



**New Zealand Auditing and Assurance Standards Board (NZAuASB)**

**Minutes of the Virtual Meeting of the NZAuASB held at 9:00am on Wednesday, 4 June 2025**

<b>Present:</b>	Marje Russ, Chair Mike Bradbury, Deputy Chair Todd Beardsworth, Board Member David Hay, Board Member Darby Healey, Board Member Richard Kirkland, Board Member Doug Niven, Board Member Vasana Vanpraseuth, Board Member
<b>In attendance:</b>	Greg Schollum, IAASB member (Agenda 4) Michele Embling, XRB Chair (Agenda 6) Wendy Venter, Chief Executive (Agenda 6) Misha Pieters, Director Audit and Assurance Karen Tipper, Technical Director Anna Herlender, Project Manager (Agenda 5) Lisa Thomas, Senior Project Manager (Agenda 4) Bruce McNiven, Project Manager (Agenda 3 and 11) Sharon Walker, Senior Project Manager (Agenda 8) Thinus Peyper, Senior Project Manager

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**2. BOARD MANAGEMENT**

**a. Action list**

The Board NOTED the actions arising from prior meetings.

**b. Chair Report**

The Board RECEIVED a verbal update from the NZAuASB Chair, including:

- i. On ongoing progress to recruit a new chair. Marje will chair the August meeting.
- ii. The International Accreditation Forum (IAF) has merged with the International Laboratory Accreditation Cooperation (ILAC) in a new entity that is registered in NZ. Marje plans to meet with representatives from IAF in July in Europe.
- iii. Jeremy Nicholls, advisor to Social Value International and honorary senior fellow from the University of Liverpool is visiting New Zealand early September.

### c. AUASB Update

The Board RECEIVED a verbal update on Australian developments, including:

- i. The AUASB has approved and issued ASA 570 (Revised 2024), *Going Concern*.
- ii. The AUASB has approved a Joint Project Plan to revise the guidance “Audit Implications of the Use of Service Organisations for Investment Management Services”.
- iii. The AUASB agreed to replace reference to part 5 in ASSA 5000<sup>1</sup> with reference to APES 110<sup>2</sup>. The APESB has recently consulted on the adoption of part 5 within the APESB Code and will discuss the feedback received at its meeting next week. The APESB proposed an application date of 1 January 2026.
- iv. The AUASB is developing non-authoritative guidance on the use of AI in audits and will undertake targeted consultation to refine the guidance before it is issued. The Board expressed interest to consider the guidance for New Zealand.

### 3. ISA (NZ) for LESS COMPLEX ENTITIES (LCE)

The Board DISCUSSED and AGREED changes made to the exposure draft of the ISA (NZ) for LCE arising from respondents' suggestions to:

- enhance and clarify essential explanatory material (EEM) and requirements in Part 11.
- incorporate the requirement of obtaining a legal letter from in-house counsel.
- to add EEM on factors the auditor may consider when assessing inherent risk.
- to clarify that the auditor concludes whether any *material aspect* of the SPI is not appropriate and meaningful, rather than just any *aspect*.

The Board REQUESTED a further change to streamline NZP.1. of the standard, for example by using bullet points for clarity.

The Board DISCUSSED options to clarify which EEM is New Zealand specific and NOTED that all of part 11 is a New Zealand addition.

The Board AGREED to forward editorial suggestions to staff. Subject to these changes being made, the Board APPROVED the ISA (NZ) for LCE.

The Board DISCUSSED and APPROVED the *explanation for decisions made*, subject to the following changes:

- Adding emphasis to the introduction to be explicit that the standard includes all relevant requirements to achieve the same level of reasonable assurance as the ISAs (NZ). While it is a simpler standard, it does not result in less work.
- Adding a footnote to para. 1 to state that while the standard is called the ISA for audits of *financial statements* of LCEs, the scope includes, where applicable, the audit of service performance information.
- Adding links to IAASB guidance documents.

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<sup>1</sup> ASSA 5000 General Requirements for Sustainability Assurance Engagements

<sup>2</sup> APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) issued by the Accounting Professional & Ethical Standards Board (APESB)

- Remove sentences that state that the NZAuASB considers the standard will or may attract auditors into the profession.
- Clarify applicability and remove the sentence “The entity’s transactions result from lines of business or revenue streams.”
- Clarify sentences that relate to the two step process in paragraph 23.

