

New Zealand Auditing and Assurance Standards Board (NZAuASB)**Minutes of the Virtual Meeting of the NZAuASB held at 9:00am on Thursday, 14 August 2025**

Present:	Mike Bradbury, Acting Chair Todd Beardsworth, Board Member Darby Healey, Board Member Richard Kirkland, Board Member Doug Niven, Board Member Vasana Vanpraseuth, Board Member Graeme Pinfold, Observer (Agenda 1- 3) Rebecca Palmer, Observer
In attendance:	Wendy Venter, Chief Executive (Agenda 1 - 3) Misha Pieters, Director Audit and Assurance Amelia Sharman, Director Sustainability (Agenda 1) Karen Tipper, Technical Director Anna Herlender, Project Manager (Agenda 5) Lisa Thomas, Senior Project Manager (Agenda 10) Bruce Mcniven, Project Manager (Agenda 3 and 11) Sharon Walker, Senior Project Manager (Agenda 2,4, 5 and 6) Thinus Peyper, Senior Project Manager (Agenda 2 and 7-11)

• PUBLIC SESSION – AGENDA ITEM 3 - 10

3. BOARD MANAGEMENT**3.1 Action list**

The Board NOTED the actions arising from prior meetings.

3.3 AUASB Update

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

- The AUASB is discussing potential amendments to their standard for the phasing of the assurance over climate reporting.
- The AUASB is working with ASIC on FAQs connected to the assurance of the climate reporting, in particular relating to who can be appointed to undertake the work.
- The AUASB is working on their implementation and adoption plan for the assurance of climate reporting. The first areas they are addressing are guidance for financed emissions and illustrative assurance reports.
- The planned merger of the FRC, AUASB and AASB is still planned for mid-2026.
- Good progress is being made on the Trans-Tasman project to revise guidance on service organisations. The AUASB Chair will chair the project advisory group going forward.

3.4 IESBA Meeting Highlights and Decisions

The Board NOTED the highlights from the IESBA's June meeting. The Board NOTED that the IESBA is commencing a post implementation review of non-compliance with laws and regulations and a separate post implementation review of the restructured code.

3.5 IAASB Report

The Board NOTED the June IAASB meeting report. The Board discussed the focus on enhancing auditor's work on internal controls noting that the audit will be inhibited by the controls used by the entity.

4. NZAuASB WORKPLAN

The Board NOTED the environmental update and did not identify additional developments. The Board DISCUSSED the NZAuASB workplan and requested:

- That staff connect with the OAG to understand their work on auditing Māori entities.
- More visibility over future board agendas and how the activities and engagement are spread across the year.
- A need for a roadmap on when we will make a final determination on the temporary standard for GHG assurance.
- The use of AI to perform environmental scanning and to deepen the knowledge of AI use.
- That there may be opportunities to collaborate with the AUASB as they are also considering ways to support the supply and demand of audits for smaller entities and smaller practices.
- The need to elevate the priority of supporting the broader ecosystem awareness of the going concern and fraud standards.

5. FRAUD

The Board DISCUSSED that the IAASB requirement in paragraph 63 for the auditor to obtain written representations from management, and where appropriate those charged with governance, regarding their knowledge of fraud or suspected fraud involving others has been broadened from fraud that has a material effect on the financial statements to fraud that may have an effect on the financial statements.

The Board DISCUSSED the New Zealand change to require written representations from those charged with governance. This change is made in line with our compelling reason to reflect that legally those charged with governance have responsibility for ensuring an entity meets its legal obligations in relation to the preparation of the financial statements. Accordingly, requirements relating to written representations in the ISAs, that apply to management and, where appropriate, those charged with governance are amended in the ISAs (NZ) to apply to those charged with governance to reflect the NZ regulatory environment. The Board AGREED that the requirement to obtain written representations from those charged with governance remains appropriate. The Board highlighted that this is a significant change that should be addressed through implementation support.

The Board APPROVED:

- ISA (NZ) 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, subject to the outcome of the publicly traded entity discussion in agenda item 6 and the editorial corrections advised by staff.
- The signing memorandum, subject to the outcome of the publicly traded entity discussion.

The Board AGREED it would be helpful to remove "(Revised)" from title of standards going forward, noting that this is the naming convention of the international board. The Board expressed a preference not to include the date in the title, to avoid the need to update templates when standards are revised. (e.g., the title of the Code in the auditor's reporting templates). The Board also DISCUSSED whether to retain "International" in the title of New Zealand standards, but on balance agreed that to do so was in line with the XRB's strategy of internationally aligned, locally relevant. The Board NOTED that there is variation in the way in which standards are named in various jurisdictions.

The Board DISCUSSED the following areas where implementation support would be helpful:

- The changes to the required written representations and communications with those charged with governance represent a significant shift:
 - The extant standard requires written representations to be obtained from those charged with governance, that they have disclosed to their auditor their knowledge of fraud or suspected fraud affecting the entity, involving others where the fraud could have **a material effect** on the financial statements. The revised fraud standard refers to ...others where the fraud could have **an effect** on the financial statements. (draft proposed ISA (NZ) 240, paragraph NZ63.1(c)(iii))
 - The extant standard also requires communication of identified or suspected fraud by others where the fraud results in **a material misstatement** in the financial statements. The revised fraud standards requirements communication of such matters **except for** matters that are **clearly inconsequential** (draft proposed ISA (NZ) 240, paragraph 65(c)).
- How to reflect the fraud lens when communicating Key Audit Matters. Auditors will find this a daunting revision and will seek support and guidance.
- The Board noted that "fraud" is a legal determination, often made in a period following the current audit.

