



27 March 2025

Sport NZ Ihi Aotearoa Submission on ISA (NZ) for Less Complex Entities (LCE) in New Zealand.

Via email: assurance@xrb.govt.nz

We appreciate the opportunity to provide feedback on the consultation document and the proposed changes to audit processes to accommodate less complex entities.

Summary of Sport NZ Ihi Aotearoa

Sport NZ Ihi Aotearoa is the Crown Entity responsible for New Zealand's play, active recreation, and sport system. Our role is to promote and support quality experiences in play, active recreation, and sport, to improve the well-being of everyone in New Zealand. We work with a wide range of partners including national and regional sports organizations, iwi, councils, and government agencies to achieve our goals.

Context in relation to the proposed changes

The majority of our sector partners are governed by voluntary boards with constrained capacity and at times capability. On their behalf we support any change in legislative and related compliance that reduces complexity and frees up time, while ensuring boards continue to operate legally, ethically, and can demonstrate accountability to their range of stakeholders.

Responses to consultation questions

We have focused on the questions that appear to most relate to our sector (as recipients of audit services) rather than the auditing industry.

Questions	Response
1 Do you agree with the potential benefits and costs/risks as outlined? Are there other benefits or costs and risks to consider? How might the issues identified be mitigated?	These appear to have been carefully considered. We support a comprehensive communication plan so all those affected by the changes have clarity.
2 Do you consider that the benefits of adopting the ISA for LCE in New Zealand outweigh the costs and risks of doing so? Why?	As we understand it, while there may not be material cost savings (although we imagine over time the changes may limit material increases), it appears there may be reduced time required to

	meet the auditor's information requirements. Any time saved would be welcomed by our nonprofit partners.
3 Will you or your firm use the ISA (NZ) for LCE? When? Please provide your rationale.	N/A
4 Does the timing of the maintenance of the ISA for LCE affect your view on its adoption? Why?	As noted above so long as communications are timely and clear.
5 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?	N/A
6 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?	N/A
7 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?	N/A
8 Do you agree with the XRB's position not to have a quantitative threshold within the Authority section of the ISA (NZ) for LCE? If not, what thresholds would you suggest and why?	While we understand the rationale we note it is a complex compliance environment. Any simplification and or alignment with related legislation for example audit requirements in both the ISA (2022) and Charities Act (2005) would be beneficial.
9 Do you support the addition of Part 11 in the ISA (NZ) for LCE to enable the audit of SPI?	This seems a pragmatic approach.
10 Are the requirements in Part 11 appropriately tailored for LCEs? Are there requirements in Parts 1-10 that would be difficult to apply and should be refined? If so, how?	They appear to have been well thought through. We note it will be the auditor's decision on which standard to use.
11 Do you agree that the EEM included in Part 11 is appropriate? If not, what do you recommend?	N/A
12 What requirements in proposed ISA (NZ) for LCE could cause challenges for SPI? Do you have any suggestions on how to mitigate these challenges?	We welcome the inclusion of SPI.
13 Do you have any comments on the proposed New Zealand specific amendments or the Conforming amendments arising from the ISA (NZ) for LCE?	These seem a good example of standards alignment.

<p>14 Do you agree with the proposed application date of periods beginning on or after 15 December 2025? If not, why not?</p>	<p>As noted earlier the regulatory and compliance environment in our (and other sectors) is ever changing placing pressure capacity and capability.</p> <p>In the Sport and Recreation sector for example, over 24,000 incorporated societies in NZ need to re-register under the new Incorporated Societies Act (2022) by April 2026 by submitting (updated) and compliant constitutions. There is a new Integrity Code (2025) requiring attention and recent changes to the Charities Amendment Act (2023) which will require updated Trust Deeds.</p> <p>Clear communications and timelines that appreciate the existing environment (where practicable) would be appreciated.</p>
<p>15 Do you have any other comments on the proposed standard?</p>	<p>N/A</p>

Summary

Many sport and recreation organisations are governed by voluntary boards with varying degrees of capacity and at times capability. On their behalf, Sport NZ Ihi Aotearoa supports changes in the regulatory and compliance environment that reduces complexity, frees up time, while ensuring boards continue to operate legally, ethically, and can demonstrate accountability to their range of stakeholders.

Thank you for the opportunity to consult on this proposal.

Contact details

We can be contacted via Governance@sportnz.org.nz if further information is required.