



31 January 2022

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Mr T Seidenstein  
Chair  
International Auditing and Assurance Standards Board  
New York  
UNITED STATES OF AMERICA

Dear Mr Seidenstein

**COMMENTS ON PROPOSED INTERNATIONAL STANDARD ON AUDITING FOR AUDITS OF FINANCIAL STATEMENTS OF LESS COMPLEX ENTITIES**

Thank you for the opportunity to comment on the *Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities* (the proposed standard).

The Auditor-General of New Zealand is responsible for auditing all public sector entities in New Zealand. Public sector entities in New Zealand include public benefit entities and for-profit entities. We provide the New Zealand Parliament and the public with independent assurance that public sector entities are operating and accounting for their performance as intended.

We have significant comments on the ISA for LCE:

1. We strongly support the proposed standard.
2. In our view, the proposed standard should allow auditors to publicly assert compliance with the International Standards on Auditing. See our response to Question 2 in the attachment for further information.
3. The proposed standard should be scoped to allow auditors to audit simple groups. See our response to Questions 22 to 26 in the attachment for further information.

We have further comments in the attachment to this letter that address the International Auditing and Assurance Standards Board's request for comments on specific questions.

If you have any questions please contact Roy Glass at [roy.glass@oag.parliament.nz](mailto:roy.glass@oag.parliament.nz) or me at [todd.beardsworth@oag.parliament.nz](mailto:todd.beardsworth@oag.parliament.nz).

Yours sincerely

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## ISA FOR LCE - RESPONSES TO SPECIFIC QUESTIONS

### Section 4A – Overarching Positioning of ED-ISA for LCE

*1(a) Views are sought on the standalone nature of the proposed standard, including detailing any areas of concern in applying the proposed standard, or possible obstacles that may impair this approach?*

We welcome the standalone nature of the proposed standard. We envisage that it can be applied to most entities audited by the Auditor-General that are not complex from a financial perspective.

A standalone standard will save the auditors of less complex entities the task of reviewing the entire suite of International Standards on Auditing (ISA) to identify the requirements that are relevant to a particular entity or class of entity that is less complex. A standalone standard gives comfort to the auditor, and to those who rely on the auditor's opinion, that the audit will meet the required quality standards.

*1(b) Views are sought on the title of the proposed standard.*

We do not have any views on the title of the proposed standard. However, we have concerns that the proposed standard is not included in the ISA. In our view, if the proposed standard is assigned to a different category, this will have significant implications for its uptake because stakeholders might have concerns that the proposed standard will result in an audit that is inferior to an audit carried out under the full suite of the ISA. We expand on our concerns in our response to Question 2.

*1(c) Views are sought on any other matters related to ED-ISA for LCE as discussed in this section (Section 4A).*

We have no other matters to raise under Section 4A.

*2 Do you agree with the proposed conforming amendments to the IAASB Preface (see paragraphs 39-40)? If not, why not, and what further changes may be needed?*

We question the proposal to position the standard separately from the ISA. We also question why an auditor, in appropriately applying the proposed standard to a less complex entity, cannot assert compliance with the ISA.

The International Auditing and Assurance Standards Board (IAASB) developed the proposed standard by carefully reviewing the full suite of the ISA to identify those requirements that apply to the audit of less complex entities. This is the same process that auditors have carried out when identifying the relevant requirements of the ISA that apply to the audits of small and less complex entities. The only difference is that, as a result of the IAASB work, the proposed standard requires auditors to assert compliance with the *International Standard on Auditing on Audits of Financial Statements of Less Complex Entities* (whereas, if the auditor has carried out the same work under the ISA, they are permitted to assert compliance with the ISA). It is difficult to understand why an auditor, in appropriately applying the proposed standard, cannot assert compliance with the ISA.

We raise this issue because the governors of less complex entities that fall within the scope of the proposed standard might have concerns about how stakeholders would react to an audit that complies with the *International Standard on Auditing on Audits of Financial Statements of Less Complex Entities* instead of the ISA. Governors of entities might not want the audit to be carried out under the proposed standard because of a perception that this is a lesser form of audit.

This situation could create an unnecessary roadblock to using the proposed standard. Furthermore, should auditors carry out their own independent assessment of the requirements of the full suite of the ISA that apply to a less complex entity, or category of less complex entity, they might conclude that the proposed standard aligns to their independent assessment, apply the proposed standard, and assert that the audit complies with the ISA.

