

New Zealand Auditing and Assurance Standards Board

MEETING PACK

for

NZAuASB Board Meeting - PUBLIC

Wednesday, 11 February 2026

9:30 am (NZDT)

Held at:

XRB Boardroom

Level 6, 154 Featherston Street, Wellington

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AGENDA

NZAUASB BOARD MEETING - PUBLIC

Name:	New Zealand Auditing and Assurance Standards Board
Date:	Wednesday, 11 February 2026
Time:	9:30 am to 4:30 pm (NZDT)
Location:	XRB Boardroom, Level 6, 154 Featherston Street, Wellington
Committee Members:	Graeme Pinfold (Committee Chair), Darby Healey, Doug Niven, Michael Bradbury, Rebecca Palmer, Richard Kirkland, Todd Beardsworth, Vasana Vanpraseuth
Attendees:	Anna Herlender, Karen Griffin, Karen Tipper, Lisa Thomas, Misha Pieters, Sharon Walker, Thinus Peyper
Guests/Notes:	Becky Lloyd - SRB Chair

1. Opening Meeting (PRIVATE)

2. Board Management (PUBLIC)

2.1 Action list

9:30 am (5 min)

For Decision

Supporting Documents:

2.1.a	2.1 Action List Feb 2026.docx	8
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2.2 Chair report

9:35 am (10 min)

Graeme Pinfold

For Noting

Verbal

2.3 AUASB Update

9:45 am (5 min)

Doug Niven

For Noting

Verbal

2.4 IESBA Dec meeting highlights

9:50 am (10 min)

For Noting

Supporting Documents:

2.4.a	2.4 December 2025 IESBA Meeting Highlights.pdf	9
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3. NZAuASB work plan (PUBLIC)

3.1 Summary paper

10:00 am (5 min)

Misha Pieters

For Noting

Supporting Documents:

3.1.a	3.1 Summary paper Work plan Feb 2026.docx	13
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3.2 Assurance portfolio 2025/2026

10:05 am (10 min)

For Noting

Supporting Documents:

3.2.a	3.2 Assurance portfolio 2025-26.pdf	16
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3.3 Forward agenda plan

10:15 am (10 min)

For Noting

Supporting Documents:

3.3.a	3.3 Forward agenda plan.pdf	19
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3.4 Consultation plan

10:25 am (5 min)

For Noting

Supporting Documents:

3.4.a	3.4 Consultation plan.pdf	20
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3.5 Morning Tea

10:30 am (15 min)

4. IAASB member update (PUBLIC)

4.1 IAASB Dec report

10:45 am (45 min)

Misha Pieters

For Noting

Supporting Documents:

4.1.a	4.1 IAASB Dec 2025 meeting report final.docx	21
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5. SRB update (PUBLIC)

5.1 Update from SRB chair

11:30 am (45 min)

For Discussion

Verbal

6. Sustainability assurance (PUBLIC)

6.1 Summary paper

12:15 pm (20 min)

Karen Tipper

For Noting

Supporting Documents:

6.1.a	6.1 BMSP Quality review considerations for GHG Disclosures Assurance.docx	28
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6.2 Invitation to comment

12:35 pm (20 min)

Karen Tipper

For Noting

Supporting Documents:

6.2.a	6.2 Invitation to comment - Quality Management for GHG disclosures.docx	32
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6.3 GHG guidance update

12:55 pm (20 min)

Karen Tipper

For Noting

Supporting Documents:

6.3.a	6.3 Guidance update.docx	38
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6.4 Lunch

1:15 pm (45 min)

7. Narrow scope amendments use of experts (PUBLIC)

7.1 Summary paper

2:00 pm (5 min)

Anna Herlender

For Decision

Supporting Documents:

7.1.a	7.1 Summary Paper Experts Amendments.docx	40
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7.2 Amending standard

2:05 pm (5 min)

Anna Herlender

For Decision

Supporting Documents:

7.2.a	7.2 Amending Standard Experts.docx	42
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7.3 Signing memorandum

2:10 pm (5 min)

Anna Herlender

For Decision

Supporting Documents:

7.3.a	7.3 Signing Memorandum Experts Amendments.docx	53
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8. IAASB & IESBA Strategy and work plan 2028-2031 (PUBLIC)

8.1 Summary paper

2:15 pm (30 min)

Karen Tipper

For Noting

Supporting Documents:

8.1.a	8.1 BMSP Strategy and workplan survey.docx	57
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8.2 Survey

2:45 pm (30 min)

Karen Tipper

For Discussion

Supporting Documents:

8.2.a	8.2 IAASB-IESBA-Joint-Stakeholder-Survey draft Reponse.docx	59
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8.3 Afternoon tea

3:15 pm (15 min)

9. Firm culture & Governance (PUBLIC)

9.1 Summary paper

3:30 pm (30 min)

Lisa Thomas

For Noting

Supporting Documents:

9.1.a	9.1 Feb 2026 Firm culture and Governance Summary Paper.docx	84
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9.2 Viewpoints

4:00 pm (15 min)

Lisa Thomas

For Noting

Supporting Documents:

9.2.a	9.2 Appendix Firm Culture and Governance.pptx	87
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10. Interpretation standard (PUBLIC)

10.1 Summary paper

4:15 pm (15 min)

Thinus Peyper

For Noting

Supporting Documents:

10.1.a	10.1 Glossary of terms summary paper.docx	99
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11. Board Management (PRIVATE)

12. Close Meeting

12.1 Close the meeting

4:30 pm

For Noting

Next meeting: NZAuASB Board Meeting - Virtual - Public - 1 Apr 2026, 9:30 am

Closing Karakia:

Kia hora te marino | May peace be widespread

Kia whakapapa pounamu te moana | May the sea be like greenstone

Hei huarahi mā tatou i te rangi | A pathway for us all this day

Aroha atu, aroha mai, tatou i a tatou katoa | Let us show compassion and respect for each other

Haumi e, hui e, tāiki e | Unified, connected and blessed

NZAuASB Action list

Meeting Arose	Board Action	Target Meeting	Status
Dec 2025	Gather more information and confirm next steps on impact of use of technology	June 2026	IAASB to agree next steps at March 2026 meeting. Staff to monitor and determine if any next steps needed for New Zealand.
Oct 2025	To undertake further testing of staff guidance on going concern	Feb 2026	Going concern standard issued in December 2025. To provide verbal update on guidance. Target to issue in Feb 2026.
Oct 2025	Revocation and reissue of standards	Feb 2026	Expect to gazette on 5 Feb 2026
Dec 2025	Recommend to XRB board to revoke temporary standard for greenhouse gas assurance (NZ SAE 1) and ISAE (NZ) 3410		XRB board agreed with recommendation. Circular resolution obtained during Jan 2026. Aim to issue ISSA (NZ) 5000 and PES 1 (including sustainability standards) in Feb 2026



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IESBA Meeting Highlights and Decisions

December 2025

This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for documents approved for public exposure and issuance of final pronouncements, decisions reported on technical matters are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IESBA.

The IESBA met in New York, USA on December 8-12, 2025. The video recording of the meeting will be available on the IESBA [YouTube](#) channel in early January 2026.

Contact: Ken Siong, IESBA Program and Senior Director (KenSiong@ethicsboard.org)

Strategies & Work Plans – IAASB and IESBA Joint Stakeholder Survey

The IESBA and International Auditing and Assurance Standards Board (IAASB) approved a joint stakeholder survey as the initial step in developing consultation papers for their next Strategies and Work Plans (SWPs) for 2028-2031.

The joint survey will be released for public input in January 2026. The IESBA and IAASB will consider full analyses of the responses received and first drafts of their SWP Consultation Papers at their September 2026 meetings.

Firm Culture & Governance

The IESBA considered and accepted a package of documents for further stakeholder engagement in Q1-Q2, 2026 in support of its strategic commitment to develop an accounting firm culture and governance (FCG) framework. The package includes a contextual piece that sets out the background to the development of IESBA viewpoints on each of the eight elements of the FCG framework and the nature and purpose of the IESBA viewpoints; an overarching piece that provides an overview of the eight FCG elements and their interconnectivity; the IESBA viewpoints; and a document that explains the linkages and differences between the IESBA viewpoints and ISQM 1.¹

The IESBA will use the viewpoints as a tool for further dialogue with stakeholders to better inform its deliberations on how best to approach the development of the FCG framework at its June 2026 meeting. In this regard, the IESBA supported the Project Team's proposed plan for stakeholder engagement on the IESBA viewpoints and the development of supporting materials or other initiatives in Q1 and Q2 2026.

The IESBA also supported the ongoing coordination with the IAASB and agreed to continue developing the linkages document to ISQM 1 to cover all eight elements of the FCG framework.

The IESBA will receive an update from the Project Team at its March 2026 meeting.

¹ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

IESSA Implementation Monitoring Advisory Group (IIMAG)

The IESBA considered an update on implementation matters raised in relation to the IESSA² by IIMAG members. The IESBA also considered proposed actions to address such matters and asked its Adoption and Implementation Working Group to work closely with the IIMAG to establish priorities for any additional implementation support for the IESSA.

The IESBA will continue to receive regular updates from the IIMAG throughout 2026.

Collective Investment Vehicles and Pension Funds

The IESBA considered and accepted the Project Team's final report on auditor independence with respect to audits of collective investment vehicles (CIVs) and pension funds. The final report reflected the results of the Project Team's extensive research throughout the lifecycle of the workstream, as well as the significant comments raised by respondents to the March 2025 consultation paper (CP) on the topic and the IESBA's initial reflections on the CP responses at its September 2025 meeting.

After discussing the Project Team's analysis of four possible courses of action, the IESBA agreed with the Project Team's recommendation to commission the development of non-authoritative material (NAM) to provide further clarity and guidance regarding the application of the conceptual framework in this area.

The IESBA will consider the Project Team's proposals for the nature and extent of NAM to commission on the topic, and how best to approach the development of such NAM, in due course, taking into account other priority commitments.

IESBA SMART Strategy

The IESBA considered and expressed strong support for the proposed SMART Framework, developed as an operational tool that aligns with the Public Interest Oversight Board's (PIOB) Public Interest Framework to enhance the clarity, coherence, and effectiveness of its work. IESBA Staff outlined the development process for the SMART Framework, from the initial diagnostic work and introduction of the concept to the September IESBA workshop in Lisbon, where IESBA input helped refine the pillars and their practical application. The Framework is supported by guidelines and fast-track actions to help project teams integrate SMART principles throughout the project cycle. The Framework is intended to drive specific outcomes, including improved problem definition, more structured planning, more precise articulation of value propositions, and more transparent decision-making as projects evolve.

The IESBA supported the proposed next steps to conduct a staff workshop in early 2026 and pilot the approach on selected projects, with periodic updates to the Board during the pilot phase.

Technology

The IESBA considered a report-back on the technology session at the October 2025 Stakeholder Advisory Council (SAC) meeting, noting that emerging and complex technologies (particularly artificial intelligence or AI) are transforming the audit, assurance, and ethics landscape.

The IESBA further considered a brief update from the Technology Working Group (TWG), including the TWG's activities since the September 2025 meeting. As part of the update, the IESBA considered and supported the TWG's draft work plan for the first half of 2026. The TWG work plan focuses on raising

² International Ethics Standards for Sustainability Assurance (including International Independence Standards)

awareness of the technology-related revisions to the Code that became effective in December 2024, developing new guidance on applying the Code's principles to emerging technologies such as AI, and sustaining momentum through ongoing environmental scanning and collaboration with the IAASB to keep guidance current.

Role of CFOs

The IESBA considered an update from the Role of CFOs Project Team on its activities since the September 2025 meeting, which reaffirmed the exploratory nature of the workstream to strengthen the evidence base to inform future recommendations to the IESBA.

The IESBA considered a presentation from [Lynda Hawthorn-Kitamura](#), an experienced CFO and board chair across the private and public sectors, drawing on her professional experience and observations that:

- The CFO role has expanded beyond traditional finance responsibilities to include technology, cybersecurity, sustainability, and enterprise risk;
- The pace, complexity, and visibility of CFO decisions have intensified ethical pressures;
- The tone at the top and professional judgment are critical; and
- Ethical expectations are shared across public and private sectors, despite differences in accountability structures and stakeholder demands.

The IESBA considered the Project Team's proposed global outreach plan for Q1-Q2 2026 for in-person and virtual roundtables, focus group meetings, and separate extended surveys for CFOs and other stakeholders. The Project Team noted that early academic research indicates a lack of recent empirical evidence on the evolving CFO role, underscoring the importance of stakeholder engagement to understand real-world ethical challenges faced by CFOs. The IESBA emphasized the workstream's public interest imperative, the need to manage stakeholder expectations, and the need to maintain neutrality in communications.

The IESBA also considered the Project Team's recent engagement with the [International Public Sector Accounting Standards Board \(IPSASB\)](#), which provided insights specific to public-sector CFOs, including political influence, fragmented oversight arrangements and qualification pathways across jurisdictions, and with those CFOs often serving as informal ethical champions.

The IESBA will consider a further update from the Project Team at its March 2026 meeting.

Adoption & Implementation

The IESBA considered an update from the Adoption and Implementation Working Group (A&I WG) on the WG's activities since the September 2025 meeting, including its proposed IESBA Partnership Framework for Promoting Adoption and Implementation (Partnership Framework), jurisdictional prioritization, stakeholder engagement, and updated Action Plan.

The IESBA considered and approved proceeding with the Partnership Framework. This Framework emphasizes leveraging partners' expertise and networks to support capacity building through collaboration, and enhancing the coordination, clarity, and consistency of the IESBA's outreach activities.

The IESBA agreed with the A&I WG's proposal to develop jurisdictional profiles for Argentina, Chile, China, Colombia, Hong Kong SAR, Mexico, and Türkiye. These profiles will be aligned with the

Partnership Framework, and take into account resource considerations and jurisdictional readiness and developments in developing tailored action plans for subsequent phases of the A&I WG's work.

The IESBA will consider a further update from the A&I WG at its March 2026 meeting.

Emerging Issues & Outreach Committee (EIOC)

The IESBA considered an update on external developments identified since the EIOC's previous update. IESBA Staff presented key themes from emerging issues or developments observed throughout 2025, including insights gathered at Accounting Today's Private Equity Summit attended by IESBA staff in November 2025.

The IESBA noted the continued significance of private equity investment in accounting firms and its implications for ethics and independence. The IESBA agreed that this topic warrants a more dedicated focus and supported its transition to a dedicated work stream in early 2026.

Next Meeting

The next IESBA meeting is scheduled for March 9-12, 2026 in New York, USA.

NZAuASB Board meeting summary paper

Meeting date: 11 February 2026
Subject: **NZAuASB Work Plan**
Date: 16 January 2026
Prepared by: Misha Pieters

☐ **Action Required**

☒ **For Information Purposes Only**

Agenda item objectives

1. The Board is asked to:
 - (a) NOTE updates and DISCUSS the assurance portfolio, forward agenda and consultation plans.
 - (b) DISCUSS service performance measures for the 2026/27 financial year.

