the ISA for LCE in New Zealand?

It does help to keep a single audit approach, as envisioned by NZ AS1 (revised), so including in the LCE standard is good, but not essential as NZ AS1 (revised) doesn't seem to need much work to adapt the LCEs.

Final questions

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

Yes

No

Do you have any other comments on the proposed standard?

When the auditor intends to use a report provided by a service auditor of a service organisation either as audit evidence about the design and implementation of controls at the service organisation (i.e., a type 1 or type 2 report), or as audit evidence that controls at the service organisation are operating effectively (i.e., a type 2 report), as this would ordinarily exclude the organisation from being regarded as an LCE. This seems a bit over the top. Many firms use SOC1 or IOS 27001 reports from Xero as part of their audit file. So are all entities using Xero not LCE? I'm sure this is not what the standard drafters intended. Also see our article <https://www.auditassistant.com/news/less-complex-audits-for-less-complex-entities/>.

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 through to assurance@xrb.govt.nz