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Comments	Kia ora koutou katoa

Collective investment vehicles and pension funds are a specialised type of investment that are typically entered into by specialist managers of substantial investment funds with the objective of creating value over the medium to long-term.

There are a small number of these investment funds in the New Zealand public sector that are required to be audited by the Auditor-General. These audits are delegated to auditors with the requisite experience in auditing investment funds.

We understand that collective investment vehicles and pension funds are dynamic in nature with new permutations emerging with every new scheme.

We support the intention of the IESBA to further develop a “principles-based” approach to assist auditors of entities that may invest in “collective investment vehicles and pension funds” to identify and manage or, if necessary, eliminate significant threats to auditor independence. Given the dynamic nature of “collective investment vehicles and pension funds” it is our view that a “rulebook” is unlikely to assist auditors in managing auditor independence in this area.

Instead, auditors need to be alert to the potential threats to audit independence arising from “collective investment vehicles and pension funds”, make an

assessment of the significance of the threat, and respond appropriately to significant threats by reference to the principles that drive auditor independence. In implementing this approach it would seem that auditors need to have a clear understanding of the roles of “connected parties” rather than simply making decisions based on the names assigned to “connected parties”.

We don't have the in-depth experience of auditing “collective investment vehicles and pension funds” within our Office to answer the questions in the IESBA Consultation Paper with any degree of authority. However, we recognise the significance of this matter and support the IESBA's work in enhancing the Code accordingly.

Ngā mihi nui
Roy Glass
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Office of the auditor-General of New Zealand
<https://www.xrb.govt.nz/consultations/assurance-standards-in-development/auditor-independence-collective-investment-vehicles-and-pension-funds/>

Consultation Page URL

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