We recommend that, under the proposed standard, an auditor of a less complex entity should be permitted to publicly assert that the audit has been carried out in compliance with the ISA.

#### **Section 4B – Authority of the Standard**

*3(a) Views are sought on the Authority (or scope) of ED-ISA for LCE (Part A of the proposed standard). In particular is the Authority as presented implementable? If not, why not?*

We agree that the Authority, as presented, can be implemented.

*3(b) Views are sought on the Authority (or scope) of ED-ISA for LCE (Part A of the proposed standard). In particular are there unintended consequences that could arise that the IAASB has not yet considered?*

We do not foresee any unintended consequences arising from the scope of the proposed standard.

*3(c) Views are sought on the Authority (or scope) of ED-ISA for LCE (Part A of the proposed standard). In particular are there specific areas within the Authority that are not clear?*

We consider the scope of the proposed standard is clear.

*3(d) Views are sought on the Authority (or scope) of ED-ISA for LCE (Part A of the proposed standard). In particular will the Authority, as set out, achieve the intended objective of appropriately informing stakeholders about the scoping of the proposed standard?*

As noted in our response to Question 2, we are concerned that the proposed standard will not be readily accepted by some stakeholders because of a perception that an audit carried out under it will be inferior to an audit carried out under the full suite of the ISA. Although Part A does not explicitly state that there are two categories of audit (an audit carried out under the full suite of the ISA and an audit carried out under the proposed standard) a stakeholder might view an audit under the proposed standard as a lesser form of audit. This could be mitigated by including a statement at the front of the proposed standard that an audit carried out in compliance with this standard complies with the ISA.

- 3(e) *Views are sought on the Authority (or scope) of ED-ISA for LCE (Part A of the proposed standard). In particular is the proposed role of legislative or regulatory authorities or relevant local bodies with standard setting authority in individual jurisdictions clear and appropriate?*

We consider that the proposed standard appropriately and clearly explains the roles of bodies with standard setting authority within individual jurisdictions.

- 4 *Do you agree with the proposed limitations relating to the use of ED-ISA for LCE? If not, why and what changes (clarifications, additions or other amendments) need to be made? Please distinguish your response between the:*

- (a) *Specific prohibitions; and*  
 (b) *Qualitative characteristics.*

*If you provide comments in relation to the specific prohibitions or qualitative characteristics, it will be helpful to clearly indicate the specific item(s) which your comments relate to and, in the case of additions (completeness), be specific about the item(s) that you believe should be added and your reasons.*

With reference to the specific prohibitions, we agree with the proposed limitations except for the limitation on the audit of group financial statements. We comment on the group audit prohibition in our response to the questions under Section 5.

The qualitative characteristics provide an adequate framework that can be used by auditors and their firms to develop a policy that regulates the application of the proposed standard to the entities, and classes of entity, that the firm audits.

- 5 *Regarding the Authority Supplemental Guide:*

- (a) *Is the guide helpful in understanding the Authority? If not, why not?*  
 (b) *Are there other matters that should be included in the guide?*

The Authority Supplemental Guide will also assist auditors and their firms to develop a policy that regulates the application of the proposed standard to the entities, and classes of entity, that the firm audits.

- 6 *Are there any other matters related to the Authority that the IAASB should consider as it progresses ED-ISA for LCE to finalization?*

We have not identified any other matters for IAASB consideration in relation to the Authority.

#### **Section 4C – Key Principles Used in Developing ED-ISA for LCE**

7 *Views are sought on the key principles used in developing ED-ISA for LCE as set out in this Section 4C. Please structure your response as follows:*

*(a) The approach to how the ISA requirements have been incorporated in the proposed standard (see paragraphs 74-77).*

The approach adopted by the IAASB in incorporating the ISA requirements into the proposed standard is reasonable and appropriate.

*(b) The approach to the objectives of each Part of the proposed standard (see paragraphs 78-80).*

The approach adopted by the IAASB in developing the ISA objectives for inclusion in the proposed standard is reasonable and appropriate.

