

**EXPOSURE DRAFT NZAUASB 2021-4  
PROPOSED AMENDMENTS TO PROFESSIONAL AND  
ETHICAL STANDARD 1: NON-ASSURANCE  
SERVICES**

**Invitation to Comment**

**July 2021**

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External Reporting Board  
PO Box 11250  
Manners St Central, Wellington 6142  
New Zealand  
<http://www.xrb.govt.nz>

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# Information for respondents

## Invitation to Comment

The New Zealand Auditing and Assurance Standards Board (NZAuASB)<sup>1</sup> is seeking comments on the specific matters raised in this Invitation to Comment. We will consider all responses before finalising the revisions to the Non-Assurance Services provisions.

If you want to comment, please supplement your opinions with detailed comments, whether supportive or critical of the proposals, as both supportive and critical comments are essential to a balanced view.

Comments are most useful if they indicate the specific paragraph to which they relate, contain a clear rationale and, where applicable, provide a suggestion for an alternative. Feel free to provide comments only for those questions, or issues, that are relevant to you.

Comments should be submitted electronically using our 'Open for Comment' page at

<https://xrb.govt.nz/assurance-standards/standards-in-development/open-for-comment/nzauasb-ed-20214>

The closing date for submissions is 31 October 2021.

## Publication of Submissions, the Official Information Act and the Privacy Act

We intend publishing all submissions on the XRB website (xrb.govt.nz) unless the submission may be defamatory. If you have any objection to publication of your submission, we will not publish it on the internet. However, it will remain subject to the Official Information Act 1982 and, therefore, it may be released in part or full. The Privacy Act 1993 also applies.

If you have any objection to the release of any information contained in your submission, we would appreciate you identifying the parts of your submission to be withheld, and the grounds under the Official Information Act 1982 for doing so (e.g., that it would be likely to unfairly prejudice the commercial position of the person providing the information).

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<sup>1</sup> The NZAuASB is a sub-Board of the External Reporting Board (XRB Board) and is responsible for setting auditing and assurance standards.

## List of abbreviations

The following abbreviations are used in this Invitation to Comment.

|            |  |
|------------|--|
| ED         | Exposure Draft   |
| IESBA      | International Ethics Standards Board for Accountants   |
| IESBA Code | International Code of Ethics for Professional Accountants (including International Independence Standards) |
| IIS        | International Independence Standards   |
| ITC        | Invitation to comment  |
| NAS        | Non-assurance service  |
| NZAuASB    | New Zealand Auditing and Assurance Standards Board   |
| PES        | Professional and Ethical Standard  |
| PIE        | Public interest entity   |
| XRB        | External Reporting Board   |

## Questions for respondents

Respondents are asked to consider the following specific questions and to respond to the NZAuASB by 31 October 2021:

*(i) New Zealand specific changes to tax advisory and tax planning services*

- Question 1 Do you agree that the provision of tax advisory and tax planning services to an audit client that is a PIE should be prohibited? (Refer **NZ R604.15** – NZ 604.15 A1)
- Question 2. Do you foresee any unintended consequences of this prohibition?
- Question 3. Do you agree that advising an audit client in their tax return preparation or any adjustments arising therefrom is a form of tax advisory services? As such, consistent with the addition of **NZ R604.15** such services would be prohibited for PIEs. (Refer NZ 604.11 A1)
- Question 4. Are there any other tax services contemplated by proposed subsection 604 for which you consider the requirements should be further strengthened and, if so, why?

*(ii) Any other Non-assurance services*

Question 5. The NZAuASB has not identified any further aspects of the IESBA's provisions that need to be strengthened in New Zealand. We are, however, keen to hear whether stakeholders consider there is a need to further strengthen any specific provisions.

*(iii) Audit-related services*

Question 6. Do you agree that additional services performed by the audit firm will generally not create a self-review threat to the firm's independence when the services are related to the audit engagement?

Question 7. Do you agree that the examples listed would not generally create a self-review threat to independence? Are there other types of services, that would generally not create a self-review threat to independence, that you consider need to be included as examples? (Refer NZ 600.14 A1)

Question 8. Do you agree that the additional application material emphasising the need to apply the conceptual framework to identify, evaluate and address threats to independence, other than the self-review threat, is helpful to ensure diligent application of the conceptual framework? (Refer NZ 600.14 A1)

Question 9. Do you consider additional requirements or application material is needed in relation to audit-related services, to address perceptions of auditor independence? If yes, please provide details.