Matters to consider

Assurance portfolio update

2. The following projects have recently been completed or have updates to highlight:
 - (a) The fraud and going concern standards were issued in late December 2025. Staff guidance for preparers and directors is planned to be issued in February 2026
 - (b) Amending standard for review engagements issued in early February 2026
 - (c) Reissue of the ISAs (NZ) completed in early February 2026
 - (d) ISSA (NZ) 5000 and IESSA (NZ) expected to be issued in February 2026
 - (e) Staff guidance on service performance information is delayed but expected by the end of February.
3. A draft assurance workplan for 2026/27 will be prepared following the February meeting.
4. IESBA plans to issue a survey on the role of CFOs in February 2026. This is outside the XRB's mandate and we do not plan to respond.

Forward agenda planning

5. The rolling forward agenda reflects the next 12 months of activity (i.e. meetings of 2026). The IAASB's audit evidence and risk response exposure drafts have been deferred to the next financial year.

Consultation overview

6. The consultation plan has been updated to reflect confirmed international timelines.

Resourcing priorities for the next quarter

7. The high effort/priority projects for the next quarter include:
 - (a) Upload all reissued standards to the Standards Navigator and refine the website

- (b) Develop guidance to support assurance of scope 3 greenhouse gas disclosures
- (c) Promote awareness of the new standards issued such as going concern, fraud and sustainability assurance standards and determine priority area to assist firms transition
- (d) Complete requests for information and outreach supporting responses to surveys, consultations and post implementation reviews.
- (e) Continue to promote awareness of ISA (NZ) for Less Complex Entities (LCE), including presenting at the Audit Assistant Conference in March. Collaboration with others, the professional bodies and the Office of the Auditor-General will be key.

Statement of performance expectations (SPE) for 2026/27

8. The proposed approach for 2026/27 mirrors the measures for 2025/26.

Issue international consultation documents and exposure drafts

- (a) Issue all relevant IAASB and IESBA documents within three weeks of international release.
- (b) Maintain 100% compliance with due process.

Issue international auditing and assurance standards (including ethical standards)

- (c) Issue relevant IAASB and IESBA standards 6–12 months before international effective dates.
- (d) Maintain 100% compliance with due process.

Support adoption and implementation

- (e) Deliver 20 adoption and implementation activities, including “need to know” updates, deep dives, webinars, workshops, and guidance.
- (f) Achieve 75% satisfaction from survey respondents on XRB assurance-related activities.

9. **Make submissions**

- (a) Submit responses to all relevant IAASB and IESBA consultations before international deadlines.

Expected deliverables for July 2026 to June 2027

10. **Consultations and exposure drafts:**

From IAASB:

- a. Audit evidence and risk response exposure drafts issued July 2026, responses due December 2026.
- b. ISA for LCE exposure draft issued July 2026, response due in October 2026.
- c. Modernisation of ISA 500 series exposure drafts consultation expected from February 2027.
- d. IAASB strategy and work plan consultation issued in January 2027

From IESBA:

- e. IESBA strategy and work plan consultation issued in January 2027
- f. Post implementation review of long association provisions in 2027
- g. Post implementation review of non-assurance services and fees in 2027
- h. Post implementation review of public interest entity to commence

- i. Post implementation review of engagement team – group audit independence to commence
- j. Projects on Business relationships and Audit firm – Audit client relationship to commence

11. Issue standards:

To remain internationally **aligned**, and locally relevant issue:

- k. ISRE (NZ) 2410 –IAASB approval of the standard expected March 2027. Issuance targeted for late June (or Q1 of next reporting period)
- l. No standards are expected to be issued by IESBA before June 2027.

12. Support adoption and implementation:

Planned activities include:

- m. Two need to know updates
- n. Five deep dives
- o. Two workshops
- p. One panel event
- q. Four external presentations to CAANZ/CPA members, IOD members, etc.
- r. Events to engage on the consultation topics listed above
- s. Guidance on assurance of scope 3 GHG emissions disclosures

13. Make submissions:

Submit before the due date for all consultations listed above

Recommendations

- 14. The Board is asked to NOTE progress for the 2025/26 reporting period and discuss SPE measures for 2026/27.

Material presented

- Board meeting summary paper
- Assurance portfolio
- Forward agenda
- Consultation plan

Assurance Portfolio									
Origin	Name	Type	Next SPE deliverable	Next expected action	Status of current year deliverables	Target Delivery Date - End	Owner	SOI Category	Planned action for the coming year
Domestic	ISAs (NZ) Reissue	Audit	Issue Standard*		Completed	5 February 2026	Anna Herlender	Fit for purpose	On track to gazette early Feb 2026, communicate approach at the need to know and through alerts and then update the standards navigator
	ISA (NZ) for LCE	Audit	Support - engage*		On track	30 June 2026	Bruce Mcniven/TBC	Supporting adoption & implementation	Walkthrough videos 1, 2 and 3, Supplemental guidance and deep dive done. Illustrative audit reports being updated for New Zealand. Website to be updated for auditors responsibilities. Present at Audit Assistant conference in March.
	Technology	Audit	Support - engage*		Completed	19 November 2025	Thinus Peyper	Fit for purpose	Hosted roundtable in November. Monitoring international developments.
	Update EG AU8 in conjunction with AUASB	Audit	Support - publish*		On track	30 April 2026	Thinus Peyper	Fit for purpose	Work with project advisory group to update existing guidance. Plan to issue updated guidance in April 26
	Impact of audit reforms / inspection findings on XRB standards	Audit	Issue consul. or ED*	Monitor, ED, Consultation doc, Survey	Completed	19 November 2025	Thinus Peyper	Fit for purpose	Monitor audit reform in UK and Aus. Monitor inspection findings. FMA annual report expected to be issued in November. Take reflections on audit inspection findings to December board meeting.
	Update standard setting policies based on developments for climate assurance	Non-financial			On track	30 June 2026	Bruce Mcniven	Org Health & Capability	To work across the XRB teams to update our policies in a consistent way but that is appropriate for each team
	Deferral of scope 3 reporting and assurance	Non-financial	Issue Standard*		Completed		Karen Tipper	Fit for purpose	Amending standard issued in November 2025
	Audit and review of service performance standards	Non-financial	Support - engage*		On track	31 October 2025	Lisa Thomas	PBE Performance Reporting, Supporting adoption & implementation	Delay of issue of guidance. To be issued in February 2026.
	Monitor and implementation support for GHG assurance	Non-financial	Support - engage*		On track	30 June 2026	Karen Tipper	Supporting adoption & implementation	Delayed. Issue guidance in February and April 2026.
	Public Sector Performance Reporting	Non-financial	Support - publish*		Completed	31 October 2025	Thinus Peyper	PBE Performance Reporting	Contribute to parliamentary enquiry as necessary on assurance related matters
	GHG Snapshot	Non-financial	Support - publish*		Completed	28 November 2025	Anna Herlender	Supporting adoption & implementation	Edition 2 published. Agreed no further publications to be issued but to continue to monitor and report to NZAuASB at future meetings
	ISO developments	Non-financial		Monitor	On track	31 March 2026	Karen Tipper	International Influence	Monitor developments for GHG and sustainability assurance. New ISO standard expected to be issued by the end of Q1 2026.
	Engage on Audits of Māori Entities	Non-financial		Monitor	On track	30 June 2026	Karen Tipper	Integrated Reporting	Continue to meet with OAG to learn from their active project, and respond if need identified
	Consider Assurance related to He Taura	Non-financial		Monitor	On track		Karen Tipper	Integrated Reporting	He Taura x XRB No planned output for this reporting period

Origin	Name	Type	Next SPE deliverable	Next expected action	Status of current year deliverables	Target Delivery Date - End	Owner	SOI Category	Planned action for the coming year
IAASB	Audit evidence and risk response	Audit	Issue consul. or ED*		Deferred to 2026/27	28 July 2026	Thinus Peyper	Fit for purpose	IAASB has delayed the approval of the Exposure drafts to June 2026. Issue date of EDs expected to be 28 July 2026
	ISRE 2410 Interim Review Engagements	Audit	Issue consul. or ED*		On track	6 May 2026	Sharon Walker	Fit for purpose	XRB staff support project. Expected approval of ED in March 2026. Issue of ED expected 6 May 2026
	Revisions to ISA for LCE	Audit	Issue consul. or ED*		Deferred to 2026/27	30 July 2026	TBC	Fit for purpose	IAASB expected to issue ED in July 2026 therefore this project is deferred to next financial reporting period
	Public Interest Entity track 2	Audit	Issue Standard*		Completed	26 February 2026	Anna Herlender	Fit for purpose	On track to gazette in February 2026 and then will update the standards navigator.
	Fraud standard (ISA (NZ) 240)	Audit	Issue Standard*		Completed	2 December 2025	Sharon Walker	Fit for purpose	Issued standard in December. Record walk throughs, webinars. Arrange a panel discussion
	Going Concern revised standard	Audit	Issue Standard*		Completed	2 December 2025	Sharon Walker	Fit for purpose	Issued in December 2025. Record walk-throughs and webinars. Issue flowchart and guidance for preparers and auditors.
	Narrow scope amendments use of experts	Audit	Issue Standard*		On track	26 February 2026	Anna Herlender	Fit for purpose	For approval at the February 2026 meeting
	ISSA 5000	Audit	Issue Standard*		On track	5 February 2026	Karen Tipper	Fit for purpose	Issued consultation document in July. On track to gazette standard in Feb 2026.
	Post implementation review of ISA 540	Audit	Issue consul. or ED*	Survey	On track	17 February 2026	Lisa Thomas	Fit for purpose	Completed request for info in August 25. IAASB approved survey in Dec 25. Expected issue mid Feb 26. Response due 15 June (following June NZAuASB meeting)
	IAASB Strategy and work plan 2028-2031	Audit	Issue consul. or ED*	Survey	On track	22 January 2026	Karen Tipper	Fit for purpose	Joint survey with the IESBA approved in December and issued Jan 26. Response is due 15 May (i.e. following the April NZAuASB meeting)

Origin	Name	Type	Next SPE deliverable	Next expected action	Status of current year deliverables	Target Delivery Date - End	Owner	SOI Category	Planned action for the coming year
IESBA	Use of external experts	Ethics	Issue Standard*		On track	5 February 2026	Karen Tipper	Fit for purpose	Issued consultation document in July. On track to gazette standard in Feb 2026.
	IESSA	Ethics	Issue Standard*		On track	5 February 2026	Karen Tipper	Fit for purpose	Issued consultation document in July. On track to gazette standard in Feb 2026.
	Post implementation review of restructured code	Ethics	Issue consul. or ED*	Survey	On track	1 April 2026	Lisa Thomas	Fit for purpose	IESBA has deferred the issue of the survey to April 2026
	IESBA Strategy and Work plan 2028-2031	Ethics	Issue consul. or ED*	Survey	On track	22 January 2026	Karen Tipper	Fit for purpose	Joint survey with the IESBA approved in December and issued Jan 26. Response is due 15 May (i.e. following the April NZAuASB meeting)
	Post implementation review of non-compliance with laws and regulations (NOCLAR)	Ethics	Issue consul. or ED*	Survey	On track	1 April 2026	Lisa Thomas	Fit for purpose	IESBA has deferred the issue of the survey to April 2026
	Firm culture and governance	Ethics		Monitor	On track		Lisa Thomas	Fit for purpose	IESBA has issued viewpoints following Dec 25 meeting. To discuss at NZAuASB February meeting.
	Collective investment vehicles	Ethics		Monitor	On track		Karen Tipper	Fit for purpose	To monitor developments post submission.
	Private equity investment in firms	Ethics			On track			Fit for purpose	To monitor developments in NZ
	Profession agnostic independence standards for sustainability assurance not in scope of Part 5	Ethics		Monitor	On track		Anna Herlender	Integrated Reporting	To monitor developments. Response to JSS request for information in February 2026

Board Report - Forward Agenda

Projects	2026											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ISRE 2410 Interim Review Engagements						Discuss		Approve				
Update EG AU8 in conjunction with AUASB				Approve								
Firm culture and governance		Discuss										
Modified assurance reports												
Narrow scope amendments use of experts IAASB		Approve										
ISO developments				Update								
Post implementation review of non-compliance with laws and regulations (NOCLAR)				Discuss		Approve						
IAASB Strategy and work plan 2028-2031		Discuss		Approve								
Post implementation review of ISA 540				Discuss		Approve						
IESBA Strategy and Work plan 2028-2031		Discuss		Approve								
Audit evidence and risk response								Educate		Discuss		Approve
Revisions to ISA for LCE				Update				Discuss		Approve		
Technology						Update						
GHG Snapshot						Update						
Post implementation review of restructured code				Discuss		Approve						
Engage on Audits of Māori Entities								Update				
SPE measures report back												
Regulatory inspection findings												Discuss

Board Report - Consultations View

Projects	2026											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ISRE 2410 Interim Review Engagements												
Share and inform constituents												
Post implementation review of non-compliance with laws and regulations (NOCLAR)												
Outreach to respond to survey												
IAASB Strategy and work plan 2028-2031												
Consultation period XRB												
Post implementation review of ISA 540												
Outreach to respond to survey												
IESBA Strategy and Work plan 2028-2031												
Consultation period XRB												
Audit evidence and risk response												
Outreach activities												
Revisions to ISA for LCE												
Outreach activities												
Post implementation review of restructured code												
Outreach to respond to survey												

Memorandum

To: NZAuASB members

Meeting date: 10 February 2026

Subject: **IAASB December 2025 meeting report**

Date: 16 December 2025

Prepared by: Greg Schollum and Misha Pieters

☐ **Action Required** ☒ **For Information Purposes Only**

Purpose

- To NOTE the update from the IAASB meeting and CONSIDER areas of strategic importance.

Areas of strategic importance to the XRB

- Key areas of importance are summarised below. The full meeting report is in the appendix.

Project	Timing	Strategic Priority
IAASB and IESBA future strategy	Joint survey approved. Response required by end of April 2026	High. The XRB's response to inform the strategies and work plans of the two boards for the period 2028-2031
Audit evidence and risk response	Exposure draft approval in June 2026	High. Key revisions include: the removal of the requirement to perform substantive procedures on material balances if there is no risk of material misstatement, and also clarify when test of controls alone may be used
Technology Quality Management	Next steps to be discussed March 2026	High The IAASB will progress to develop a suite of non-authoritative material, in collaboration with others to avoid fragmentation.
Modernising the ISA 500 series	Project plan approval in March 2026	Medium. The project has narrowed to focus on inventory and external confirmations. No standard setting project will progress on sampling.
Review of interim financial statements	Exposure draft approval in March 2026	Medium. XRB staff are assisting on this project. Key revisions will be to enhance work effort related to fraud and going concern and transparency on going concern matters.
Maintenance of ISA for Less Complex Entities (LCEs)	Exposure draft approval in June 2026	Medium Maintenance approach and first project plan approved. The maintenance approach is significant as it sets the overarching approach for ongoing maintenance.
Post implementation review of ISA 540 ¹	Survey approved. Feedback required by April 2026	Medium. The XRB's response to explore both the benefits and/or challenges that persist in the standards requirements and application material.