*(c) The principles in relation to professional scepticism and professional judgement, relevant ethical requirements and quality management (see paragraphs 81-84).*

The application of the principles of professional scepticism and professional judgement to the audits of less complex entities is the same as the application of those principles to a full ISA audit. We would expect no less.

*(d) The approach to EEM (see paragraphs 85–91) including:*

*(i) The content of the EEM, including whether it serves the purpose for which it is intended.*

*(ii) The sufficiency of EEM.*

*(iii) The way the EEM has been presented within the proposed standard.*

The approach to assessing the need for, and including, essential explanatory material in the proposed standard is reasonable and appropriate.

#### **Section 4D – Overall Design and Structure of ED-ISA for LCE**

8 *Please provide your views on the overall design and structure of ED-ISA for LCE., including where relevant, on the application of the drafting principles (paragraph 98-101).*

We consider the overall design and structure of the proposed standard is reasonable and appropriate.

## Section 4E – Content of ED-ISA for LCE

- 9 Please provide your views on the content of each of Parts 1 through 8 of ED-ISA for LCE, including the completeness of each part. In responding to this question, please distinguish your comments by using a subheading for each of the Parts of the proposed standard.

| <b>Part 1 – Fundamental Concepts, General Principles and Overarching Requirements</b> |   |   |
|---|---|---|
| <b>Paragraph</b>  | <b>Observation</b>  | <b>Possible Correction</b>                                      |
| 1.6.2   | This contains no “shall” statement.   | Perhaps this is extended explanatory material?                  |
| 1.8.6   | If this requirement is applied literally the auditor could end up reporting an alleged fraud to management when the auditor suspects the fraud involves management. | Precede paragraph 1.8.6 with the words “Subject to 1.8.8, ...”. |

| <b>Part 4 – Acceptance or Continuance of an Audit Engagement and Initial Audit Engagements</b> |                                     |  |
|--|-------------------------------------|--|
| <b>Paragraph</b>   | <b>Observation</b>                  | <b>Possible Correction</b>                     |
| 4.8.5  | This contains no “shall” statement. | Perhaps this is extended explanatory material? |

| <b>Part 6 – Risk Identification and Assessment</b> |  |  |
|--|--|--|
| <b>Paragraph</b>                                   | <b>Observation</b>   | <b>Possible Correction</b>                           |
| The EEM after 6.5.4                                | The reference to paragraphs 6.5.4 – 6.5.5 seems incorrect. | The correct reference is “paragraphs 6.5.5 – 6.5.7”. |

| <b>Part 7 – Responding to Assessed Risks of Material Misstatement</b> |   |  |
|---|---|--|
| <b>Paragraph</b>  | <b>Observation</b>  | <b>Possible Correction</b>   |
| 7.4.7   | This contains no “shall” statement.                       | Perhaps this is extended explanatory material?   |
| 7.4.8(b) and 7.4.16 to 7.4.18   | There is an element of duplication in these requirements. | Remove the duplication and include all requirements on accounting estimates under one heading. |

| Part 7 – Responding to Assessed Risks of Material Misstatement |  |   |
|--|--|---|
| Paragraph  | Observation  | Possible Correction   |
| 7.4.19 (c)   | This sentence needs to be reconsidered to ensure that it is clear. | Should the sentence read “Performing audit procedures to obtain audit evidence about whether changes in inventory between the count date and the date of the financial statements have been properly reflected <u>in</u> if the physical inventory counting is at a date other than the <del>date</del> of the financial statements”? |

| Part 8 – Concluding   |  |   |
|-----------------------|--|---|
| Paragraph             | Observation  | Possible Correction   |
| 8.7.1                 | This requirement is expressed awkwardly – as if the engagement partner were two different people.  | An alternative approach could be to require the engagement partner, before signing the auditor’s report, to “step back” to satisfy themselves as to the matters in paragraphs 8.7.1(a) and (b)? |
| 8.8.1 and 8.8.4       | Paragraph 8.8.1 seems to refer to the misstatements communicated to entity management or those charged with governance <b>during the audit</b> . Paragraph 8.8.4 refers to the misstatements that remain uncorrected <b>at the end of the audit</b> , and the requirement for the uncorrected misstatements to be communicated to those charged with governance. | From a practical application perspective, these requirements might be better positioned together – for instance, if paragraph 8.8.4 was placed immediately after paragraph 8.8.1?               |
| 8.8.2(f) and 8.8.2(i) | Both matters refer to the wording of the audit report – which is of great importance to those charged with governance.<br><br>In addition, the wording in paragraph 8.8.2(f) is not entirely clear and would appear to refer to circumstances that result in a modified opinion.   | Would it be better to promote paragraphs 8.8.2(f) and 8.8.2(i) to the top of the list?<br><br>In addition, paragraph 8.8.2(f) could be clarified.   |