*(iv) Effective Date*

Question 10. For engagements entered into before 15 December 2022, for which work has already commenced, the transitional provision provides that the firm may continue the engagement under the extant provisions of the Professional and Ethical Standard 1 for up to 12 months. Do you agree with the transitional provision? If not, please explain why not and what alternative you propose.

# 1. Introduction

## 1.1 Purpose of this Invitation to Comment

1. The purpose of this Invitation to Comment (ITC) is to seek feedback from stakeholders on Exposure Draft (ED) NZAuASB 2021-4, *Amendments to Professional and Ethical Standard 1: Non-Assurance Services*.

## 1.2 Background

### *International position*

2. The International Ethics Standards Board for Accountants (IESBA) has revised the [non-assurance service \(NAS\) provisions of the IESBA Code](#). The objective of the NAS project was to strengthen the International Independence Standards (IIS) by addressing public interest concerns about the perceived lack of independence when firms provide NAS to their audit clients, in particular those that are Public Interest Entities (PIEs)<sup>2</sup>.
3. Key elements of the revised NAS provisions include:
  - A new prohibition on the provision of a NAS to an audit client that is a PIE where that service might create a self-review threat to the firm's independence (R600.16).
  - New provisions to strengthen and improve the quality of firm communication with those charged with governance about NAS-related matters, including the firm's independence (600.19 A1 - R600.24).
  - Strengthened provisions to assist firms in addressing threats to independence that are created by the provision of NAS to audit clients that are not PIEs, including new application material in relation to situations where a safeguard is not available (600.18 A1 – 600.18 A4)
  - Enhanced guidance to explain that materiality is not relevant in evaluating whether a self-review threat might be created (600.10 A1 - 600.10 A2).
4. When a firm or network firm provides a NAS to an audit client<sup>3</sup>, the firm must apply the conceptual framework to identify, evaluate and address any threat to independence that might be created by providing that service. This is already required for all types of threat: self-review, self-interest, advocacy, familiarity and intimidation.

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<sup>2</sup> For purposes of Professional and Ethical Standard (PES) 1, a Public Interest Entity is defined as, any entity that meets the Tier 1 criteria in accordance with XRB A1, *Application of the Accounting Standards Framework*, and is not eligible to report in accordance with the accounting requirements of another tier.

<sup>3</sup> For simplicity, in the ITC we refer to audit client, however, Part 4A of PES 1 applies equally to audit and review engagements.

5. To address concerns regarding independence in appearance, the revised IESBA NAS provisions focus on the self-review threat. When a firm or network firm provides a NAS to an audit client (whether or not it is a PIE), there is a risk of the firm auditing its own or the network firm's work, thereby giving rise to a self-review threat. A self-review threat is the threat that a firm or a network firm will not appropriately evaluate the results of a previous judgement made or an activity performed by an individual within the firm or network firm as part of a NAS on which the audit team will rely when forming a judgement as part of an audit.
6. The firm must therefore determine, before it decides whether to provide the service, whether the proposed NAS might create a self-review threat.
7. In making this determination, the firm must evaluate whether there is a risk that:
  - The results of the NAS will form part of or affect the accounting records, internal controls over financial reporting or the financial statements on which the firm will express an opinion or conclusion; and
  - In the course of the audit, the audit team will evaluate or rely on any judgements made or activities performed by the firm or network firm when providing the service. (**R600.14**)
8. The IESBA has determined that, if a self-review threat might arise and the audit client is a PIE, provision of that NAS is prohibited. The provision of a NAS is prohibited once a firm identifies that a self-review threat might be created, as opposed to where that firm concludes that a self-review threat will in fact be created. Materiality is not a factor to be considered in determining whether the provision of a NAS might create a self-review threat. If a self-review threat might be created, provision of that NAS is prohibited if the audit client is a PIE.
9. The self-review prohibition does not apply to audit clients that are not PIEs. Firms and network firms can continue providing NAS to audit clients that are non-PIEs provided that any identified self-review threat is reduced to an acceptable level in accordance with the conceptual framework.
10. Dr. Stavros Thomadakis, IESBA Chair, sums up the changes:

