

24 September 2021

Stavros Thomadakis  
Chair  
International Ethics Standards Board for Accountants  
539 Fifth Avenue  
New York, 10017  
USA

Dear Stavros,

***IESBA Proposed Quality Management-related Conforming Amendments to the Code***

Thank you for the opportunity to comment on the IESBA *Proposed Quality Management-related Conforming Amendments to the Code*. We submit the feedback from the New Zealand Auditing and Assurance Standards Board (NZAuASB) to the specific questions raised in the *Proposed Quality Management-related Conforming Amendments to the Code* in the attachment.

The External Reporting Board (XRB) is a Crown Entity responsible for developing and issuing accounting and auditing and assurance standards including professional and ethical standards in New Zealand. The XRB's outcome goal is to contribute to the creation of dynamic and trusted markets through the establishment of an accounting and assurance framework that engenders confidence in New Zealand financial reporting, assists entities to compete internationally and enhances entities' accountability to stakeholders. The NZAuASB has been delegated responsibility by the XRB for developing and issuing auditing and assurance standards, including ethical standards and standards for related services.

The NZAuASB's mandate is limited to developing ethical standards for assurance practitioners. Our consideration of the proposal is limited in this regard.

The NZAuASB supports the IESBA's proposed conforming amendments to the Code as a result of the new and revised Quality Management standards.

Should you have any queries concerning our submission please contact either myself at the address details provided below or Misha Pieters ([misha.pieters@xrb.govt.nz](mailto:misha.pieters@xrb.govt.nz)).

Yours sincerely,



**John Kensington**  
**Deputy Chairman**  
Email: [jkensington@kpmg.co.nz](mailto:jkensington@kpmg.co.nz)

## Submission of the New Zealand Auditing and Assurance Standards Board

### IESBA Proposed Quality Management-related Conforming Amendments to the Code

#### Request for Specific Comments

**1) Do you agree with the proposed conforming amendments in this ED?**

**Response:**

The NZAuASB agrees with the proposed conforming amendments in the ED, noting that more substantive changes including changes to the definitions of “engagement team” and “audit team” will be addressed separately.

**2) In addition to the proposed conforming amendments, the IESBA also considered the matter raised concerning decisions about accepting or providing services to a client in paragraph 300.7 A5. See explanation in the margin of paragraph 300.7 A5 (page 9).**

**Do you agree with the IESBA’s view on this matter? If not, please explain why.**

**Response:**

The NZAuASB noted that the decision about accepting or providing services to a client is a decision undertaken by the engagement partner in conjunction with the engagement quality reviewer, if any, and the firm’s risk partner. While the firm makes the decision whether to accept or continue a client relationship, paragraph 22 of ISA 220 (Revised) requires the engagement partner to determine if the conclusions reached by the firm regarding the acceptance and continuance of client relationships and audit engagements are appropriate.

On this basis, the NZAuASB agrees with IESBA’s view on this matter, and does not consider the phrase “including decisions about accepting or providing service to a client”, as being inconsistent with the requirements of ISQM 1 and ISA 220 (Revised) that necessitates the phrase to be deleted.

However, the wording in paragraph 300.7 A5 could be enhanced by reflecting that the engagement partner’s decision is undertaken in accordance with the risk policies of the firm.

**3) Do you agree with the proposed effective date? If not, please explain your reasoning.**

**Response:**

The NZAuASB supports the proposed effective date.