10(a) For Part 9, do you agree with the approach taken in ED-ISA for LCE with regard to auditor reporting requirements, including the presentation, content and completeness of Part 9.

| Part 9 – Forming an Opinion and Reporting |  |  |
|---|--|--|
| Paragraph                                 | Observation  | Possible Correction  |
| Section 9.2                               | In our view, the construction of this Section is not in keeping with paragraph 98 of the Explanatory Memorandum where it is intended that there should be one thought for each paragraph and an ambition to combine the requirements from the ISA where appropriate and to avoid repetition.   | We suggest that Section 9.2 is reviewed for the purpose of giving effect to the drafting principles in paragraph 98 of the Explanatory Memorandum. |
| 9.2.3, 9.2.4(a) and 9.2.4(b)              | To illustrate the above point, these paragraphs place requirements on the auditor to evaluate aspects of the entity's accounting policies.   | It would be preferable that these requirements are contained in one paragraph in a logical order.  |
| 9.2.2 and 9.2.4(e)                        | As a further example paragraph 9.2.2 places a requirement on the auditor to conclude whether sufficient and appropriate audit evidence has been obtained. Paragraph 9.2.4(e) requires the auditor to evaluate if the information presented in the financial statements is, amongst other things, "reliable". These two requirements, in essence, ask the auditor to do the same thing but are expressed differently.   | This is an example of duplication that should be removed from the proposed standard.   |
| 9.2.4                                     | This paragraph places a range of requirements on auditors. There are a range of high-level requirements and requirements of detail. The requirements are not discrete, and overlap, which creates risks of duplication of effort or in missing a requirement altogether.<br><br>For example, the requirement in paragraph 9.2.4(a) asks the auditor to evaluate whether the financial statements appropriately disclose the entity's significant accounting policies, and whether <b>they</b> [emphasis added] have been presented in an understandable way.<br><br>It is not clear if the " <b>they</b> " refers to the financial statements, the significant accounting policies, or both. | Paragraph 9.2.4 should be reviewed to give effect to the drafting principles in paragraph 98 of the Explanatory Memorandum.                        |



| <b>Part 9 – Forming an Opinion and Reporting</b> |   |   |
|--|---|---|
| <b>Para</b>                                      | <b>Observation</b>  | <b>Possible Correction</b>                                  |
| 9.4.2  | This requirement has previously been discussed as essential explanatory material after paragraph 9.3.1.   | Perhaps this requirement should come after paragraph 9.3.1? |
| 9.8.9  | The table after paragraph 9.8.9 does not provide guidance if the auditor knows that other information will be included in the annual report at the time the audit report is signed, but the auditor has not read the other information. | Provide guidance.   |

10(b) *For Part 9, do you agree with the approach taken in ED-ISA for LCE with regard to auditor reporting requirements, including the approach to include a specified format and content of an unmodified auditor's report as a requirement?*

#### ***Specified format and content***

1. We disagree with the approach to include a specified format and content of an unmodified auditor's report as a requirement. We think it should be included as an example, not a requirement. Such an approach is consistent with ISA 700 (Revised).
2. If the specified format and content is to be required, we think the reasons for departing from the specified format and content need to be wider. Under paragraph 9.4.1(a) of the proposed standard, the format and content of an unmodified auditor's report can only be amended where such amendment is "required for compliance with law or regulation, including when law or regulation prescribes the layout or wording of the auditor's report".

The Auditor-General is required by legislation to publish the auditing standards that the Auditor-General intends to apply to audits (the Auditor-General's auditing standards). In those standards, the Auditor-General prescribes the layout and wording of an auditor's report issued by, or on behalf of, the Auditor-General. This includes wording to explain the unique responsibilities placed on the Auditor-General by legislation. Our particular problem is that the Auditor-General's auditing standards, while made under legislation, are not themselves "law or regulation". Our interpretation of paragraph 9.4.1(a) of the proposed standard is that complying with the Auditor-General's auditing standards would not be sufficient reason for amending the specified format and content of an unmodified auditor's report required by the proposed standard. We think it should be.