The new standard is efficient, stringent and objective. It is efficient because with one principles-based prohibition it in fact prevents the provision of a whole set of NAS to audit clients. It is stringent because it eliminates not simply all NAS that give rise to a self-review threat [for PIEs] but all NAS that might give rise to a self-review threat, i.e., not just the fact but even the mere possibility of a self-review threat occurring. It is objective because, as specified in the revision, the prohibition does not depend on a materiality threshold. So, it is not a matter of judgement whether the prohibition will bite or not. It will bite for PIEs.<sup>4</sup>

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<sup>4</sup> [Independence beyond Rules: Farsighted Approaches to Global Challenges; A speech by Dr. Stavros Thomadakis | IFAC \(ethicsboard.org\) \(emphasis added\).](#)



### *Independence in appearance*

11. Independence in appearance is a critical factor for a firm to consider before agreeing to provide a NAS to any audit client (irrespective of whether the client is a PIE). A lack of independence in appearance undermines public confidence and impacts confidence in financial reporting, the audit, and the audit function.
12. Research undertaken and commissioned by the IESBA indicated that the biggest threat to independence (particularly independence in appearance) arising from the provision of NAS, related to the self-review threat.
13. The perception of a lack of independence can arise both from within the audit client (especially from those charged with governance) and from investors, users and other stakeholders.
14. Therefore, before accepting an engagement to provide a NAS to an audit client, the firm must apply the conceptual framework to identify, evaluate and address **any** threat to independence that might be created by providing that service.
15. For PIE audit clients, if the NAS might create a self-review threat, it is prohibited.
16. For NAS engagements that are not prohibited:
  - The firm is required to communicate with those charged with governance of the PIE before the firm or network firm provides NAS to entities within the corporate structure of which the PIE forms part. The purpose of the communication is to enable those charged with governance of the PIE to have effective oversight of the independence of the firm that audits the financial statements of that PIE. (600.20 A1)
  - The firm must obtain the agreement of those charged with governance that the provision of the service:
    - will not create a threat to the firm's independence as auditor of the PIE; or
    - that any identified threat is at an acceptable level or, if it is not, that it will be eliminated or reduced to an acceptable level. (**R600.22**)

### *New Zealand perspective*

17. A key strategic objective set by the XRB Board for the NZAuASB is to adopt international auditing and assurance standards, including professional and ethical standards, in New Zealand. Modifications for application in New Zealand may be acceptable where there is a compelling reason, provided such modifications consider the public interest in New Zealand and do not conflict with or result in lesser requirements than the international standards.
18. The NZAuASB is of the view that the revised IESBA provisions substantially raise the bar on prohibiting the provision of NAS. The NZAuASB proposes to adopt the revised standard in New Zealand.

19. There is already evidence in New Zealand that the level of NAS compared to audit services is relatively low for audit clients that are PIEs<sup>5</sup>. However, the NZAuASB remains concerned about the effect on the perception of the auditor's independence and the associated impact on trust in financial reporting that the provision of NAS creates, regardless of their extent, both at an engagement level, and as a proportion of total fees charged by audit firms in New Zealand. This is especially the case in relation to tax-related NAS. The NZAuASB is also aware of regulatory concern in these areas.
20. XRB staff undertook a survey<sup>6</sup> in April 2021, to gain a better understanding of the impact of the provision of NAS on users' perceptions of the auditor's independence. The survey results indicated that the provision of NAS by the auditor to their client has some negative effect for nearly all types of NAS provided. Tax-related NAS tend to have an especially negative effect on users' perceptions.
21. The NZAuASB also consulted the XRB's advisory panel (the External Reporting Advisory Panel). It received feedback, particularly from the governance members of the panel that, while external perceptions are important, it is also important not to exclude the possibility of the entity deriving benefit from additional services that are best provided by the auditor without compromising the firm's independence.
22. The NZAuASB has considered these different perspectives. It has formed the view that, as well as adopting the IESBA provisions, including the requirement for approval by those charged with governance in the case of NAS, it should:
  - Strengthen the position in relation to the provision of tax advisory and tax planning services to an audit client that is a PIE. The NZAuASB proposes that the provision of such services should be prohibited. (**NZR604.15** -NZ604.15 A1).
  - Include, as an example of tax advisory or tax planning services, advising an audit client in its tax return preparation, or any adjustments arising therefrom (NZ604.11 A1). As such, consistent with the addition of **NZR604.15**, such services would be prohibited for PIEs.
  - Remove the second bullet point of IESBA paragraph 604.5 A1, which includes advising the client on the tax return treatment of past transactions as a tax return preparation service to avoid inconsistency with proposed NZ604.11 A1. (NZ604.5 A1)
  - Amend IESBA paragraph 604.12 A2 to describe factors that are relevant in identifying self-review or advocacy threats created by providing tax advisory and tax planning services.
  - Acknowledge that there may be benefits in the auditor performing certain audit-related services. These types of services generally will not create a self-review threat to independence, although other threats may be created. The firm will

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<sup>5</sup> The FMA's [Audit Quality Monitoring Report](#) indicates the proportion of fees charged by audit firms related to non-assurance services is 16%.