6. PUBLICLY TRADED ENTITY AMENDMENTS

The Board CONSIDERED whether to expand the transparency and quality review requirements in the auditing standards to include publicly traded entities (in line with revised international terminology) in addition to FMC reporting entities considered to have higher levels of public accountability (FMC HLPA) in New Zealand.

The Board NOTED the wording of the international standard that refers to ways in which local jurisdictions can limit or refine who may be a publicly traded entity.

The Board DISCUSSED:

- The merits of similar requirements across all publicly accessible trading platforms to level the playing field for all entities, and the need to avoid arbitrage opportunities.

- The regulatory settings in New Zealand recognise that markets such as Catalyst and Unlisted are not regulated like FMC reporting entities in order to keep costs down. Investors recognise this risk when investing on these exchanges.

On balance, the Board AGREED to retain the scope of additional transparency and engagement quality review requirements in New Zealand applicable to FMC HLPA, noting that these settings are still broader than the international revised settings, and are aligned with the regulatory settings that are in place to identify the entities of significant public interest in New Zealand. This is in line with the IAASB's approach to defining a publicly traded entity, noting that local laws and regulations may define publicly traded entities for purposes of defining entities that are considered public interest entities, by making reference to specific public markets, incorporating exemptions or setting size criteria. Retaining the scope of the requirements to be applicable to FMC HLPA audits was seen as the most appropriate setting for New Zealand, with the lowest risk on unintended consequences at this time.

The Board requested staff clarify the drafting of any amendments to the definition of a publicly traded entity, and if this term is needed to be included in the New Zealand standard. The Board recommended to explore how the alignment could be explained further either in a footnote or in the basis for conclusion.

7. TECHNOLOGY

The Board NOTED the technology update that summarised other standard setters plans or guidance on technology and thanked staff for a useful summary.

The Board DISCUSSED:

- The need to explore what the audit could look like in the future, enabled by technology and the impact of AI on standard setting.
- There is a local focus on automation, given there is a high cost of audit and the relatively small size of New Zealand entities. New Zealand auditors may do more IT control-based audits than in other jurisdictions. AI may also have a role to play in closing the auditor supply deficit. Consider the unique New Zealand environment and what we can contribute to the discussion on evolving technology and the future of audit.
- That the principles in the standards do not change but AI will change how those principles will be applied.
- A need for quicker identification of the barriers in standards that may prevent the use of technology in audit procedures.
- That due to the time it takes to amend international standards or issue non-authoritative guidance, consider opportunities for the XRB to issue local guidance in the interim in addition to monitoring and influencing international developments.

The Board RECOMMENDED that staff should gather input from the Technology Monitoring Reference Group to identify guidance topics to prioritise for New Zealand and to use AI to complete a stocktake of what guidance is already available. The Board encourage staff to draw from others guidance to create New Zealand guidance rather than to point to what others have done.

The Board AGREED with the other proposed actions and provided suggestions to consider creating a technology webpage that separates sections for use of technology to undertake audit procedures, technology used in quality management and the ethical components.

8. ISA (NZ) for LCE

The Board NOTED the plan to raise awareness and support the implementation of the ISA (NZ) for LCE. The Board RECEIVED an international update on countries adopting the standard and developments at the FRC UK on their SME audit consultation.

The Board DISCUSSED:

- The importance of the specific New Zealand section on audit of service performance information. The ongoing work on service performance information across the XRB is also relevant in this sector, as the principles remain the same.
- How universities will teach the two frameworks, and opportunities to engage with universities as part of our awareness raising activities.
- The collaborative process needed, including needing to work with CA ANZ.
- That the OAG might run a pilot in the public sector to get some learnings and there may be options to work together.
- That adoption is not the immediate top priority but to continue to develop the plan and material to support adoption for periods beginning on or after 15 December 2025.

9. GHG ASSURANCE

The Board DISCUSSED the proposed plan for GHG assurance guidance and confirmed that the topics proposed by staff, on materiality and restatements, were relevant topics to be addressed.

The Board NOTED the highlights from the updated GHG snapshot.

The Board ASKED that future communications for the international alignment consultation clearly indicate that the ED for using the work of an external expert is applicable to financial statement auditors as well as sustainability assurance practitioners.

10. SERVICE PERFORMANCE INFORMATION

The Board RECEIVED a verbal update on:

- Feedback to date in response to the consultation document related to challenges with service performance information, and potential actions the XRB can take in the short term to address those challenges. Consultation closes on 29 August.
- Developing non-authoritative staff guidance on obtaining audit evidence for service performance information. The guidance is based on 3 case studies each focusing on different challenges with obtaining evidence. In developing this guidance, staff have engaged with board members, practitioners and regulators and will seek further input prior to issuing at the upcoming workshop with practitioners.

Meeting closed 3:00pm