#### ***Reference to the ISA for LCE in the auditor's report***

As explained in our response to Question 2, we question why an auditor, in appropriately applying the proposed standard to a less complex entity, cannot assert compliance with the ISA.

**Reference to Other Information in the auditor's report**

We suggest that the audit report under paragraph 9.4.1 should make provision for "other information" by referring the auditor to Section 9.8. However, we note that an "other information" heading will not be required if the entity does not include, or does not intend to include, other information in its annual report.

10(c) *For Part 9, do you agree with the approach taken in ED-ISA for LCE with regard to auditor reporting requirements, including the approach to providing example auditor's reports in the Reporting Supplemental Guide.*

Subject to our comments in response to Question 10(b), we agree with the approach taken in the proposed standard with regard to auditor reporting requirements, including the approach to providing example audit reports in the Reporting Supplemental Guide.

11. *With regard to the Reporting Supplemental Guide:*

(a) *Is the support material helpful, and if not, why not?*

(b) *Are there any other matters that should be included in relation to reporting?*

Subject to our comments in response to Question 10(b), we consider that the support material in the Reporting Supplemental Guide will be helpful.

12. *Are there any areas within Parts 1–9 of the proposed standard where, in your view, the standard can be improved? If so, provide your reasons and describe any such improvements. It will be helpful if you clearly indicate the specific Part(s) which your comments relate to.*

Please refer to our response to Questions 9 to 11.

**Section 4F – Other Matters**

13. *Please provide your views on transitioning:*

(a) *Are there any aspects of the proposed standard, further to what has been described above, that may create challenges for transitioning to the ISAs?*

(b) *What support materials would assist in addressing these challenges?*

We agree that the proposed standard clearly explains the requirements for transitioning to the ISA. The clear message is that the proposed standard should not be used unless the auditor is certain that an entity, or class of entity, is a less complex entity.

14. *Do you agree with the proposed approach to the future updates and maintenance of the Standard and related supplemental guidance?*

We agree with the proposed approach.

15. *For any subsequent revisions to the standard once effective, should early adoption be allowed? If not, why not?*

We agree that early adoption of revisions to the standard should be allowed.

16. *Should a separate Part on the ISA-800 series be included within ED-ISA for LCE? Please provide reasons for your response.*

We appreciate that this is not a matter of great urgency. However, the development of a separate Part on the ISA-800 series should be included in the proposed standard. This is a natural expansion of the proposed standard because, for example, stakeholders are increasingly more likely to read summary financial statements to obtain a “snapshot” of the performance and position of an entity than read the full financial statements.

17. *In your view, would ED-ISA for LCE meet the needs of users and other stakeholders for an engagement that enables the auditor to obtain reasonable assurance to express an audit opinion and for which the proposed standard has been developed? If not, why not. Please structure your comments to this question as follows:*

- (a) *Whether the proposed standard can, and will, be used in your jurisdiction.*

Subject to the matters raised in our submission, we can, and would like to, use the proposed standard for public sector audits in New Zealand. We audit the financial statements of about 3400 entities every year. Our assessment is that the proposed standard could be applied to the audits of about 75% of those entities.

- (b) *Whether the proposed standard meets the needs of auditors, audited entities, users of audited financial statements and other stakeholders.*

We are concerned that the proposed standard will not meet the needs of audited entities, users of the financial statements, and other stakeholders.

As explained in our response to Question 2, we are concerned that governors of entities might not want the audit to be carried out under the proposed standard because users and other stakeholders might perceive that this is a lesser form of audit. This is because the proposed standard requires the audit report to state the audit has been carried out in accordance with the ISA for LCE.

In our view, compliance with the proposed standard amounts to compliance with the ISA. Therefore, we do not understand why the audit report cannot assert compliance with the ISA.

- (c) *Whether there are aspects of the proposed standard that may create challenges for implementation (if so, how such challenges may be addressed).*

We do not envisage any significant implementation challenges, although aspects of our underlying audit methodology and support systems will need to be updated.