¹ ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures

Appendix

Full report from IAASB December 2025 meeting in New York

Greg Schollum has been reappointed to the IAASB for a second three-year term ending on 31 December 2028. The IAASB members farewelled Josephine Jackson, outgoing deputy chair. James Ferris, Director Audit Policy from UK FRC has been appointed to the IAASB from January 2026.

There is increased emphasis on seeking opportunities to converge IAASB and US auditing standards following public comments by the SEC and PCAOB about the importance of convergence.

The PIOB observer continues to emphasise the need for close co-ordination between IAASB and IESBA.

1. IESBA/IAASB joint strategy and work plan survey

As part of Greg's co-ordination role between the IAASB and IESBA, we have been encouraging the two boards to develop a joint strategy and work plan survey. In December, at a joint agenda session, the standard setting boards (IESBA and IAASB) approved the first ever joint standard setting boards' stakeholder survey to be issued by the end of January 2026. There is a need to stagger the range of consultation documents expected in 2026 and staff will continue to explore the best way to do so and the length of the consultation on the joint survey.

2. Audit evidence and risk response project

The following key matters were raised by IAASB members at the meeting:

Material classes of transactions, account balances and disclosures (COTABDs)

Currently, auditors must perform substantive procedures for each material COTABD, irrespective of the assessed risk of material misstatement². The IAASB members considered options to remove, retain, or revise paragraph 18 of ISA 330 and agreed to remove paragraph 18, strengthen the stand-back requirements in ISA 315 and add a documentation requirement. This is consistent with the risk-based audit model, in light of the 'stand-back' evaluations in ISA 315 (Revised). There was a minority of members (including Greg) that supported the option of a conditional requirement whereby the auditor would be required to determine if any audit procedures should be performed on material COTABDs where no risk of material misstatement has been identified. This more cautious alternative to the removal of paragraph 18 proposed by the minority of members will be explored in the explanatory memorandum that accompanies the exposure draft. This aspect of the exposure draft is expected to attract a lot of comment from key stakeholders.

Evaluating relevance and reliability

The IAASB members discussed the need for the auditor to evaluate the relevance and reliability of information intended to be used as audit evidence. Staff proposed wording to clarify that the auditor considers the attributes (relevance and reliability), but also considers their significance, and also proposed to refocus the requirement on the attributes of reliability alone (given there is only one attribute of relevance).

Some IAASB members expressed concern as to what "significant in the circumstances" means. While application material recognises that all attributes of reliability are applicable, it's only those that are significant in the circumstances that are required to be tested. There was general agreement with the intent of the proposals but that further refinement and clarity are needed to aid consistent application.

² Paragraph 18, International Standard on Auditing (ISA) 330, *The Auditor's Responses to Assessed Risks*

The IAASB members discussed enhancements to the requirements to test the operating effectiveness of controls (including indirect controls) to evaluate the reliability of information. With respect to using tests of controls (TOC) to evaluate the reliability of information, staff proposed that the use of TOC to evaluate the reliability of information is extended to all controls (not just GITCs) and should apply to all information used in an audit, while still allowing for other procedures (when appropriate). The proposed requirement is that the auditor is always required to test 'indirect controls' when the auditor determines operating effectiveness of (direct) controls depend on those indirect controls.

Some IAASB members considered that the focus on TOC seemed to be disproportionate and unscalable. Overall, there was general agreement with the intent, but that further refinement and clarity is needed to aid consistent application.

Authenticity

Monitoring group members continue to query the premise that the auditor may accept records as genuine unless the auditor has reason to believe the contrary, with concern raised that this sentence does not promote professional scepticism. The IAASB members agreed to delete the first sentence of paragraph A24 of ISA 200, and make other changes to clarify the role of the auditor is not to determine the authenticity of every document or record. Staff also proposed to add new application material to ISA 500 to reinforce the role of the auditor. Greg has been concerned about the removal of the first sentence of paragraph A24 of ISA 200 for some time but is now comfortable with its deletion on the basis of the combination of proposed changes to ISA 200 and ISA 500 (in addition to what is already incorporated into ISA 240 (revised)). IAASB members generally supported the amendments to clarify the auditor's role in relation to the authenticity of documents or records.

Categorisation of audit procedures

Staff proposed defining test of controls and substantive analytical procedures. The discussion stressed that while this may appear to focus auditors on categorisation of procedures, auditors are not required to fit procedures into categories. Rather, auditors should perform procedures with a purpose in mind. If the purpose is to test controls, it is a test of control, if the purpose is to detect misstatements using a prediction approach it is a substantive analytical review or if the purpose is to verify the details then it is a test of detail. This is what this clarification is seeking to achieve. The IAASB members highlighted the subtlety of the proposals and that further clarification is needed.

Analytical procedures

The precision of a substantive analytical procedure (SAP) depends on the threshold set by the auditor to evaluate differences. If set too high, the design may not be effective to detect a material misstatement (the purpose of a substantive analytical procedure). The IAASB members stressed the need for the auditor's expectation to be sufficiently precise for a substantive analytical procedure to be considered persuasive. Staff recommendation is that ISA 520 recognise that the threshold to evaluate differences from expected amounts that is acceptable without investigation does not exceed performance materiality.

IAASB members expressed mixed views on a proposed requirement that the threshold must not exceed performance materiality. There was agreement that there needs to be a robust expectation for substantive analytical procedures to meet the intent of identifying a risk of material misstatement. IAASB members considered that the definition of a SAP being a 'sufficiently precise expectation' needed further clarification for this to be operationalised. IAASB members emphasised that in a world where paragraph 18 of ISA 330 is removed, the risk assessment must be really robust.

Many members considered that further thought is needed to fill a 'gap' within the developing revision of ISA 520, for those analytical procedures that are not risk assessment procedures but are less precise (so are not substantive analytical procedures), but that add to the body of audit evidence in conjunction with other procedures.

Using audit evidence obtained previously

The IAASB members supported a new requirement to test the operating effectiveness of controls in the current period if the auditor plans to obtain audit evidence to address the risk of material misstatement at the assertion level by testing operating effectiveness of controls alone, together with application material on when this is permitted.

Selecting items testing

There is a need to distinguish audit sampling as contemplated by ISA 530³ from the other means of selecting items for testing that are not audit sampling, such as testing entire populations or testing key items. Staff proposed to add application material to emphasize that investigating the results of substantive procedures as necessary is integral to the procedure to determine whether a misstatement or control deficiency exists. The IAASB members expressed support for the direction.

There is a need to clarify expectations around investigating outliers when using technological tools to analyse entire populations, including whether such outliers may be further investigated by using audit sampling. Staff proposed adding a requirement that when designing tests of controls and tests of details, the auditor shall determine the means of selecting items for testing that are effective in meeting the purpose of the audit procedure. The IAASB members expressed general support for the direction.

Technology

IAASB members discussed how to pursue guidance or application material on the use of technology in these foundational standards, with the need to be very purposeful about when to include guidance in non-authoritative material and when to include application material in the standard to keep it evergreen. There was recognition that the exposure drafts need references to technology, given stakeholder expectations for the project.

3. Targeted standards in the ISA 500 series (specific topics on audit evidence)

Based on a summary of outreach activities to date, IAASB members agreed:

- to pursue a standard setting project to address audit evidence related to inventory in ISA 501⁴ and external confirmations in ISA 505⁵
- not to pursue a standard setting project in relation to litigation and claims and segment information in ISA 501
- not to pursue a standard setting project on sampling in ISA 530⁶ as the principles remain sound, but that the board may pursue the development of non-authoritative guidance to address challenges, dependent on the results of outreach.

The project proposal is expected to be approved in March 2026. The IAASB members emphasised the following key matters in developing the project proposal:

- emphasis on professional scepticism
- caution to avoid straying into auditor performance issues

³ ISA 530 only applies when the auditor has decided to use audit sampling in performing audit procedures.

⁴ ISA 501, *Audit Evidence – Specific Considerations for Selected Items*

⁵ ISA 505, *External Confirmations*

⁶ ISA 530, *Audit Sampling*

4. Technology Quality management

The IAASB members reflected on the key messages from recent global roundtables and discussed potential next steps. A plan will be developed to be discussed at the March 2026 meeting. IAASB members highlighted:

- Given that speed is of the essence, in order to have an output shortly, there is a need to collaborate with others - including lawyers, practitioners, jurisdictional standards setters (e.g., professional bodies and technology experts)
- The need for a wire diagram or overarching framework to ensure the pieces are understandable and can be fitted together easily by users
- Caution that some due process for guidance (as opposed to standard setting) must be done in close consultation with real time input to avoid fragmentation
- The need for scalability to deal with both smaller firms and larger firms, and the need to be encouraging as there may be reluctance by some firms to use technology.

The PIOB observer stressed that AI use is not just an audit issue, but a social issue. There is specific sensitivity in the audit domain and public interest is high.

5. ISA 540 post implementation review

The IAASB members unanimously approved a public consultation survey to explore both perceived benefits and potential issues or challenges relating to ISA 540 (Revised), with a focus on standard setting issues, not issues in practice. The timing of the launch and the length of consultation is to be confirmed. Consultation may be extended to 120 days.

6. ISA for Less Complex Entities (LCEs)

The IAASB members approved the foundational approach to maintenance which will establish the way forward for future maintenance of the ISA for LCE. There was one dissenting view based on the expected 12 month time lag between the effective date of revised ISAs and the revisions to ISA for LCE, with the risk that audits under the ISAs or ISA for LCE could result in different outcomes. The IAASB members unanimously approved the first project plan based on the maintenance approach to update the ISA for LCE for recent changes to the ISAs relating to fraud, going concern and publicly traded entities.

7. ISRE 2410

Sharon Walker (XRB) and AUASB staff are supporting the IAASB's project. In summary, IAASB members discussed the following key matters:

- **Materiality:** IAASB members supported the materiality requirement but encouraged keeping the application material principles based, linked to ISA 320. The application material needs to recognize auditor judgement, taking user needs into consideration. The IAASB members cautioned about the need to steer away from matters that could be methodology based.
- **Fraud - work effort:** IAASB members largely agreed with the work effort requirements related to fraud, but requested clearer linkage between what the auditor does to respond to a fraud or suspected fraud and the deep dive requirements when something has come to the attention of the auditor that the fraud or suspected fraud could lead to a material misstatement.
- **Going concern** - IAASB members had mixed views on the work effort requirements and highlighted the need to clarify the link and flow of the requirements when events are identified that may indicate a material uncertainty and when a deep dive would be needed.

Greg emphasized the need to include requirements related to when management has not updated their going concern assessment, to stress the important role of management, and there was agreement this should be added.

IAASB members had various suggestions to enhance the transparency requirements relating to going concern, including the need to include all 3 explicit statements when the going concern basis of accounting is considered appropriate and where no material uncertainty has been identified by the auditor. There was also a suggestion to include a flow chart to explain the various going concern scenarios, and to ensure that all the scenarios are addressed (up to 8 different scenarios), based on the recent changes to the going concern audit standard. Adding volume here may be useful to practitioners, to ensure there is clarity for the various circumstances, including the close call circumstances, where it is determined that there is no material uncertainty.

8. Firm culture and governance update from IESBA

IESBA staff provided an update from the IESBA meeting in relation to the firm culture and governance (FCG) project, including the:

- Contextual piece which provides clarity about resequencing without abandoning standard setting, and clarifying how the viewpoints are intended to be used for further stakeholder engagement, rather than as non-authoritative material.
- Overarching piece to connect the eight viewpoints.
- Eight viewpoints addressing the eight elements of the FCG framework.

The IESBA members are supportive of these documents with refinements discussed.

In terms of next steps, IESBA discussed ideas for targeted outreach in the first half of 2026 with senior leadership of the firms, regulators and professional bodies, in addition to focus group discussions (with firms, SMPs, regulators, investors), simulation exercises (similar to field testing) led by a third party with firms to supplement outreach, plus interviews and articles to seek input on the way forward. The IESBA discussed whether there is a need to develop a strawman of a framework first or go out to market with options to be fully transparent that no decision has been made as to whether this should be in the Code or in a separate voluntary framework outside of the Code. The IESBA members were supportive of engaging before progressing further, so that next steps are informed by outreach.

With respect to linkages between the viewpoints and ISQM 1, as part of Greg's role there has been close collaboration about the inherent relationship between ethics and quality, while also highlighting the differences in scope of the IESBA's project. Two of the viewpoints have been mapped to ISQM 1 requirements at this stage. IESBA agreed on balance not to progress the further mapping as these viewpoints are only tools for outreach.

IAASB members emphasised that the linkages document is very useful and strongly urged the completion of the mapping of the draft viewpoints to ISQM 1 for all of the viewpoints to enhance engagement with stakeholders. The PIOB observer stressed the importance of collaboration and the need for the linkages document.

9. Sustainability reporting update from EFRAG

EFRAG provided an update on its [technical advice on draft simplified European Sustainability Reporting Standards](#) ("ESRS") to the European Commission. The revised ESRS deliver a "reduction of burden for companies" under the omnibus simplification package "introducing substantial flexibility, rescoped to a substantially smaller number of reporting entities. The revised ESRS also deliver relief and phasing-in, as well as reducing the mandatory datapoints by 61%". The next step will be the preparation of the Delegated Act by the Commission to implement the proposed amendments.

10. Financial Reporting Update from IASB

IAASB members received an update from the IASB which covered new standards including IFRS 18, an update on research and ongoing projects including on intangible assets and post implementation reviews. The IASB agenda consultation has been deferred to 2027.

The update highlighted that the IASB did republish going concern educational materials in 2025
Going concern – A focus on disclosures, in recognition of ISA 570 (Revised).

NZAuASB Board meeting summary paper

Meeting date: 11 February 2026

Subject: **Quality Reviewer for Assurance of Greenhouse Gas Emissions Disclosures**

Date: 29 January 2026

Prepared by: Karen Tipper

Reviewed by: Misha Pieters

☒ **Action Required**

☐ **For Information Purposes Only**

Agenda item objectives

1. The objectives of this agenda items are to:
 - (a) DISCUSS the need for an engagement quality review (EQR) for all mandatory assurance engagements over Greenhouse Gas emissions disclosures
 - (b) APPROVE a draft invitation to comment on this EQR proposal
 - (c) NOTE an update on Greenhouse Gas emissions disclosures guidance.

Background

2. In its December 2025 meeting, the NZAuASB recommended that NZ SAE 1 be revoked. The XRB Board agreed with this recommendation at its December meeting. From periods beginning on or after 15 December 2026, NZ SAE 1 will be replaced by ISSA (NZ) 5000.
3. The NZAuASB approved the issue of ISSA (NZ) 5000 and revocation of NZ SAE 1 by circular resolution and these standards will be gazetted in February 2026.
4. At its December meeting, the NZAuASB had mixed views on whether the requirement for an engagement quality review should be retained for mandatory sustainability assurance engagements going forward. As this relates to the quality management standards, the issue of the sustainability standards was progressed, and this outstanding matter is for discussion and a decision at the February meeting.