The Board DISCUSSED and APPROVED the *signing memorandum*, subject to making similar changes as noted above, removing sentences that state that the NZAuASB considers the standard will or may attract auditors into the profession.

The Board AGREED that staff would complete the final quality checks to ensure the amendments requested have been actioned before issuing the documents. The Board commended the staff for achieving this milestone, acknowledging the considerable effort required to reach this stage.

#### 4. SUSTAINABILITY ASSURANCE

The Board DISCUSSED the sustainability consultation document and REQUESTED the following changes:

- adding emphasis in the name, headings and/or comms to reflect the proposals related to use of external experts are broader than sustainability to ensure that all relevant stakeholders engage with the content.
- adding subheadings to the questions included in part 2 for clarity.
- updating Questions 2 and 5 to ask if the firm plans to adopt the new standards, when and deleting the question relating to concerns related to adoption.
- adding an open-ended question as to whether there are any further comments to make.
- ensuring the following messages are clarified where appropriate:
  - XRB is not proposing to withdraw or get rid of NZ SAE 1. We are continuing with our temporary standard, while proposing to add an option in the temporary standard to allow use of ISSA (NZ) 5000 in due course.
  - The proposals will not change the standards now. All proposals, if agreed to following our consultation, would be available for use for periods beginning on or after 15 December 2026, with early adoption permitted. XRB is consulting in advance to allow time to get feedback, make decisions and transition to the new international standards. This is to provide as much certainty as possible at this stage, while allowing flexibility until the market settles.
  - XRB is proactively monitoring the environment (rather than watching and waiting) to inform future decisions about what to do with ISAE (NZ) 3410 and separately the longer-term decisions around our temporary standard NZ SAE 1.
  - New Zealand has a narrow mandatory sustainability assurance regime, limited to GHG emissions disclosures. The XRB is not proposing to withdraw ISAE (NZ) 3410 at this stage. These are decisions that still need to be worked through, noting that ISAE 3410 will no longer be used internationally from 2027.
  - ISAE (NZ) 3000 will be retained for engagements other than sustainability assurance.
  - The XRB is monitoring ISO sustainability assurance standards developments.

- Being explicit that the XRB is actively monitoring developments in jurisdictions, including the UK, Canada, Japan, etc. rather than include an update in the document about each jurisdiction as things are moving at pace. Any recent updates to be provided in outreach sessions.
- Ensuring that all NZ additional compelling reason changes are covered in the consultation document, including referral fees, to summarise the proposed amendments to the IESSA.
- Editorial changes that the Board AGREED to forward to staff, including a reference to NZ R523.3.1.
- Clarifying that the proposals related to use of external experts impact many definitions.
- Clarifying that the XRB is proposing to allow early adoption.
- Clarifying the Australian summary that refers to ISSA 5000 requiring practitioners to apply the international version of the IESSA for relevant ethical requirements.

The Board APPROVED the consultation subject to the above changes and confirmation by the NZAuASB Chair and a final quality review by the Chief Executive.

The Board DISCUSSED and APPROVED:

- International Standard on Sustainability Assurance (New Zealand) 5000, General Requirements for Sustainability Assurance Engagements Exposure Draft
- Conforming Amendments resulting from the International Standard on Sustainability Assurance (New Zealand) 5000, General Requirements for Sustainability Assurance Engagements Exposure Draft
- International Ethics Standards for Sustainability Assurance (including International Independence Standards) (New Zealand) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting Exposure Draft
- Other revisions to the Code Relating to Assurance and Reporting Exposure Draft
- Revisions to the Code Addressing the Use of an External Expert Exposure Draft
- Amendments to NZ SAE 1, Assurance of Greenhouse Gas disclosures Exposure Draft

subject to:

- Updating the application date wording in all exposure drafts to align with international dates that cover both periods beginning on or after 15 December 2026 and as at a specific date on or after 15 December 2026 with early adoption allowed.