<sup>6</sup> The survey results are available with the [April 2021 NZAuASB Board](#) papers on the XRB website.

have to apply the conceptual framework to identify such other threats, and then to evaluate and address them. (NZ600.14 A1)

- Limit the timeframe for the application of the transitional provision to 12 months.
23. This ED was approved by a majority of the NZAuASB. One Board member dissented, as in their view the ED still does not go far enough. This Board member would support an approach where the provision of non-assurance services to audit clients that are PIEs is prohibited unless those services are audit-related.
24. In the ED, New Zealand paragraphs are numbered with the prefix NZ. New Zealand additions are shown with underline and deletions are shown with double strikethrough.

#### *Interaction with Other IESBA Workstreams*

25. The NAS project was undertaken concurrently with [revisions to the fees-related provisions of the Code](#). The fees revisions strengthen the independence requirements for firms with respect to fees paid by an audit client. In the case of audit clients that are PIEs, the revised fee provisions provide for the disclosure of fee-related information to those charged with governance and to the public, including in relation to NAS. Additionally, in New Zealand, the New Zealand Accounting Standards Board has an ongoing project jointly with the Australian Accounting Standards Board to improve disclosures of fees paid to the entity's auditor.
26. The NZAuASB expects to adopt the revised IESBA fee provisions in New Zealand at a later date, with a cross reference to the New Zealand disclosure requirements.
27. In addition, the IESBA has recently sought feedback in relation to [Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity](#). While the definition of a PIE is not part of this exposure, it has obvious implications for the scope of permissible NAS in New Zealand. The NZAuASB will soon be consulting on the NZ PIE definition, as the IESBA project advances.

#### *Australian perspective*

28. The NZAuASB has also been conscious of the recent inquiry into audit quality by the Parliamentary Joint Committee on Corporations and Financial Services in Australia. The inquiry considered the adequacy of the independence standards for audit firms in Australia, including in relation to NAS. The final report of the Committee<sup>7</sup> recommended:
- Revising the APES 110 Code of Ethics to include a safeguard that no audit partner can be incentivised, through remuneration advancement or any other means or practice, for selling non-audit services to an audited entity.
  - Development and introduction of defined categories and associated fee disclosure requirements in relation to audit and non-audit services.

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<sup>7</sup> [Regulation of Auditing in Australia: Final Report](#)

- A list of non-audit services that audit firms are explicitly prohibited from providing to an audited entity.
29. The recommendations are relevant to, and form part of the Accounting Professional & Ethical Standards Board's (APESB's) consideration of the adoption of the IESBA NAS provisions.
  30. As at the date of this ITC, the Australian Government has yet to respond to the Committee's recommendations. The NZAuASB is continuing to liaise closely with the APESB on this matter.

## 2. NZ Proposed Changes

### 2.1 Tax Advisory and Tax Planning Services

31. The IESBA Code recognises that providing tax advisory and tax planning services to an audit client might create a self-review threat when there is a risk that the results of the services will affect the accounting records or the financial statements on which the firm will express an opinion (604.12 A1).
32. However, the IESBA Code goes on to state that providing tax advisory and tax planning services will not create a self-review threat if such services:
  - (a) are supported by a tax authority or other precedent;
  - (b) are based on an established practice; or
  - (c) have a basis in tax law that the firm is confident is *likely to prevail* (604.12 A2).
33. The NZAuASB is concerned that the wording "*likely to prevail*" is subjective and sets the bar too low. Moreover, it is difficult to argue that the results of any tax advice or tax planning will not ultimately affect the financial statements through the tax calculation. As such, there will always be a risk that the provision of tax advisory and tax planning services might create a self-review threat.
34. Accordingly, the NZAuASB proposes to amend IESBA paragraph 604.12 A2 by deleting the words "will not create a self-review threat". Rather the paragraph will explain that the extent to which tax advisory or tax planning services are supported by a tax authority or other precedent, are based on an established practice, or have a basis in tax law that the firm is confident is likely to prevail, *are factors that are relevant* in identifying self-review or advocacy threats created by providing the tax advisory or tax planning services.
35. Advocacy threats might be created when the firm provides tax advisory and tax planning services. The NZAuASB's view is that advocating for an audit client that is a PIE creates a threat to independence that cannot be eliminated, and safeguards are not capable of being applied to reduce that threat to an acceptable level.
36. The NZAuASB has also considered the meaning of "tax advisory" and "tax planning" services. The IESBA has provided examples of such services, which include advising