Matters to consider

5. NZ SAE 1¹, requires a quality review to be completed for each assurance engagement over greenhouse gas (GHG) emissions disclosures required by the Financial Markets Conduct Act 2013.
6. ISSA (NZ) 5000 does not include a similar requirement for a quality review to be completed for these engagements. Internationally the requirements for when a quality review is required are covered by the quality management standards, the equivalent to PES 3².

¹ New Zealand Standard on Assurance Engagements 1, *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, para 73

² PES 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

7. In its December 2025 meeting, the NZAuASB discussed whether a requirement to include an EQR should be added to PES 3 to replicate the requirement in NZ SAE 1. This requirement was proposed to be specific to mandatory assurance engagements over GHG emissions disclosures that are required by the Financial Markets Conduct Act 2013.
8. The Board expressed mixed views on this requirement. This paper explores why this requirement was in NZ SAE 1 and considers whether this requirement should be included in PES 3.
9. The XRB has previously determined and required an EQR for mandatory assurance engagements required by the Financial Markets Conduct Act. The question now is what has changed that may warrant a different response.

EQR requirement in the quality management standards

10. [PES 3](#) includes a paragraph (adjusted in New Zealand with reference to FMC reporting entities) that requires an engagement quality review for:
 - (a) Audits of financial statements of FMC reporting entities considered to have a higher level of public accountability (FMC HLPAs);
 - (b) Audits or other engagements for which an engagement quality review is required by law or regulation³; and
 - (c) Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s).
11. The requirement in (a) does not apply to sustainability assurance engagements and would not apply to mandatory assurance engagements over GHG emissions disclosures. This PES 3 requirement is equivalent to the international requirement for EQRs to be performed for audits of listed entities.
12. Law and regulation do not specify that an EQR is required for the assurance of GHG emissions disclosures as per (b). This requirement was included in NZ SAE 1. NOTE: In New Zealand, the FMA has issued The Auditor Regulation Act (Prescribed Minimum Standards and Conditions for Licensed Auditors and Registered Audit Firms) Notice 2020. This notice requires that the key decisions and judgements involved in an FMC audit must be subject to engagement quality control review by another licensed auditor. So the FMA requires an EQR on all FMC audits (which is broader than the XRB's PES 3 requirements). These prescribed minimum standards and conditions relate to licensed auditors and registered audit firms. Part 7a of the Financial Markets Conduct Act does not require the assurance of Greenhouse Gas disclosures to be carried out by licensed auditors, so these requirements are not applicable to the mandatory assurance of GHG disclosures.
13. The requirement in (c) would apply and an EQR would be performed if the firm determines that this is an appropriate response. The assurance over GHG emissions disclosures would be an other assurance engagement and would require an EQR in accordance with PES 4³, if determined by the firm's risk assessment policies.
14. Given that the climate reporting entities (CRE) that remain in the climate reporting disclosure (CRD) regime in New Zealand are FMC HLPAs entities and represent the larger and more complex New Zealand entities, we have heard from firms that these entities would usually be subject to an EQR in accordance with the firms' risk assessment policies.
15. There does remain a risk of inconsistency, and that policies may determine that an EQR is not needed and that these engagements may be treated differently from audits of FMC HLPAs entities if EQRs are not explicitly required for the mandatory assurance of GHG disclosures.

³ PES 4, Engagement Quality Reviews

Quality review requirement in NZ SAE 1

16. The NZ SAE 1 requirement for quality reviews to be carried out for each engagement was included as the NZAuASB previously considered that it was paramount to maintain assurance quality on each individual engagement. GHG emissions disclosures include a high level of inherent uncertainty, and may contain matters, that require the exercise of significant professional judgement that would benefit from a quality review. This is an unlicensed regime, with minimal oversight and regulation, so having an EQR was seen as needed in the context of the regulation of this regime.
17. When we consulted in the development of NZ SAE 1, feedback from stakeholders confirmed the importance of quality assurance engagements.
18. The aim of the climate standards is to support the allocation of capital and the primary users of this information are defined as investors, lenders and other creditors. The CREs remaining in the regime are FMC HLPAs entities. The primary users as defined in the climate standards are similar to those of financial statements for which an EQR is explicitly required in PES 3 for the audits of these FMC HLPAs entities.

Cost/Benefit considerations

19. There are additional costs that are associated with an engagement quality review. The time for the additional partner will be an incremental cost. We have been told that most of these engagements will already have an EQR given the firm's risk policies. We consider retaining the requirement to make this explicit should not increase the cost of the engagement in most instances. It would however ensure consistency, and ensure that key judgements are considered.
20. The benefit of an EQR is to increase the quality of the assurance. Feedback supported the introduction of this requirement for our temporary standard and acknowledged the importance of high quality for this new regime and mandatory assurance product.
21. Assurance of scope 3 emissions disclosures was required for periods beginning on or after 1 January 2024. Optional adoption provisions allow CREs to exempt out of this assurance requirement for periods ending before 31 December 2027.
22. The first period that the adoption provisions cannot be used will coincide with the first period that ISSA (NZ) 5000 will be applicable. Without the inclusion of a specific EQR requirement, there is a risk that assurance engagements that include scope 3 emissions disclosures for the first time, may not be subject to the same quality assurance processes as assurance reports completed under NZ SAE 1.
23. When this requirement was proposed to be included in NZ SAE 1, we received feedback questioning the scalability of the EQR requirement given the number of competent personnel to do these reviews. At that time the NZAuASB considered that the quality of these engagements was paramount to the trust and confidence to be placed in these assured disclosures. Given that the number of companies in the regime has now reduced, staff believe that there would be sufficient competent personnel to undertake the review. We do not consider that the rationale for including the requirement in NZ SAE 1 has changed.

Convergence with Australia

24. We have considered if and how the addition of this proposed requirement may converge with the Australian requirements. The Australian equivalent of ISQM 1 does not include a specific requirement for an EQR for all mandatory assurance engagements of climate statements. We note that the Australian regime is much broader than the New Zealand regime in terms of both assurance required and entities included in the regime, which extends to a large number in group 3 including some unlisted entities. In contrast, the entities that remain in the

New Zealand regime are all FMC HLPAs and have been reduced to the most significant entities given recent changes.

Recommendations

25. Staff believe that the EQR requirement is important to retain given:
 - (a) the nature of the entities in the regime. These are the larger, more complex New Zealand entities with the highest level of public interest
 - (b) that if the adoption provisions are applied, the first reporting period in which an EQR is not an explicit requirement is the same period in which scope 3 GHG emissions disclosures first become subject to assurance. These scope 3 disclosures involve high levels of inherent uncertainty due to the nature of scope 3 emissions estimation
26. To avoid any doubt and to maintain consistency with the current XRB position, we recommend that the requirement for an EQR for the mandatory GHG assurance engagements is added in PES 3⁴, when NZ SAE 1 is no longer required.
27. If the board wishes to remove the requirement, we would recommend that this requires consultation. Given that the board had mixed views on this matter, in order to advance to a decision, we have prepared a draft consultation document. We seek approval to engage through an exposure draft, proposing amendments to PES 3.
28. We propose a short consultation period of 60 days, and include the timings and proposals in the attached invitation to comment.
29. We recommend that the NZAuASB approve the invitation to comment.

Material presented

- Board meeting summary paper
- Invitation to comment
- Guidance update

⁴ PES 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

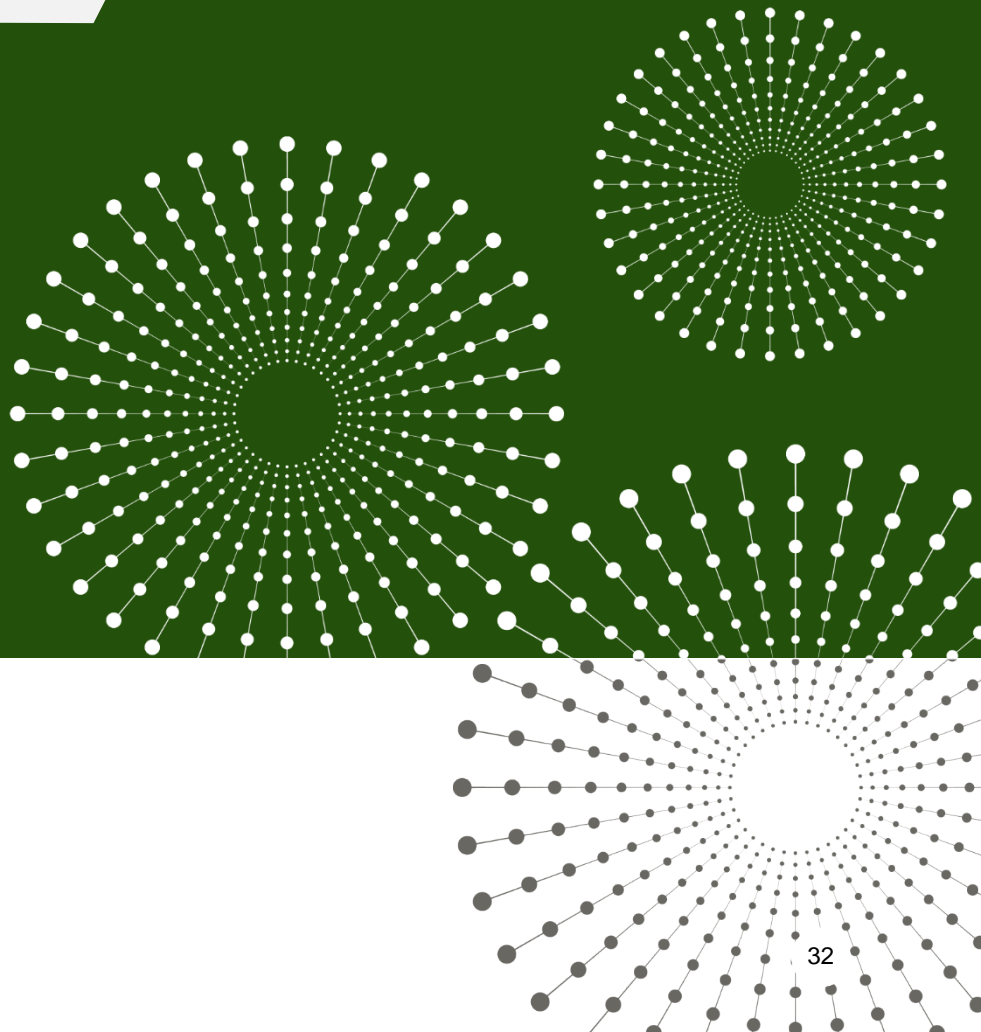
Quality Management for Assurance of Greenhouse Gas Disclosures

Invitation to comment

Consultation closes
1 May 2026



February 2026



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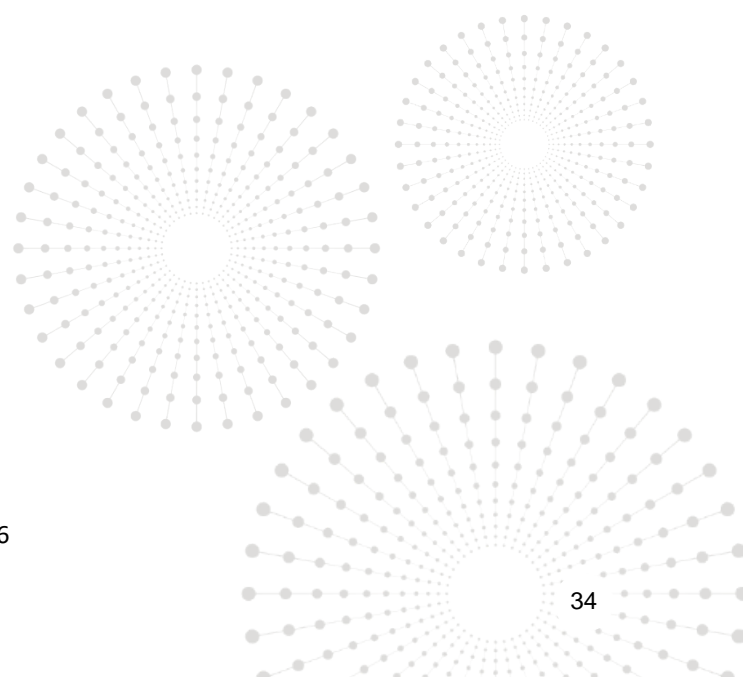
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ISBN



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Introduction

The New Zealand Auditing and Assurance Standards Board (NZAuASB) is seeking comments on the specific matters raised in this Invitation to Comment.

How to provide feedback

Feedback can be provided orally or in writing.

You will be able to provide oral comments at feedback sessions. Information about dates and times can be found on the [events section](#) of our website.

Please provide written submissions by **Friday 1 May 2026**. Your submission may respond to any or all of the questions below. Where possible, please include sufficient and clear information or evidence in support of your views and, where applicable, provide a suggestion for an alternative. To provide written feedback, either use the online submission template on our website or send your views to assurance@xrb.govt.nz. You can send any questions about the submission process to the same email address.

All submissions will be published on the XRB website unless confidentiality is requested.¹

Consultation questions

Amend PES 3² for engagement quality reviews
Q1: Do you agree that the XRB's standards should continue to require an engagement quality review for assurance engagements over GHG emissions disclosures required by the Financial Markets Conduct Act 2013? If yes, do you agree with the proposed drafting in PES 3? If not, why not?
Q 2: Do you agree that the benefits of this requirement outweigh the costs? If not, why not?
Q3: Do you agree with the proposed application date?
Q4: Question 4: Do you have any further comments in relation to quality management matters for the assurance of GHG emissions disclosures that you wish to raise?

Background

In February 2026, the NZAuASB issued the International Standard on Sustainability Assurance (New Zealand) (ISSA (NZ)) 5000, *General Requirements for Sustainability Assurance Engagements* and reissued PES 1³, including the ethics and independence requirements for sustainability assurance engagements. For periods beginning on or after 15 December 2026, ISSA (NZ) 5000 and the reissued PES 1 are required to be used for assurance engagements over Greenhouse Gas (GHG) emissions disclosures in the climate statements of Climate Reporting entities (CREs)

ISSA (NZ) 5000 revokes and will replace our temporary domestic standard, New Zealand Standard on Assurance Engagements, *Assurance over Greenhouse Gas disclosures 1* (NZ SAE 1). NZ SAE 1 covers:

- performance engagement requirements,
- ethical requirements and
- quality management requirements for these engagements.

¹ Submissions are subject to the Official Information Act 1982 and the Privacy Act 2020. The XRB will handle information in accordance with these Acts. If you object to the release of any information in your submission, please identify the specific parts and the reasons under the Official Information Act 1982. We reserve the right not to publish defamatory submissions.

² PES 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

³ PES 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand)

ISSA (NZ) 5000 will cover the engagement performance requirements going forward. The reissued PES 1 will cover the ethics and independence requirements going forward. We are therefore now exploring whether and how the quality management requirements in PES 3 need to be amended for the purposes of these engagements.