18. *Are there any other matters related to ED-ISA for LCE that the IAASB should consider as it progresses the proposed standard to finalization?*

We have not identified any other matters for the IAASB to consider.

#### **Section 4G - Approach to Consultation and Finalization**

19. *What support and guidance would be useful when implementing the proposed standard?*

Other than the Authority Supplemental Guide and the Reporting Supplemental Guide, we have not identified the need for support and guidance when implementing the proposed standard. In keeping with normal practice, it would be appropriate for the IAASB to carry out a post-implementation review of the proposed standard. Such a review might identify areas where additional guidance is necessary.

20. *Translations—recognizing that many respondents may intend to translate the final ISA for LCE in their own environments, the IAASB welcomes comment on potential translation issues noted in reviewing ED-ISA for LCE.*

We have no comments to make on potential translation issues.

21. *Effective Date—Recognizing ISA for LCE is a new standard, and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for the standard would be for financial reporting periods beginning at least 18 months after the approval of a final standard. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA for LCE.*

The effective date, with provision for early adoption, is considered to be reasonable.

#### **Section 5 – Group Audits**

22. *The IAASB is looking for views on whether group audits should be excluded from (or included in) the scope of ED-ISA for LCE. Please provide reasons for your answer.*

The Auditor-General audits several groups that are less complex entities. In these instances, the presence of subsidiary entities does not add any significant complexity to the audit. Consequently, we consider that the scope of the proposed standard should include simple group audits.

23. *Respondents in public practice are asked to share information about the impact of excluding group audits from the scope of ED-ISA for LCE on the use of the proposed standard. In particular:*

(a) *Would you use the standard if group audits are excluded? If not, why not?*

We would continue to use the standard if group audits are excluded.

(b) *Approximately what % of the audits within your firm or practice would be group audits that would likely be able to use ED-ISA for LCE (i.e., because it is likely that such group audits could be considered less complex entities for the purpose of the proposed standard) except for the specific exclusion?*

We estimate that less than 3% of the audits we would classify as less complex entities are group audits.

(c) *What common examples of group structures and circumstances within your practice would be considered a less complex group.*

The Auditor-General audits several entities that are simple groups. A typical example is a school that has been gifted property that has certain terms and conditions for its use (for instance, the property cannot be sold but the school controls the entity and has exclusive entitlement to the benefits) and where the property has been set up as a separate legal entity. Another example is where an entity has set up a non-trading “name protection” company.

24. *If group audits are to be included in the scope of ED-ISA for LCE, the IAASB is looking for views about how it should be done (please provide reasons for your preferred option):*

(a) *The IAASB establishes a proxy(ies) for complexity for when the proposed standard may be used (“Option 1 - see paragraph 169); or*

(b) *ED-ISA for LCE sets out qualitative characteristics for complexity specific to groups (Option 2 - see paragraph 176), to help users of the proposed standard to determine themselves whether a group would meet the complexity threshold.*

In our view, the proposed standard should include group audits within its scope by setting out qualitative characteristics for complexity specific to groups to help auditors determine whether a group would meet the complexity threshold.

In our view, the following characteristics would place a group outside the proposed standard:

- (i) where the components exhibit any indicators of complexity in paragraphs A7 (excluding A7(d) – to be removed), A8, and A9;
- (ii) where there are components in different jurisdictions to the ultimate parent entity; and
- (iii) where any of the component auditors are from different audit firms to the group auditor.

An exception should be permitted for components in (ii) and (iii) above that are trivial or inconsequential to the group – such as non-trading or dormant subsidiary companies.

25. *Are there other ways that group audits could be incorporated into the scope of the proposed standard that is not reflected in the alternatives described above? For example, are there proxies for complexity other than what is presented in paragraph 169 that the IAASB should consider?*

There might be other ways of doing this. However, if the criteria are not clear and simple to apply then that, in itself, is an indicator of complexity.

26. *If group audits are included in ED-ISA for LCE, how should the relevant requirements be presented within the proposed standard (please provide reasons for your preferred option):*
- (a) Presenting all requirements pertaining to group audits in a separate Part; or*
  - (b) Presenting the requirements pertaining to group audits within each relevant Part.*

If group audits are included in the proposed standard, then all requirements pertaining to group audits should be presented in a separate Part. Our reasoning is that we envisage that most audits carried out under the proposed standard will not be groups.