the audit client how to structure its affairs in a tax efficient manner or advising on the application of a tax law or regulation. The NZAuASB is of the view that advising an audit client in its tax return preparation, or any adjustments arising therefrom, also constitutes a tax advisory service. The NZAuASB proposes therefore to clarify PES 1 in this respect by adding advising an audit client in its tax return preparation, or any adjustments arising therefrom, as an example in paragraph NZ604.11 A1. To avoid inconsistency with NZ604.11 A1, the second bullet point of IESBA paragraph 604.5 A1 (which includes advising the client on the tax return treatment of past transactions as a tax return preparation service) is removed. The NZAuASB expects that this clarification will drive consistency in the application of the provisions.

37. The NZAuASB has also considered the results of the NZ user survey<sup>8</sup> when developing these proposals. As noted earlier, the provision of tax advisory and tax planning services had a high negative impact on users' perceptions of the auditor's independence.
38. In order to enhance trust and confidence in audit in New Zealand, the NZAuASB therefore proposes to make additional changes to the IESBA Code to:
  - Prohibit the provision of tax advisory and tax planning services to an audit client that is a PIE (**NZR604.15** -NZ604.15 A1).
  - Revise IESBA paragraph 604.12 A2 to explain the extent to which the tax advisory or tax planning services are supported by a tax authority or other precedent, are based on an established practice, or have a basis in tax law that the firm is confident is likely to prevail, are factors that are relevant in identifying self-review or advocacy threats created by providing the tax advisory or tax planning services. (NZ604.12 A2)
  - Include, as an example of tax advisory and tax planning services, advising an audit client in its tax return preparation or any adjustments arising therefrom (NZ604.11 A1). As such, consistent with the addition of **NZR604.15** such services would be prohibited for PIEs.
  - Remove the second bullet point of IESBA paragraph 604.5 A1, which includes advising the client on the tax return treatment of past transactions as a tax return preparation service (NZ604.5 A1).

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<sup>8</sup> The survey results are available with the [April 2021 NZAuASB Board papers](#) on the XRB website.

Questions for Respondents

1. Do you agree that the provision of tax advisory and tax planning services to an audit client that is a PIE should be prohibited? (Refer **NZ R604.15** – NZ 604.15 A1)
2. Do you foresee any unintended consequences of this prohibition?
3. Do you agree that advising an audit client in their tax return preparation or any adjustments arising therefrom is a form of tax advisory service? As such, consistent with the addition of **NZ R604.15** such services would be prohibited for PIEs. (Refer NZ604.5 A1 and NZ604.11 A1)
4. Are there any other tax services contemplated by proposed subsection 604 for which you consider the requirements should be further strengthened and, if so, why?

*Any other non-assurance services*

5. The NZAuASB has not identified any further aspects of the IESBA's provisions that need to be strengthened in New Zealand. We are, however, keen to hear whether stakeholders consider there is a need to further strengthen any specific provisions.

## 2.2 Audit-Related Services

39. The NZAuASB agrees that, in some cases, there may be benefits to an entity (in terms of both efficiency and audit quality) in the auditor performing certain limited services in addition to the audit engagement.
40. To address this point, the NZAuASB sees merit in providing guidance in PES 1 to describe, for both firms and clients (especially those charged with governance), the types of additional audit-related services that the firm may often be best placed to perform. It does not, however, propose to limit additional services to a predefined list.
41. The proposed guidance is in the form of application material acknowledging that additional work performed by the firm that is related to, or that enhances the quality of, an audit engagement will generally not create a self-review threat to independence. Examples of audit-related engagements include:
  - Engagements required by law or regulation to be performed by the auditor or assurance practitioner.
  - Engagements that involve the formal expression of an assurance opinion or conclusion.
  - Engagements to perform agreed-upon procedures. (Refer NZ600 14 A1)
42. Agreed-upon procedures engagements that the firm might perform in its role as auditor of the entity that generally will not create a self-review threat to independence

include, for example, as scrutineer of votes at an annual general meeting or procedures in relation to grant funding the audit client has received from a government department.

