

# Feedback Statement

# Public Interest Entity

# Amendments

Proposed narrow scope amendments to  
auditing and assurance standards



July 2024



Thank you to everyone who provided feedback on the consultation [Public Interest Entity Amendments: Narrow scope amendments to auditing and assurance standards](#). All feedback received, whether formal or informal, will be considered as we work on finalising the proposals.



## The proposal:

- To adopt the definition of public interest entity (as defined in the Code of Ethics) into the auditing and assurance standards
- To expand the application of existing differential requirements in the auditing standards to apply to public interest entities, including
  - Mandatory engagement quality review for all public interest entities
  - Reporting of key audit matters for public interest entities



## Next Steps:

- The NZAuASB will consider the feedback received, including the challenges to the NZ market, at its meeting on [7 August 2024](#)
- The International Auditing and Assurance Standards Board is currently considering the feedback it has received on the international proposals with a view to finalising the international standard at its December 2024 meeting
- The NZAuASB expects to issue a final standard during the first half of 2025



## What we asked:

How the proposed changes will impact the New Zealand market, given our broad definition of public interest entity

We were specifically interested in hearing about the impact in the not-for-profit and public sectors



## What we heard:

### Key themes

- Conceptually, defining public interest entity the same for auditing and assurance standards and for ethical standards makes sense
- Size as a criterion for determining public interest is a crude measure. It is focused neither on public interest nor risk.
- Given NZ's current broad definition of public interest entity (entities required to report in accordance with the tier 1 reporting requirements) expanding the application of differential requirements creates very real challenges:
  - Significant increased cost of audit without demonstrable benefit
  - Impact the engagement quality review will have on an already pressured audit labour market