Currently the XRB's assurance standard NZ SAE 1 requires an engagement quality review for those assurance engagements that are required by the Financial Markets Conduct Act 2013 to be the subject of an assurance engagement.

Proposals

Proposed EQR Requirement

The XRB proposes to move the requirement from NZ SAE 1 and include a requirement for an engagement quality review for assurance engagements over GHG emissions disclosures into PES 3, as NZ SAE 1 will be revoked. This proposal is restricted to the assurance required over the GHG emissions disclosures in the climate statements. This proposal will replicate the requirement that is currently in NZ SAE 1.

The proposed wording of this requirement to be included in paragraph NZ 34(f) is below with underlining to indicate the additional text

NZ34(f) The firm establishes policies or procedures that address engagement quality reviews in accordance with PES 4, and require an engagement quality review for:

(i) Audits of financial statements of FMC reporting entities considered to have a higher level of public accountability;

(ii) Assurance engagements for the disclosures within the climate statements relating to greenhouse gas emissions required by the Financial Markets Conduct Act 2013 to be the subject of an assurance engagement.

Question 1: Do you agree that the XRB's standards should continue to require an engagement quality review for assurance engagements over GHG emissions disclosures required by the Financial Markets Conduct Act 2013?

If yes, do you agree with the proposed drafting in PES 3?

If not, why not?

Costs and benefits of inclusion of this new proposal

The XRB notes that there are costs associated with an engagement quality review. Given the size and complexity of the CREs that remain in the regime, we are aware that the assurance of GHG emissions disclosures of these entities would usually be subject to an EQR in accordance with the firm's risk assessment policies. As such, we do not believe that we are imposing additional costs by mandating this requirement for all CRE entities, but we will be ensuring consistency across assurance firms.

Mandating an EQR supports high quality assurance. EQRs improve the quality of assurance engagements by providing objective evaluations of significant judgements and conclusions, helping to identify and resolve issues early. The assurance of scope 3 GHG emissions disclosures contains significant professional judgement, and we believe that an EQR is essential to maintain trust and confidence in the assured information.

Question 2: Do you agree that the benefits of this requirement outweigh the expected costs? If not, why not?

Proposed application date

The XRB proposes to align with the application date of ISSA (NZ) 5000, i.e. applicable for periods beginning on or after 15 December 2026.

The XRB proposes to allow, but not require, early adoption.

Question 3: Do you agree with the proposed application date?

Any other comments related to quality management

We also welcome feedback on other aspects of quality management related to the mandatory assurance of GHG emissions disclosures that you would like to bring to our attention. These may be opportunities for clarification or to further support consistency and continual improvement across engagements.

Question 4: Do you have any further comments in relation to quality management matters for the assurance of GHG emissions disclosures that you wish to raise?

Subject: Guidance on Greenhouse Gas Emissions Disclosures

Introduction

1. This memo provides an update on Greenhouse Gas (GHG) emissions staff guidance and recent international developments.

Background

2. In the December 2024 and November 2025 basis for conclusions for NZ SAE 1 (amended), the XRB committed to release guidance to support the assurance regime over GHG emissions disclosures and the implementation and adoption of [NZ SAE 1](#)¹.
3. In 2025, staff in conjunction with the sustainability team issued guidance and resources as follows:
 - (a) [Uncertainty and Data Quality](#)
 - (b) [GHG Assurance Report Explainer](#)
 - (c) [GHG assurance snapshot](#)
4. On 7 October 2025, a workshop was held with practitioners to understand where the XRB is best placed to continue supporting the implementation and adoption given experiences and lessons learned from the first year of mandatory assurance.
5. In November 2025, the XRB issued an amendment to NZ SAE 1 to mirror the adoption provision in NZ CS 2 to allow a CRE to choose to exempt themselves from the requirement to obtain assurance over scope 3 GHG emissions disclosures for accounting periods ending before 31 December 2027. As part of this process, the XRB committed to provide further guidance to support adoption and implementation.
6. The XRB expect to issue ISSA (NZ) 5000² in February 2026, following the December meeting.
7. As discussed in December, it will be a priority to support the successful adoption of these new standards and to provide stakeholders with necessary resources to support implementation.

Guidance

8. After considering feedback received from the practitioner workshop and recent consultations, staff have prioritised and are intending to issue staff guidance by 28 February 2026 to cover:
 - (a) What is the scope of the assurance opinion for the assurance for GHG disclosures? Do the disclosure requirements in NZ CS 1 mean that the opinion should be for each scope? Do we need a separate opinion for each scope?
 - (b) What should assurance practitioners consider when determining materiality for GHG disclosures? Is a separate materiality required for each scope 1, 2 and 3?
 - (c) How does the assurance practitioner consider the entity's materiality for preparing the climate statements in relation to its GHG disclosures?
9. Guidance for restatements is intended to be issued by April 2026.

¹ NZ SAE 1, *Assurance Engagements over Greenhouse Gas Emissions Disclosures*

² ISSA (NZ) 5000, *General Requirements for Sustainability Assurance Engagements*

10. Once this guidance is issued, our priority will pivot to developing guidance to support the transition from NZ SAE 1 to ISSA (NZ) 5000 and the reissued PES 1. The plan for this transition will be brought to the April NZAuASB meeting.

International Developments

11. In January 2026, the IAASB issued [illustrative reports](#). These reports were developed to illustrate how ISSA 5000 can be applied across a range of engagements.
12. In January 2026 the AUASB issued [illustrative reports](#). These illustrations reports are specific to the Australian climate reporting regime and align with the Australian Corporations Act 2001 requirements.
13. The Australian regime is different to that in New Zealand. For example, in Australia, the assurance will expand over time to cover the full climate statement. The Act in Australia is more prescriptive than the Act in New Zealand.
14. The Australian illustrative reports include compliance conclusions for year 1 over selected disclosures (and fair presentation opinions for year 2 onwards).
15. XRB staff have reviewed these illustrative reports for relevance to New Zealand.
16. The New Zealand assurance engagement is restricted to GHG emission disclosures that are prepared in accordance with NZ CS³, a fair presentation framework. Assurance practitioners are required to assure these GHG disclosures against the principles of NZ CS 3⁴. NZ CS 3, paragraph 6 requires additional disclosures to be provided when compliance with the specific requirements in Aotearoa New Zealand Climate Standards is insufficient to show a fair presentation and the assurance report over these disclosures is a fair presentation opinion.
17. Staff consider that no updates are needed at this time to the [illustrative New Zealand assurance reports](#) for NZ SAE 1 as a result of recent international developments. However we may prioritise developing illustrative reports in line with ISSA (NZ) 5000 and the new PES 1, specific for our regime, given that early adoption will be permitted.

Recommendation

18. Staff recommend that the NZAuASB NOTE this update.

³ Aotearoa New Zealand Climate Standards. These comprise of Climate Standard 1, 2 and 3.

⁴ NZ CS 3 *General Requirements for Climate-related Disclosures*

NZAuASB Board meeting summary paper

Meeting date: 11 February 2026

Subject: **Amendments to Auditing and Assurance Standards Relating to Using the Work of an External Expert 2026**

Date: 29 January 2026

Prepared by: Anna Herlender

Reviewed by: Thinus Peyper, Misha Pieters

☒ **Action Required**

☐ **For Information Purposes Only**

Agenda item objectives

1. The objective for this agenda item is for the Board to APPROVE the amending standard *Amendments to Auditing and Assurance Standards Relating to Using the Work of an External Expert 2026*.

Background

2. In September 2025, the IAASB approved “Narrow-Scope Amendments to IAASB Standards Arising from the IESBA’s Using the Work of an External Expert Project” ([the Pronouncement](#)). It was certified by the PIOB in December 2026.
3. The Pronouncement includes amendments to auditing, review, other assurance, and related services standards relating to using the work of an external expert. The amendments were made to align the IAASB’s standards with the IESBA’s revisions to the Code of Ethics on this topic.

Matters to consider

4. In December, the Board considered the approved text of the Pronouncement. The Board agreed that no New Zealand compelling reason changes are needed and that the New Zealand amending standard will be prepared for its approval in February 2026.
5. The amendments relate to:
 - ISA (NZ) 620 *Using the Work of an Auditor’s Expert*;
 - ISRE (NZ) 2400 (Revised) *Engagements to Review Historical Financial Statements*;
 - ISAE (NZ) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*; and
 - ISRS (NZ) 4400 (Revised), *Agreed-upon Procedures Engagements*.
6. The amending standard has been prepared in line with drafting advice received specific to amending standards. In particular, this reflects headings above each change to be clear which paragraph in the principal standard is being amended.

Application date

7. The revisions to PES 1¹ relating to using the work of an external expert have an application date of 15 December 2026, with early adoption permitted.
8. ISA (NZ) 620, which was reissued in February has an application date of 15 December 2026, and early adoption is not permitted.
9. As some of the amendments in this amending standard relate to ISA (NZ) 620, staff recommend that the amending standard does not permit early adoption.
10. PES 1 requires evaluation of an expert's competence, capability and objectivity (CCO). If an auditor concludes that CCO is compromised, they would not use the expert. A key change resulting from the amending standard is to make explicit, what has been implicit, by introducing a prohibition on using an expert when they do not have the necessary CCO.
11. While not permitting early adoption of this amending standard creates a possible inconsistency between the application date of the PES 1 revisions and this amending standard, we consider that the practical consequences of this difference are minimal. If the auditor early adopts the ethical changes relating to use of an expert in PES 1, which is unlikely, they would unlikely use the expert if their evaluation was the expert did not have the necessary CCO. These amendments are for clarity and consistency, but a difference in early adoption is considered the simplest way to introduce them, given the NZAuASB agreed not to permit early adoption of the reissued ISA (NZ) 620.

Does the Board agree that early adoption of the amending standard is not permitted?

Recommendations

12. We recommend that the Board APPROVE the amending standard and signing memorandum attached.

Material presented

- Board meeting summary paper
- Amending standard
- Signing memorandum

¹ Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)

This secondary legislation is administered by the External Reporting Board.
 For more information please see:

Website: www.xrb.govt.nz

Contact phone: +64 4 550 2030

Contact address: Level 6/154 Featherston St, Wellington, 6011

This standard was published in the *Gazette* on 26 February 2026 and takes effect on 26 March 2026. There is an [explanatory note](#) at the end of this standard that includes an explanation of how and from when this standard operates.

Amendments to Auditing and Assurance Standards Relating to Using the Work of an External Expert 2026

This standard is issued under section 12(b) of the [Financial Reporting Act 2013](#) by the New Zealand Auditing and Assurance Standards Board

- (a) acting under delegated authority of the External Reporting Board (given in accordance with section 73 of the Crown Entities Act 2004); and
- (b) after complying with section 22 of the Financial Reporting Act 2013.

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Title

- 0.1 This is the Amendments to Auditing and Assurance Standards Relating to Using the Work of an External Expert 2026.

Commencement

- 0.2 This standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019 (see section 27 of the Financial Reporting Act 2013).

Principal standards

- 0.3 This standard amends the following principal standards:
- International Standard on Auditing (New Zealand) 620, *Using the Work of an Auditor's Expert (ISA (NZ) 620)*
 - International Standard on Review Engagements (New Zealand) 2400, *Review of Historical Financial Statements Performed by an Assurance Practitioner who is Not the Auditor of the Entity (ISRE (NZ) 2400)*
 - International Standard on Assurance Engagements (New Zealand) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE (NZ) 3000 (Revised))*
 - International Standard on Related Services (New Zealand) 4400, *Agreed-upon Procedures Engagements (ISRS (NZ) 4400)*

How amendments made

- 0.4 In this standard, text in the principal standard is deleted or inserted as follows:
- (a) text that is shown as ~~struck-out~~ is deleted from the stated provision of the principal standard
 - (b) text that is shown as underlined is inserted into the provision, or is inserted as a new provision of the principal standard

Any other text included in this standard is only for the purposes of identifying these amendments within the principal standards.

Application

- 0.5 This standard commences to apply in relation to accounting periods that begin on or 15 December 2026.

Amendments to ISA (NZ) 620, *Using the Work of an Auditor's Expert*

Paragraph 6(a) amended

- 6(a) Auditor's expert – An individual or organisation possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (who is a partner¹ or staff, including temporary staff, of the auditor's firm or a network firm), or an auditor's external expert. (Ref: Para. A1–A3, A11–A13)

Paragraph 8 amended

8

- (d) The auditor's knowledge of and experience with previous work performed by that expert; ~~and~~
- (e) Whether that expert is subject to the auditor's firm's system of quality management; and (Ref: Para. A11–A13)
- (f) Whether relevant ethical requirements include provisions related to using the work of an expert. (Ref: Para A14)

New paragraph 9A inserted after paragraph 9

- 9A. If, based on the evaluation in accordance with paragraph 9, the auditor concludes that the auditor's expert does not have the necessary competence or capabilities, or that threats to the expert's objectivity cannot be eliminated or reduced to an acceptable level, the auditor shall not use the work of that expert. (Ref: Para. A19A–A19B)

New subheading and new paragraph A13A inserted after paragraph A13

Relevant Ethical Requirements (Ref: Para 8(f))

- A13A. Relevant ethical requirements may include provisions that address an auditor's ethical responsibilities related to using the work of an expert in the performance of an audit of financial statements. For example, Professional and Ethical Standard (PES) 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) includes provisions related to an assurance practitioner's use of the work of an external expert.²

New paragraph A16A inserted after paragraph A16

- A16A. Relevant ethical requirements related to using the work of an auditor's expert may include provisions addressing the fulfilment of the auditor's ethical responsibilities related to evaluating whether an auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes.³

New paragraph A18A inserted after paragraph A18 (relocated from paragraph A20 and amended)

- A18A. When evaluating the objectivity of an auditor's external expert, it may be relevant to:

¹ "Partner" and "firm" should be read as referring to their public sector equivalents where relevant.

² See Section 390 of PES 1

³ See, for example, paragraphs R390.6–R390.21 of the PES 1 related to using the work of an external expert.

- (a) Enquire of the entity about any known interests or relationships that the entity has with the auditor's external expert that may affect that expert's objectivity.
- (b) Discuss with that expert any applicable safeguards and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that may be relevant to discuss with the auditor's expert include:
 - Financial interests.
 - Business and personal relationships.
 - Provision of other services by the expert, including by the organisation in the case of an external expert that is an organisation.

