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**From:** Cameron Town <ctown@silks.co.nz>  
**Sent:** Sunday, 28 May 2017 12:45 a.m.  
**To:** submissions  
**Subject:** audit rotation

**Submission**

I am writing to submit some commentary on the proposed audit rotation i.e.

**Extending the cooling off period to 5 years for the engagement partner; and  
Extending the cooling off period to 3 years for the engagement quality control reviewer.**

**We are a regional audit practice with three licensed auditors and I have concerns that a broad change as this could affect regional audit practices and the overall possible effect this may have on a continual reduction in licensed auditors in New Zealand.**

**This could lead to issues with only a few audit practices holding a monopoly in the audit space of FMC entities. With a reduction in number of possible audit firms the possible impact this will have on timeliness and cost to the smaller FMC entities.**

**Ensuring all current licensed auditors have sufficient FMC audit work to ensure they are maintaining standards and improving quality, which is at the forefront of the objectives of the FMA, then this proposal for smaller to medium size practices may potentially hinder this overall objective of the FMA in regards to audit quality. This also may lead to some practices to consider whether they wish to continue to engage in the FMC assurance engagements.**

**We audit a number of FMC entities where the investment is passive in nature i.e. forestry and what benefit would the users of the financial statements in such investments where the forestry is in the growth phase of the investment where very few transactions occur on an annual basis in extending the cooling off period.**

**Consideration to a benchmark or minimum capitalisation threshold of the entity or listed on the stock exchange where shares are actively traded on a regularly basis then the benefits may warrant the proposed further cooling off period.**

**Further possible industry related sectors where investment capital has been raised and the nature of the investment is long term in years or maturity such as forestry then the cooling off period becomes a potential burden.**

**Kind regards  
Cameron Town BBus, Grad Dip ProfAcc, CA (CPP) (extn: 825)  
Chartered Accountant  
Audit Principal  
ctown@silks.co.nz**

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