## **5. IAASB UPDATE**

The Board welcomed Greg Schollum to the meeting and received a verbal update on IAASB matters including:

- Greg has been re-appointed as IAASB Board member for another three-year term. Greg expressed thanks to Misha, the assurance team and the reference group and the XRB for their ongoing support.
- The IAASB is at an inflection point. Visible standard output is expected to reduce for the next few years, while the IAASB Board focusses on implementation guidance.
- Greg and Misha are supporting coordination between IAASB and IESBA Boards. Greg will be the board project member on the project to maintain the ISA for LCE standard.

- The IAASB and IESBA are coordinating on the firm culture and governance project and the project on public interest entities. The IESBA has heard the message to engage further before developing additions to the standard on firm culture.

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### **7. NZAuASB WORK PLAN**

The Board NOTED the progress against the 2024/25 statement of performance expectations (SPE) and DISCUSSED the measures used, noting that delays are often purposeful. Updated SPE measures will be used for the following period.

The Board NOTED the updated approach to the draft 2025/26 prioritisation plan, with support for the approach to link to the updated SPE measures and for further transparency as to the staff leading the projects.

### **8. GOING CONCERN**

The Board DISCUSSED the issues relating to the revised going concern standard and AGREED:

- Early application should not be permitted.
- To defer gazetting and issue of the going concern standard until such time as the Board has approved any revised fraud standard and the narrow scope amendments as a result of the listed entity and PIE project, together with related consequential and conforming amendments.

- The NZ amendments, including the amendment to illustrative report 6 to align the wording of the auditor's adverse conclusion more closely with the required wording of ISA (NZ) 705, i.e., to state, "because of the significance of the omission..."

The Board AGREED, on balance, to remove the optional subheading presented in the illustrative reports when the auditor has not identified a material uncertainty on the basis that:

- The particular wording "no material uncertainty related to going concern" is confusing and may be misinterpreted by users that no material uncertainty exists rather than that the auditor has not identified a material uncertainty in performing the audit.
- The optionality would lead to inconsistency.
- The sub-heading risks widening the expectation gap.

This optional subheading was also removed by the AUASB in Australia.

The Board APPROVED ISA (NZ) 570 (Revised 2024), *Going Concern*, subject to removal of the optional subheading and subject to any additional changes resulting from the pending IAASB finalisation of the narrow scope listed entity and PIE amendments. Minor changes, if needed, are to be agreed with the Chair. Any substantive changes will be brought back to the NZAuASB for discussion.

The Board APPROVED the signing memorandum subject to amendments to:

- Clarify how we may be able to reduce the number secondary legislation instruments.
- Reflect the decision to remove the optional subheading.

The Board NOTED that the Accounting and Assurance Standards teams continue to work together to consider how the expectations about the preparer's and auditor's responsibilities in relation to going concern are best communicated and plans for guidance to support adoption and implementation by the auditors.

## **9. COLLECTIVE INVESTMENT VEHICLES CONSULTATION PAPER**

The Board DISCUSSED the draft response to the IESBA including adding emphasis:

- That the New Zealand legislation is unique.
- That the relevant parties have been identified in the draft response. The Board discussed that currently not all the identified related parties are considered from an independence perspective currently however agreed that there remains an open question as to whether there is any need for all these parties to be included within the independence considerations. The discussion reflected that this has never been pursued locally.
- A suggestion to engage with custodians to understand their perspectives.

The Board APPROVED the submission subject to any submissions received in New Zealand and final review by Vasana Vanpraseuth and the Chair of the Board.

## **10. GUIDANCE ON SERVICE ORGANISATIONS**

The Board NOTED a high-level progress update on the joint NZAuASB/AUASB project to revise guidance on "Audit Implications of the Use of Service Organisations for Investment Management Services".

The Board APPROVED the Joint Project Plan.

The Board RECOMMENDED that staff engage with:

- Investment administrators and the Boutique Investment Group as the project progresses. New Zealand representatives on the Project Advisory Group could also be asked to assist in identifying relevant stakeholder groups.
- Those charged with governance and preparers given it may assist those responsible to determine controls and the control objectives i.e., how the control objectives and related control activities (within the scope of the assurance engagement), are determined and agreed.

#### **11. PROPOSED NARROW SCOPE AMENDMENTS FOR USE OF EXPERTS**

The Board APPROVED the draft submission on the narrow scope amendments to the IAASB subject to any submissions received. If any changes are required, based on submissions, staff will update and circulate it for approval.

**Close meeting**

**Next meeting will be held on 14 August**