In some cases, it may also be appropriate for the auditor to obtain a written representation from the auditor's external expert about any interests or relationships with the entity of which that expert is aware. Relevant ethical requirements may also require the auditor to obtain information, in writing, from the auditor's external expert regarding interests, relationships or circumstances that may create a threat to that expert's objectivity.⁴

New subheading and new paragraphs A19A and A19B inserted after paragraph A19

Prohibition on Using the Work of an Auditor's Expert (Ref: Para. 9A)

- A19A. Using the work of an auditor's expert that does not have the necessary competence, capabilities, or objectivity for the auditor's purposes would affect the auditor's fulfilment of fundamental ethical principles such as integrity, objectivity, and professional competence and due care.
- A19B. Relevant ethical requirements may also prohibit the auditor from using the work of an auditor's expert if the auditor is unable to determine whether the expert has, or determines that the expert does not have, the necessary competence, capabilities, or objectivity for the auditor's purposes.⁵

Paragraph A20 deleted (relocated to A18A)

- ~~A20. When evaluating the objectivity of an auditor's external expert, it may be relevant to:~~
- ~~(a) Enquire of the entity about any known interests or relationships that the entity has with the auditor's external expert that may affect that expert's objectivity.~~
 - ~~(b) Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert; and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that may be relevant to discuss with the auditor's expert include:~~
 - ~~• Financial interests.~~
 - ~~• Business and personal relationships.~~
 - ~~• Provision of other services by the expert, including by the organisation in the case of an external expert that is an organisation.~~

⁴ See, for example, paragraphs R390.5 and R390.12–R390.17 of PES 1.

⁵ See, for example, paragraph R390.21 of PES 1 related to using the work of an external expert.

~~In some cases, it may also be appropriate for the auditor to obtain a written representation from the auditor's external expert about any interests or relationships with the entity of which that expert is aware.~~

Paragraph A24 amended

A24. The matters noted in paragraph 8 may affect the level of detail and formality of the agreement between the auditor and the auditor's expert, including whether it is appropriate that the agreement be in writing. For example, the following factors may suggest the need for a more detailed agreement than would otherwise be the case, or for the agreement to be set out in writing:

- The auditor's expert will have access to sensitive or confidential entity information.
- The respective roles or responsibilities of the auditor and the auditor's expert are different from those normally expected.
- Multi-jurisdictional legal or regulatory requirements apply.
- Relevant ethical requirements require the provision of information in writing from an auditor's expert.⁶

Amend the Appendix under subheading Communications and Reporting

- The auditor's external expert's responsibility to communicate to the auditor all information that expert believes may be relevant to the audit, including any changes in circumstances previously communicated.
- If required by the provisions of relevant ethical requirements, the auditor's external expert's agreement to provide requested information in writing for purposes of assisting the auditor's evaluation of that expert's objectivity, and a commitment to communicate any changes to the information provided as set out in the relevant ethical requirements.⁷
- The auditor's external expert's responsibility to communicate circumstances that may create threats to that expert's objectivity, including any changes in those circumstances, and any relevant safeguards actions that may eliminate such threats, or reduce ~~such~~ those threats to an acceptable level.

Amendments to ISRE (NZ) 2400, Review of Historical Financial Statements Performed by an Assurance Practitioner who is Not the Auditor of the Entity

Paragraph 55 amended

55. In performing the review, it may be necessary for the assurance practitioner to use work performed by other assurance practitioners, or the work of an individual or organisation possessing expertise in a field other than accounting or assurance. ~~If the assurance practitioner uses work performed by another assurance practitioner or an expert in the course of performing the review~~ In these circumstances, the assurance practitioner shall:
- (a) With respect to the work of an expert, evaluate whether the expert has the necessary competence, capabilities and objectivity for the assurance practitioner's purposes. If the assurance practitioner concludes that the expert does not have the necessary competence or capabilities, or that threats to the expert's objectivity cannot be

⁶ See, for example, paragraphs R390.5 and R390.12–R390.17 of PES related to using the work of an external expert.

⁷ See, for example, paragraphs R390.5 and R390.12–17 of PES 1.

eliminated or reduced to an acceptable level, the assurance practitioner shall not use the work of that expert. (Ref: Para. A93A-A93D)

- (b) If using the work of another assurance practitioner or an expert, take appropriate steps to be satisfied that the work performed is adequate for the assurance practitioner's purposes. (Ref: Para. A80)

New subheadings and paragraphs A93A – A93D inserted after paragraph A93

Using work performed by an assurance practitioner's expert (Ref: Para. 55)

A93A. The assurance practitioner may use work performed by an assurance practitioner's expert in the course of the review engagement. An assurance practitioner's expert may be an external expert engaged by the assurance practitioner (who is not part of engagement team), or an internal expert (who is part of the engagement team). The competence, capabilities and objectivity of an assurance practitioner's expert are factors that significantly affect whether the work of the assurance practitioner's expert will be adequate for the assurance practitioner's purposes.

A93B. Relevant ethical requirements may include provisions addressing the fulfilment of the assurance practitioner's ethical responsibilities related to evaluating whether an assurance practitioner's expert has the necessary competence, capabilities and objectivity for the assurance practitioner's purposes. For example, Professional and Ethical Standard 1 includes provisions related to an assurance practitioner's use of the work of an external expert.⁸

Prohibition on using the work of an assurance practitioner's expert (Ref: Para. 55(a))

A93C. Using the work of an assurance practitioner's expert that does not have the necessary competence, capabilities, or objectivity for the assurance practitioner's purposes would affect the assurance practitioner's fulfilment of fundamental ethical principles such as integrity, objectivity, and professional competence and due care.

A93D. Relevant ethical requirements may also prohibit the assurance practitioner from using the work of an assurance practitioner's expert if the assurance practitioner is unable to determine whether the expert has, or determines that the expert does not have, the necessary competence, capabilities, or objectivity for the assurance practitioner's purposes.⁹

Amendments to ISAE (NZ) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

Paragraph NZ12.2 amended

NZ12.2 Assurance practitioner's expert—An individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the assurance practitioner to assist the assurance practitioner in obtaining sufficient appropriate evidence. An assurance practitioner's expert may be either an assurance practitioner's internal expert (who is a partner or staff, including temporary staff, of the assurance practitioner's firm or a network firm), or an assurance practitioner's external expert. (Ref: Para. A124-A125)

⁸ Professional and Ethical Standard 1, paragraphs R390.6–R390.21

⁹ See, for example, paragraph R390.21 of Professional and Ethical Standard 1 related to using the work of an external expert.

New paragraph 52A inserted after paragraph 52

52A. If, based on the evaluation in accordance with paragraph 52(a), the assurance practitioner concludes that the assurance practitioner's expert does not have the necessary competence or capabilities, or that threats to the expert's objectivity cannot be eliminated or reduced to an acceptable level, the assurance practitioner shall not use the work of that expert. (Ref: Para. A128A–A128B)

Paragraph A121 amended

A121.

- (d) The assurance practitioner's knowledge of and experience with previous work performed by that expert; ~~and~~
- (e) Whether that expert is subject to the assurance practitioner's firm's quality management policies or procedures (see also paragraphs A124–A125); ~~and~~
- (f) Whether relevant ethical requirements include provisions that address an assurance practitioner's ethical responsibilities related to using the work of an expert in the performance of an assurance engagement. For example, PES 1 includes provisions related to an assurance practitioner's use of the work of an external expert.¹⁰

Paragraph A127A inserted after paragraph A127 (relocated from A129 and amended)

A127A. When evaluating the objectivity of an assurance practitioner's external expert, it may be relevant to:

- Enquire of the appropriate party(ies) about any known interests or relationships that the appropriate party(ies) has with the assurance practitioner's external expert that may affect that expert's objectivity.
- Discuss with that expert any applicable safeguards and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that it may be relevant to discuss with the assurance practitioner's expert include:
 - Financial interests.
 - Business and personal relationships.
 - Provision of other services by the expert, including by the organisation in the case of an external expert that is an organisation.

In some cases, it may also be appropriate for the assurance practitioner to obtain a written representation from the assurance practitioner's external expert about any interests or relationships with the appropriate party(ies) of which that expert is aware. Relevant ethical requirements may also require the assurance practitioner to obtain information, in writing, from the assurance practitioner's external expert regarding interests, relationships or circumstances that may create a threat to that expert's objectivity.¹¹

¹⁰ See Section 390 of Professional and Ethical Standard 1.

¹¹ See, for example, paragraphs R390.5 and R390.12–R390.17 of Professional and Ethical Standard 1.

New subheading and paragraphs A128A and A128B inserted after paragraph A128***Prohibition on Using the Work of an Assurance Practitioner's Expert* (Ref: Para. 52A)**

A128A. Using the work of an assurance practitioner's expert that does not have the necessary competence, capabilities, or objectivity for the assurance practitioner's purposes would affect the assurance practitioner's fulfilment of fundamental ethical principles such as integrity, objectivity, and professional competence and due care.

A128B. Relevant ethical requirements also may prohibit the assurance practitioner from using the work of an assurance practitioner's expert if the assurance practitioner is unable to determine whether the expert has, or determines that the expert does not have, the necessary competence, capabilities, or objectivity for the assurance practitioner's purposes.¹²

Paragraph A129 deleted (relocated to A127A and amended)

~~A129. When evaluating the objectivity of an assurance practitioner's external expert, it may be relevant to:~~

- ~~• Enquire of the appropriate party(ies) about any known interests or relationships that the appropriate party(ies) has with the assurance practitioner's external expert that may affect that expert's objectivity.~~
- ~~• Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert; and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that it may be relevant to discuss with the assurance practitioner's expert include:~~
 - ~~○ Financial interests.~~
 - ~~○ Business and personal relationships.~~
 - ~~○ Provision of other services by the expert, including by the organisation in the case of an external expert that is an organisation.~~

~~In some cases, it may also be appropriate for the assurance practitioner to obtain a written representation from the assurance practitioner's external expert about any interests or relationships with the appropriate party(ies) of which that expert is aware.~~

Amendments to ISRS (NZ) 4400, *Agreed-upon Procedures Engagements***Paragraph 13(i) amended**

13(i) Practitioner's expert – An individual or organisation possessing expertise in a field other than assurance and related services, whose work in that field is used to assist the practitioner in fulfilling the practitioner's responsibilities for the agreed-upon procedures engagement. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm) or a practitioner's external expert. (Ref: Para.A47)

Paragraph 29 amended

29. If the practitioner uses the work of a practitioner's expert, the practitioner shall: (Ref: Para. A46–A47, A50)

¹² See, for example, paragraph R390.21 of Professional and Ethical Standard 1 related to using the work of an external expert.

New paragraph 29A inserted after paragraph 29

29A. If, based on the evaluation in accordance with paragraph 29(a), the practitioner concludes that the practitioner's expert does not have the necessary competence or capabilities, or that threats to the expert's objectivity cannot be eliminated or reduced to an acceptable level, the practitioner shall not use the work of that expert. (Ref: Para. A50A–A50B)

New subheading and new paragraphs A50A and A50B inserted after paragraph A50

Prohibition on Using the Work of a Practitioner's Expert (Ref: Para. 29A)

A50A. Using the work of a practitioner's expert that does not have the necessary competence, capabilities, or objectivity for the practitioner's purposes would affect the practitioner's fulfilment of fundamental ethical principles such as integrity, objectivity, and professional competence and due care.

A50B. Relevant ethical requirements may also prohibit the practitioner from using the work of a practitioner's expert if the practitioner is unable to determine whether the expert has, or determines that the expert does not have, the necessary competence, capabilities, or objectivity for the practitioner's purposes.¹³

Issued at Wellington on 20 February 2026

Graeme Pinfold

Chair

New Zealand Auditing and Assurance Standards Board acting under delegated authority of the External Reporting Board

¹³ See, for example, paragraph R390.21 of Professional and Ethical Standard 1 related to using the work of an external expert.

EXPLANATORY NOTE AND OTHER INFORMATION

This note and other information are not part of the standard

Explanatory note

This standard is the Amendments to Auditing and Assurance Standards Relating to Using the Work of an External Expert 2026.

This standard has been issued to ensure interoperability between the auditing, review, other assurance and related services engagement standards (the principal standards) and Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* when using the work of an external expert.

The paragraph and footnote references within this Amendment Standard refer to the paragraph and footnote references of the Principal Standards as they were issued. They may not align with the paragraph and footnotes of those standards as they have been consolidated by the XRB.

This standard was issued by the New Zealand Auditing and Assurance Standards Board acting under delegated authority of the External Reporting Board.

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Using the Work of an External Expert 2026

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Consolidated version No

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Replacement empowering Act and provision

Maker name New Zealand Auditing and Assurance Standards Board acting under delegated authority of the External Reporting Board

Administering agency External Reporting Board

Date made 20 February 2026

Publication date 26 February 2026

Notification date 26 February 2026

Commencement date 26 March 2026

End date

Consolidation as at date

Related instruments (unofficial XRB consolidation) [link to be added to ISA (NZ) 620 when gazetted in February]
[International Standard on Review Engagements \(New Zealand\) 2400 *Review of Historical Financial Statements Performed by an Assurance Practitioner who is Not the Auditor of the Entity*](#)
[International Standard on Assurance Engagements \(New Zealand\) 3000 \(Revised\) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*](#)
[International Standard on Related Services \(New Zealand\) 4400 *Agreed-Upon Procedures Engagements*](#)

Memorandum

To: John Kensington, Chair External Reporting Board

From: Graeme Pinfold, Chair NZAuASB

Subject: **Certificate Signing Memorandum:**
Amendments to Auditing and Assurance Standards Relating to Using the Work of an External Expert 2026

Date: 11 February 2026

Introduction

1. In accordance with the protocols established by the XRB Board, the NZAuASB seeks your approval to issue *Amendments to Auditing and Assurance Standards Relating to Using the Work of an External Experts 2026* (the Amending Standard).
2. The Amending Standard includes amendments to the XRB's auditing and assurance standards to align these standards with the recent revisions to Professional and Ethical Standard 1 addressing the use of work of external experts.
3. The following standards will be amended as a result of the Amending Standard:
 - ISA (NZ) 620, *Using the Work of an Auditor's Expert*
 - ISRE (NZ) 2400 (Revised), *Engagements to Review Historical Financial Statements*
 - ISAE (NZ) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*
 - ISRS (NZ) 4400 (Revised), *Agreed-upon Procedures Engagements*

Background

International process

4. The International Auditing and Assurance Standards Board (IAASB) issued Exposure Draft [Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of and External Expert Project](#) in April 2025.
5. The objective of the IAASB's project was to maintain interoperability of the IAASB's standards with the new provisions in the IESBA's Code of Ethics¹ relating to using the work of an external expert.

¹ International Code of Ethics for Professional Accountant (Including International Independence Standards) issued by the International Ethics Standards Board

6. The proposed amendments included:
 - (a) A new requirement in ISA 620² for the auditor to consider the provisions of relevant ethical requirements related to using the work of an expert. This creates a bridge between the ISA requirements and the new Code of Ethics provisions.
 - (b) New application material in ISA 620 explicitly stating that evaluation of the adequacy of the auditor's expert's work is based on the presumption that the auditor has determined that the expert has the necessary competence, capabilities and objectivity (CCO).
 - (c) New application material in ISA 620 for auditors to consider relevant ethical requirements when evaluating the CCO of the expert.
 - (d) Similar material was added to ISAE 3000 (Revised)³, ISRE 2400 (Revised)⁴ and ISRS 4400 (Revised)⁵.
7. The IAASB received 49 comment letters from its world-wide constituents, including 10 from Asia Pacific region. The only comment letter from New Zealand was the XRB submission.
8. As a result of the feedback received the IAASB improved the clarity of the final amendments by:
 - (a) Adding an explicit prohibition of using the work of the auditor's expert in certain circumstances
 - (b) Giving more prominence to the fact that a threats and safeguards approach can be applied to the evaluation of an expert's objectivity.
9. The standard was approved with affirmative votes of 16 out of 16 IAASB members in September 2025. It was certified by the Public Interest Oversight Board in December 2026 and issued in January 2026.