43. It is important to emphasise that, before accepting any audit-related NAS, the firm must still consider the conceptual framework to identify, evaluate and address threats to independence. Identified threats must be eliminated, or safeguards applied to reduce them to an acceptable level. If the audit client is a PIE and there is a risk that the service might create a self-review threat, that service will be prohibited.
44. In addition, as described in Section 1.2 if the entity is a PIE the firm must communicate with those charged with governance before accepting the NAS engagement and obtain their agreement that:
  - the provision of the service will not create a threat to the firm’s independence, or
  - any identified threat is at, or will be eliminated or reduced to an acceptable level.
45. The NZAuASB is of the view that the combination of the NZ changes it is proposing to enhance the strengthened IESBA provisions, together with the additional guidance on audit-related services, will enhance trust and confidence in audit while retaining a principles-based approach.
46. In the public sector, the [Auditor-General’s revised Code of Ethics](#)<sup>9</sup> issued in 2020 sets limits on the provision of additional work, over and above the work that is required or permitted to be carried out on behalf of the Auditor-General. Such work is limited to “work of an assurance nature”. That is said to include:
  - engagements that involve the formal expression of an opinion;
  - agreed-upon procedures engagements;
  - real-time independent quality assurance;
  - probity engagements; and
  - activities involving the examination, investigation or inquiry into matters of concern.

All other types of NAS engagement are effectively prohibited.

47. Although the NZAuASB is not proposing to limit additional services to a predefined list, the NZAuASB considers that the proposed approach (that is, the combination of the revised IESBA NAS provisions along with the proposed NZ enhancements) will achieve a broadly consistent approach with that of the Auditor-General’s standard.

Questions for Respondents

6. Do you agree that services performed by the audit firm will generally not create a self-review threat to the firm's independence when the services are related to the audit engagement?
7. Do you agree that the examples listed would not generally create a self-review threat to independence? Are there other types of services, that would generally not create a self-review threat to independence, that you consider need to be included as examples? (Refer NZ600.14 A1)
8. Do you agree that the additional application material emphasising the need to apply the conceptual framework to identify, evaluate and address threats to independence, other than the self-review threat, is helpful to ensure diligent application of the conceptual framework? (Refer NZ600.14 A1)
9. Do you consider additional requirements or application material is needed in relation to audit-related services, to address perceptions of auditor independence? If yes, please provide details.

## 2.3 Effective Date

48. In line with the IESBA revisions, proposed revised Section 600 and the conforming amendments to Part 4A will be effective for audits and reviews of financial statements for periods beginning on or after 15 December 2022.
49. The conforming and consequential amendments to Sections 900 and 950 in relation to assurance engagements with respect to underlying subject matters covering periods of time will be effective for periods beginning on or after 15 December 2022; otherwise these amendments will be effective on 15 December 2022.
50. Early adoption will be permitted.
51. *Transitional provision:* For non-assurance services engagements a firm or network firm has entered into with an audit client, or for non-assurance services engagements a firm has entered into with an assurance client before 15 December 2022 and for which work has already commenced, the firm or a network firm may continue such engagements under the extant provisions of Professional and Ethical Standard 1 for up to 12 months.
52. The IESBA transitional provision provides that, for engagements entered into before 15 December 2022 and for which work has already commenced, the firm or network firm may continue under the extant provisions of the Code until the engagement is completed in accordance with the original engagement terms. The NZAuASB's view is that an open-ended transitional provision is too broad for New Zealand purposes. This could conceivably permit a firm to continue the engagement under the extant provisions for an indefinite period. Accordingly, the NZAuASB proposes a time limit of 12 months be applied to the transitional provision.



Questions for Respondents

10. For engagements entered into before 15 December 2022, for which work has already commenced, the transitional provision provides that the firm may continue the engagement under the extant provisions of the Professional and Ethical Standard 1 for up to 12 months. Do you agree with the transitional provision? If not, please explain why not and what alternative you propose.

## **2.4 Timeline and next steps**

53. Submissions on ED NZAuASB 2021-4 are due by 31 October 2021. Information on how to make a submission is provided on page 4 of this ITC.
54. After the consultation period ends, we will consider the submissions received, and subject to the comments in those submissions, we expect to finalise and issue the New Zealand revisions by the end of the year.