Domestic process

10. The XRB notified constituents of the Exposure Draft through a need-to-know webinar in April 2025 and on our website and through an assurance alert, LinkedIn and Pitopito kōrero. The proposed wording for the Exposure Draft was discussed with our technical reference group in March 2025 to inform the approval of the exposure draft at the March IAASB meeting. Overall, feedback was supportive of the amendments. No formal comment letters were received.
11. The XRB submitted comments on the IAASB proposals in July 2025. [The XRB submission](#) was supportive of the proposed amendments with no specific suggestions for further changes.
12. No compelling reason amendments have been identified.
13. In February 2026, the NZAuASB approved for issue the Amending Standard. The Amending Standard does not include any specific New Zealand changes, other than the usual minor drafting changes to ensure consistency with the XRB's auditing and assurance standards, for example:
 - referring to PES 1⁶ instead of the IESBA's Code; and
 - using the term "assurance practitioner" instead of "professional accountant" when referencing the provisions in PES 1.

² ISA 620, *Using the Work of an Auditor's Expert*

³ ISAE 3000, (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

⁴ ISRE 2400 (Revised), *Review of Historical Financial Statements Performed by an Assurance Practitioner who is Not the Auditor of the Entity*

⁵ ISRS 4400 (Revised), *Agreed-Upon Procedures Engagements*

⁶ PES 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*

Consideration of costs and benefits

14. Key benefits of the Amending Standard include consistency of the auditing and assurance standards with the ethical standards that New Zealand assurance practitioners need to follow. The consistency reduces complexity of applying various provisions at the same time.
15. The additional costs should be minimal as the amendments introduce an explicit prohibition and additional clarifications that were previously implicit. Additionally, the auditor's and assurance practitioner's practices would need to be already adjusted as a result of PES 1 revisions relating to using work of an expert.
16. Overall, the costs and risks will be offset by the benefits.

Australian process and harmonisation with Australia

17. The Auditing and Assurance Standards Board (AUASB) released an exposure draft relating to the IAASB's Proposed Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of and External Expert Project proposals in May 2025, which was open for comment until 7 July 2025.
18. In general, the Australian stakeholders were supportive of the proposed changes, with some expressing concerns regarding application difficulties resulting from the IESBA's revisions.
19. AUASB is in the process of preparing amendments of the Australian auditing standards. Based on our discussions with AUASB staff, no Australian specific amendments have been identified so far.
20. We have not identified any harmonisation differences between New Zealand and Australia in relation to the amendments.

Privacy

21. The Financial Reporting Act 2013, section 22(2) requires that the External Reporting Board consult with the Privacy Commissioner where an accounting or assurance standard is likely to require the disclosure of personal information. No such consultation is required in relation to this standard.

Due process

22. The due process followed by the NZAuASB complied with the due process requirements established by the XRB Board and in the NZAuASB's view meets the requirements of section 22 of the Financial Reporting Act 2013.

Consistency with XRB Financial Reporting Strategy

23. The adoption of Standard is consistent with one of the key strategic objectives set by the XRB Board for the NZAuASB to adopt international auditing and assurance standards, as applying in New Zealand unless there are compelling reasons not to.

Other matters

24. There are no other matters relating to the issue of this standard that the NZAuASB considers to be pertinent or that should be drawn to your attention.

Recommendation

25. The NZAuASB recommends that you sign the attached certificate of determination on behalf of the XRB Board.

Attachments

- Standard
- Certificate of determination
- Approval Certificate

Graeme Pinfold
Chair NZAuASB

NZAuASB Board meeting summary paper

Meeting date: 11 February 2026

Subject: **IAASB & IESBA Strategy and work plan survey 2028-2031**

Date: 29 January 2026

Prepared by: Karen Tipper

Reviewed by: Misha Pieters

☒ **Action Required**

☐ **For Information Purposes Only**

Agenda item objectives

1. The objective of this agenda item is to DISCUSS the IAASB & IESBA Strategy and work plan 2028-2031 survey.

Background

2. The IAASB and IESBA released their first joint survey on 22 January 2026 to seek views from stakeholders on:
 - (a) their strategic positioning
 - (b) key environmental trends shaping the future of audit, assurance, ethics, and independence; and.
 - (c) opportunities for joint or parallel IESBA and IAASB action.
3. The international boards seek views from a wide range of stakeholders (and have targeted questions based on the stakeholder group). The survey closes on Friday 15th of May 2026. The XRB will complete the survey from the perspective of the jurisdictional standard setter. We plan to test our responses with New Zealand stakeholders prior to finalising the response.

Matters to consider

4. Key trends highlighted by the IESBA and the IAASB are:
 - (a) Digital transformation, including
 - i. increased use of emergent emerging technologies
 - ii. digital assets and institutionalisation of digital assets, and
 - iii. financial crimes enabled by technology.
 - (b) Changes in the geopolitical and regulatory landscape, including:
 - i. regulatory changes
 - ii. risk of fragmentation

- iii. call for greater agility in standard setting.
 - iv. greater diversity of voices sought reflecting the broad use of the standards and calls for greater inclusion of voices from emerging economies
- (c) Evolving expectations concerning sustainability information, including:
 - i. Continuing demand for sustainability reporting and assurance.
 - ii. Regulatory and geopolitical changes.
- (d) Evolving structure and business models of accounting firms, including:
 - i. alternative ownership structures
 - ii. increased involvement of non-professional accountants in the accounting and auditing profession
 - iii. challenges to attracting and retaining talent.
 - iv. the growth of the non-assurance service line.
- 5. Feedback is sought on whether stakeholders agree with these trends and believe that they will increase or decrease in importance for standard setting bodies in their next strategy and workplan period, which will start in 2028.
- 6. The consultation was released by the IAASB/IESBA on 22 January 2026. XRB staff shared details of the [consultation](#) on our website on 23 January 2026 and issued a [LinkedIn post](#) on 29 January 2026 to promote this consultation. This is within the assurance Service Performance Expectation measure, which requires international consultations to be shared within 3 weeks of release. Staff intend to conduct targeted outreach with interested parties and seek feedback by 13 March 2026 to further refine the draft responses.
- 7. Staff intend to seek views from XRAP in its March meeting, as well as from members of the assurance Technical Reference group.
- 8. A final draft response for approval by the NZAuASB will be brought to the April meeting.

Recommendations

- 9. We recommend that the Board DISCUSS the draft survey response and the proposed outreach plan.

Material presented

- Board meeting summary paper
- Draft survey response



About this Joint Stakeholder Survey

This joint survey is the first step in the IAASB's and the IESBA's (together referred to as the Standard Setting Boards (SSBs)) process to develop their respective Strategies and Work Plans (SWPs) for 2028–2031. It seeks stakeholders' views on specific matters that will help inform the SSBs as they develop their respective Consultation Papers (targeted for the end of 2026) for their SWPs.

This survey was developed with a broad range of stakeholders in mind as the input from a diverse group of stakeholders will help the SSBs better understand the role of professional accountants in the environment and how the SSBs could best serve the public interest through their mission of developing high-quality international standards.

This survey is set out in the following sections – stakeholders are asked to respond to the questions included in sections I, III, IV and V, by **May 15, 2026**:

Section I — About the Respondent

Section II — Background

Section III — SSBs' Strategic Positioning for 2028–2031

Section IV — Key Trends Impacting the SSBs

Section V — Areas for Joint Action in SSBs' Work Plans

You may respond to all questions or matters for stakeholder input or only selected questions or matters.

All responses will be considered a matter of public record and submissions will ultimately be posted on the SSBs' websites.

SECTION I: ABOUT THE RESPONDENT

1. From which perspective are you providing this feedback?

- (a) The view of an organization

Organization: The New Zealand Auditing and Assurance Standards Board (NZAuASB) under delegated authority from the External Reporting Board (XRB)

Name(s) of contact(s) for this submission: Karen Tipper

E-mail address(es) of contact(s): karen.tipper@xrb.govt.nz

2. Please select from the following options to which stakeholder group you or your organization belongs:

- Jurisdictional Standard Setter (JSS) or Other Standard Setter
 - JSS for both Auditing and Assurance, and Ethics

3. Please select from the following options the geographical region that best matches you or your organization

- Asia Pacific

SECTION II: BACKGROUND

About IAASB and IESBA

The [International Foundation for Ethics and Audit](#) (IFEA) is a nonprofit organization that supports high-quality, international standard-setting in ethics, audit, and assurance in the public interest. IFEA fulfills its mission through its two standard-setting boards, the IAASB and the IESBA. The IAASB and the IESBA issue their standards independently, following an approved due process including consideration of the [Public Interest Framework](#). The [Public Interest Oversight Board](#) oversees IAASB and IESBA activities and the public interest responsiveness of their standards.

The **IAASB** serves the public interest by setting high-quality international standards for auditing, assurance, quality management, reviews and related services, and by facilitating the convergence of international and national standards. In doing so, the IAASB enhances the quality and uniformity of practice throughout the world and strengthens public confidence in the global auditing and assurance profession.

The **IESBA** serves the public interest by setting high-quality, international ethics (including independence) standards as a cornerstone to ethical behavior in business and organizations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide.

SSBs' SWPs 2024–2027

The SSBs maintain a practice of regular and open dialogue with all stakeholders to ensure the SSBs' standard-setting work remains responsive to stakeholder demands and market needs and continues to serve the public interest. Accordingly, each SSB is responsible for developing a comprehensive SWP for standards and related agenda priorities. The current SWPs for both the IAASB and IESBA conclude at the end of 2027.

For the 2024–2027 strategy period, each of the SSBs has identified four strategic objectives.¹ Strategic objectives reflect what each SSB is seeking to achieve during the strategy period, in support of their overarching goal or vision. The strategic objectives guide the selection and prioritization of standard-setting and related activities.

IAASB Strategic Objectives for Its Current Strategy Period, 2024–2027
Establish globally accepted standard(s) for assurance on sustainability reporting
Support the consistent performance of quality audit and review engagements by enhancing our standards in areas where there is the greatest public interest need
Strengthen coordination with IESBA and other leading standard setters and regulators to leverage better collective actions in the public interest
Create more agile, innovative ways of working in line with the Monitoring Group's reform vision

¹ In its 2024–2027 SWP, the IESBA used the term strategic themes instead of strategic objectives.

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IESBA Strategic Objectives for Its Current Strategy Period, 2024–2027
Enhancing trust in sustainability reporting and assurance
Strengthening the IESBA Code of Ethics or responding in other ways in areas beyond sustainability reporting and assurance
Further enhancing the diversity of stakeholder perspectives and the global operability and acceptance of the IESBA's standards
Widening the influence of the IESBA's standards through a continued focus on adoption and implementation

SECTION III: SSBs' STRATEGIC POSITIONING FOR 2028–2031

Through a rigorous and transparent due process, extensive stakeholder engagement, and evidence-based analysis, the SSBs work in connected and complementary ways. This collaboration ensures that their standards are responsive to the needs of their stakeholders, and helps to strengthen public trust and confidence in financial and non-financial reporting.

The SSBs' standards promote globally consistent practices that enable auditors and professional accountants in firms and other organizations to deliver their services or perform their activities with a clear focus on the public interest. These global standards help consistency of regulatory approaches. They enhance confidence in reported information for investors' and other users' capital allocation and other decision-making across jurisdictions. These standards therefore offer a critical contribution to economic growth, capital markets efficiency and integrity, and financial stability through enhanced trust and accountability.

Questions or Matters for Stakeholder Input

4. As the SSBs look toward the 2028–2031 period, they are reflecting on how to position their strategies and work plans to best serve the public interest within a rapidly changing global environment. This involves careful consideration of how the SSBs remain relevant, responsive, and impactful in their standard-setting and other related work. **In that context, what do you believe the SSBs should aspire to achieve during their next strategy period, 2028–2031?**

Your answer may touch on different dimensions, for example:

- The relevance, responsiveness and impact of the SSBs' standard-setting and related activities.
- Broader adoption and effective implementation of the SSBs' standards.
- The SSBs' interaction and engagement with key stakeholder groups.
- The SSBs' ability to serve the public interest.

The examples above are for illustrative purposes only and should **not** limit, direct, or otherwise influence your response.

Your answer should address the IAASB and IESBA collectively; however, you may wish to also highlight matters specifically for the IAASB or IESBA (if applicable, you could use separate headings to address such matters).

The NZAuASB supports the IAASB's and IESBA's joint initiative to seek feedback on their proposed strategic future priorities. The NZAuASB commends this first significant step and coordinated approach to the survey and believes that a joint approach is in the public interest. The NZAuASB encourages both the IAASB and IESBA to continue to explore more opportunities for joint collaboration or joined up approaches and believes it to be of strategic importance that both Boards be seen to be working together. Joint projects could allow both boards to consult or engage simultaneously on the same topics and seek feedback from both an ethics and assurance lens to anticipate challenges early and to avoid divergence.

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In the next strategy period, the NZAuASB believes that the IAAAB and IESBA should continue their focus on high quality independent audit and assurance engagements.

The NZAuASB agrees with the focus on technology given the rapid increase in AI over the past year and the potential for this to significantly impact the way audits and assurance will be performed in the future.

The NZAuASB encourages the SSBs to continue to engage with a diverse range of practitioners as reliance on other experts including technology experts, or indeed sustainability or other assurance practitioners may increase in the next period.

We encourage the SSBs to continue to focus on engaging with users. We acknowledge that regulators and practitioners play a key role - but ultimately this is for the user.

The NZAuASB is focused on demonstrating the cost benefit of any new standards and regulations and encourages the IAASB and IESBA to continue to overlay this thinking into the development of new standards.

We are living in a rapidly changing environment, particularly with the pace of the development of technology. We commend the IAASB and IESBA on the speed at which the new sustainability standards were developed and we encourage the SSBs to continue to be agile and focused on delivering standards on a timely basis in response to users' needs.

Given the current high cost of living, there is a push back on the cost of assurance and questioning of the relevance. We are seeing this pressure on the sustainability assurance engagement which may be seen more as a nice to have in this environment given the cost pressures.

SECTION IV: KEY TRENDS IMPACTING THE SSBs

Background and Context

The IAASB's and IESBA's SWPs are shaped by their environment. Shifts in the SSBs' environment influence what topics need to be prioritized, the actions that will best serve the public interest and the timing of such actions. Key trends and changes in the environment create opportunities and challenges and will significantly shape their future SWPs.

Given the rapidly changing environment, the SSBs recognize the importance and potential difficulty in identifying which trends will be the most impactful at the start of the next strategy period in 2028, and how the relevance of these trends may evolve over time. Therefore, the SSBs will remain agile and adapt as necessary throughout the development process of their SWPs as well as during the next strategy period.

The most relevant and impactful trends will be incorporated in the SSBs' SWPs as strategic drivers.² These strategic drivers will assist the SSBs in identifying the opportunities and challenges that affect their ability to deliver on their public interest mandates, while guiding the development of their respective work plans. Although specific trends might have a greater or lesser impact, or imply a certain focus or perspective, for each SSB's work, the strategic drivers may also lead to the identification of topics or items where both SSBs have a role to play, given the connectivity between the SSBs (see **section V**).

In addition to trends impacting the SSBs, there are internal factors relating to the SSBs' governance, structure and operations that will influence how they prioritize standard-setting and related activities and determine future actions. These internal factors are **not** part of this survey. However, they will also inform the SSBs' deliberations and will be incorporated as strategic drivers in developing the IAASB's and IESBA's Consultation Papers on their future SWPs.

Key Trends Impacting SSBs

For the purposes of this survey, the SSBs have included a summary of the trends that may shape their environment and the work they do in the future. To develop this summary, the SSBs conducted a comprehensive review of a wide range of sources of information, including news and publications from jurisdictional auditing and ethics standard-setting bodies, leading financial news outlets, and industry research reports. This multi-source approach enabled the identification of recurring themes and data-supported forecasts across key areas of work for professional accountants. In addition, the SSBs have benefited from input from their Stakeholder Advisory Council (SAC)³ and from the JSS⁴.

Each of the trends that follow was identified for its potential impact on the financial and non-financial reporting ecosystem, including the SSBs' standard-setting landscape in the coming years. The summary of trends is intended to provide a forward-looking, yet grounded, basis to support information gathering, and open a dialogue with stakeholders.

² Strategic drivers are the factors that drive the opportunities and challenges impacting the SSBs' ability to deliver on their mandates in the public interest.

³ More information about the SAC's discussions can be found in the [May 2025 SAC Meeting](#) (Agenda Item 2 and Meeting Highlights) and the [October 2025 SAC Meeting](#) (Agenda Item 1 and Meeting Highlights).

⁴ = IAASB and IESBA Jurisdictional Standard Setters (JSS) Liaison Groups (see "[About IAASB](#)" and "[About IESBA](#)" webpages for more information)

SECTION IV: KEY TRENDS IMPACTING THE SSBs

A – Digital Transformation

Rapid digital transformation, driven by the pace and nature of technological innovation and evolution, is reshaping the global economic and business landscape, creating both opportunities and challenges. Three areas stand out as examples of digital transformation that will influence the future of standard setting.

- A1. **Increasing Use of Emerging Technologies:** Businesses and industries are undergoing transformations driven by the adoption and increasing use of emerging technologies such as Artificial Intelligence (AI)-enabled tools and agents, internet of things, and blockchain. These technologies exhibit unique characteristics that present tremendous opportunities for increased quality, effectiveness, and efficiency, but also raise new and different challenges and risks to be managed.
- A2. **Digital Assets and Institutionalization of Digital Assets:** Given the growing use of emerging technologies such as blockchain, digital assets, including cryptocurrencies, have become more popular and their institutionalization is accelerating.
- A3. **Financial Crimes Enabled by Technology:** The growing use of emerging technology has also given rise to significant threats to cybersecurity and a significant rise in unlawful activities that exploit digital systems, networks, and AI-enabled tools and agents to commit, conceal, or facilitate financial misconduct.

Potential Impact on Audit, Assurance, Quality Management, Ethics and Independence Matters	
<ul style="list-style-type: none"> Need to modernize or enhance the standards, or provide guidance to support stakeholders in navigating the application of the standards amid these developments. Extended stakeholder engagement, including with emerging technologies experts. 	
Potential Impact on Audit, Assurance and Quality Management Matters for IAASB's Consideration	Potential Impact on Ethics and Independence Matters for IESBA's Consideration
<ul style="list-style-type: none"> Possible need for the development of guidance (e.g., guidance about the use of emerging technological tools, auditing digital assets, blockchain audit trails and reinforcing the exercise of professional skepticism and professional judgment when using technological tools). Increased emphasis on, or emergence of different types of assurance engagements (e.g., assurance over emerging technological tools, system controls, AI governance, and cybersecurity). 	<ul style="list-style-type: none"> Ethics and independence considerations relating to the use of AI by professional accountants in public practice and in business and other professionals who use IESBA standards (for example, accountability and threats to professional competence and due care, objectivity and confidentiality). Over-reliance on the use of technology and its impact on objectivity, professional judgment and professional skepticism. Growing threats relating to financial crimes

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	<p>and cybersecurity.</p> <ul style="list-style-type: none"> Changing business models and governance, and potential impacts on ethics and independence.
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5A. Indicate the extent to which you believe this trend will increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

A.1 Digital Transformation – Increasing Use of Emerging Technologies

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
X						

[If a respondent selects “6 to 1”]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Over the past year, we have seen an increase in the use of emerging technologies and an increase in what it can be used for. At the moment, our understanding is that all use of this technology is subject to extensive review and that this is being used, for example, to support substantive analytical testing particularly for balances with a large number of transactions. This has resulted in an increased focus on controls in place over this testing and documentation of methodologies. Current areas of focus that we have identified are requests for more clarity on what should be documented in terms of any tools being used. This may include illustrative examples of use cases that show how the principles of the standards could be applied.

AI does have the potential to be transformational for audit in the future and to challenge the current status quo. AI may lead to potential for transactions to be audited in real time rather than annually, potentially disrupting the existence of a traditional annual audit model. Documents can more easily be replicated using very realistic technology. We encourage the SSBs to consider the impact of this new technology on standards such as the audit evidence standard.

We heard there is an opportunity to explore the additional value that emerging technologies could add to the audit product, specifically Agentic AI in audit, and how it may enhance the sustainability of the audit profession. Agentic AI has the potential to significantly change professional services within the next five years.

We encourage the SSBs to consider the impact of entities' use of AI in financial reporting on the auditing and assurance standards. Such consideration could include the need for a bespoke assurance standard when providing AI assurance services. Like other countries, we expect to see an increase in entities' use of AI due to government initiatives to accelerate private sector AI adoption and innovation while still managing risks responsibly.

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[If a respondent selects “0”]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

A.2 Digital Transformation – Digital Assets and Institutionalization of Digital Assets

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
		X				

[If a respondent selects “6 to 1”]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

The XRB is aware of the call for more and different types of intangibles to be recorded on the balance sheet. This may include the recognition and valuation of digital assets.

Points to consider:

- Guidance for assurance of these assets given the volatility, tradability and emerging nature of the markets
- Implications for audit evidence

New Zealand is entering a critical phase in the development of its digital-asset economy, as global adoption accelerates and regulatory approaches continue to evolve offshore. New Zealand’s digital assets strategy was recently issued and provides a roadmap for New Zealand’s current stance, and articulating what a high-performing 2026–2030 landscape should look like, along with the actions required to achieve it.

[If a respondent selects “0”]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

A.3 Digital Transformation – Financial Crimes Enabled by Technology

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a

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						trend to be considered
	X					

[If a respondent selects “6 to 1”]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Increasing in importance particularly as information is increasingly stored digitally. Cybersecurity continues to be a focus for a small economy such as New Zealand and we have had very recent examples of offshore high profile hacking incidents, including accessing medical data unlawfully. This may be something that the IESBA may consider in the ethics space as cybersecurity is a key matter for governance,

[If a respondent selects “0”]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

B – Changes in the Geopolitical and Regulatory Landscape

Changes to the geopolitical and regulatory landscape (in)directly influence how the SSBs' international standards evolve. Four areas stand out as particularly illustrative of how these changes shape the environment in which the SSBs operate:

- B1. **Regulatory Changes:** Financial markets, including the accounting and auditing profession, are navigating a complex regulatory environment, with ongoing changes driven by the need for market stability and to prevent economic disruptions, as well as a trend towards reducing regulatory burdens to enhance economic competitiveness and foster innovation and economic growth.
- B2. **Risk of Fragmentation:** In many jurisdictions there is a move away from international alignment toward a more national / regional focus. As a result, different jurisdictions, industries, or organizations may use varied and sometimes conflicting frameworks, rules, and metrics for reporting information. Such fragmentation contributes to uncertainties, adds costs and administrative burdens for providers of professional services and their clients, and erodes trust and confidence in financial and non-financial reporting.
- B3. **Call for Greater Agility in Standard Setting:** Professional accountants and other stakeholders have been emphasizing the need for a more adaptive standard-setting process that allows for addressing issues in a timelier manner. This includes calls for consideration of issuing non-authoritative materials instead of launching standard-setting projects, or undertaking more narrow-scope standard setting to address targeted matters, depending on the circumstances.

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- B4. Greater Diversity of Voices Sought: Reflecting the broad use of SSBs' standards, there are calls for greater inclusion of voices from emerging economies. The ability to respond to particular needs may impact the adoption and implementation of global standards. It may also impact which stakeholders to connect with and the nature of standards and guidance the SSBs develop.

Potential Impact on Audit, Assurance, Quality Management, Ethics and Independence Matters

- Need to identify potential areas of simplification (including scalability and proportionality).
- Need for increased agility and responsiveness.
- Balance the need for the development of standards (through either full-scope and narrow-scope projects) with the development of non-authoritative materials.
- Increased coordination and collaboration between the SSBs and with other standards setters.
- Strengthened stakeholder engagement, including with investors and those charged with governance.

5B. Indicate the extent to which you believe this trend will increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

B.1 Changes in the Geopolitical and Regulatory Landscape – Regulatory Changes

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
	X					

[If a respondent selects "6 to 1"]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

New Zealand government has recently launched an inquiry into performance reporting to look to streamline this reporting and is focused on reducing regulation and encouraging free market trading. The XRB's statement of intent is focused on the following and we encourage the SSBs to consider these areas:

- Better understanding user needs and developing the standards to meet these
- Assessing costs and benefits and seeking to understand and balance those costs and benefits, when developing standards

Being agile and responsive to any market changes and development trends, risks and opportunities

[If a respondent selects "0"]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

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B.2 – Changes in the Geopolitical and Regulatory Landscape - Risk of Fragmentation

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
	X					

[If a respondent selects “6 to 1”]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Over recent years, in New Zealand we have seen an increased need for ongoing implementation and adoption support particularly on new areas of assurance such as assurance over non-financial information.

In 2025, we issued non-authoritative guidance on the assurance of greenhouse gas disclosures covering data uncertainty and assurance reports and are currently working on guidance to support the new going concern standard and our domestic standard for the assurance of service reporting.

Our standard setting strategy continues to be internationally aligned and locally, relevant. This continues to be a balancing act, given the nature of the companies in our market. New Zealand is made up of primarily small-medium sized enterprises meaning that some aspects of international standards are perceived as being more complex than needed for our market and there are calls for unique standards to cater for this. This is set against the backdrop of a strong desire to be internationally aligned, given our strong export focus, and a desire to reduce costs for global audits.

The risk of fragmentation can also relate to technology. Smaller firms have less resource and would place more reliance on off the shelf tools where larger global network firms can create and tailor bespoke solutions. These may require different approaches to setting standards.

When a global solution is designed by a firm, international standard setting is vital to ensure that there is a consistent interpretation of the standard across different jurisdictions.

[If a respondent selects “0”]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

B.3 Changes in the Geopolitical and Regulatory Landscape - Call for Greater Agility in Standard Setting

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6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
X						

[If a respondent selects “6 to 1”]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

We are seeing that there is an expectation to react to what is being seen in the market and to pivot and change as necessary e.g. recent consultation on greenhouse gas assurance in reaction to stakeholder feedback. We are seeing a need to be agile and responsive to market pressures. This must be done while ensuring a connection to stakeholders and users to ensure that our standards remain current and relevant. SSBs can support this.

We hear that the principles-based requirements in the standards remain appropriate, but there is a need for additional guidance on their application as circumstances evolve in practice. Adoption and implementation guidance has become a greater focus in recent times to react quickly to stakeholders' needs.

[If a respondent selects “0”]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

B.4 Changes in the Geopolitical and Regulatory Landscape - Greater Diversity of Voices Sought

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
		X				

[If a respondent selects “6 to 1”]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

As assurance has broadened to non-financial information, in recent years, we have seen an increase in the uptake of our standards by broader practitioners using our standards. This creates a demand for a different type of implementation resource or guidance as new standards are being adopted.

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With different audiences using the resource, we are finding it essential to look at the language we are using so that our key messages can be understood in the same way by multiple audiences.

[If a respondent selects "0"]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

C – Evolving Expectations Concerning Sustainability Information

Global challenges regarding sustainability are reshaping expectations for transparency, accountability, and corporate responsibility in addressing the diverse risks and opportunities associated with sustainability matters. These expectations underscore the need for globally consistent approaches that support public trust in sustainability reporting and assurance.

- C1. Continuing Demand for Sustainability Reporting and Assurance: Reporting on sustainability information continues to grow as a critical component of corporate transparency. Stakeholders, including users of financial and non-financial information and regulators, are demanding more comprehensive and reliable sustainability disclosures. Also, sustainability information is more and more interconnected with financial information.
- C2. Regulatory and Geopolitical Changes: The sustainability regulatory landscape has evolved beyond climate reporting, with amendments to existing regulations and the potential emergence of new jurisdictional and international requirements. On the other hand, some jurisdictions are in the process of recalibrating their previously announced requirements around sustainability reporting and assurance.

Potential Impact on Audit, Assurance, Quality Management, Ethics and Independence Matters

- Monitoring the adoption and implementation of the SSBs' Sustainability Standards and providing timely responses to implementation questions or challenges, including the need to develop further guidance or standards.
- Establishing potentially new mechanisms to develop materials in an agile fashion and to draw on specialized expertise.
- Extended outreach to ensure alignment, interoperability and global consistency across jurisdictions.

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Potential Impact on Audit, Assurance and Quality Management Matters for IAASB Considerations	Potential Impact on Ethics and Independence Matters for IESBA Considerations
<ul style="list-style-type: none"> Address the increased connectivity between sustainability assurance and financial audits to contribute to a coherent approach and consistent assurance quality. 	<ul style="list-style-type: none"> Consideration of need for ethics standards for all preparers of sustainability information.

5C. Indicate the extent to which you believe this trend will increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

C.1 Evolving Expectations Concerning Sustainability Information – Continuing Demand for Sustainability Reporting and Assurance

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
			X			

[If a respondent selects “6 to 1”]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

The New Zealand government has recently made adjustments to the climate-related disclosures regime as part of a broader suite of changes to reinvigorate New Zealand’s capital markets. These adjustments have reduced the scope of the regime and the number of entities that are required to report and be assured.

We encourage the SSBs to consider the connectivity between financial audits and sustainability assurance. We heard that one set of standards for both, in time, would be a goal to aim for in the future. This would probably extend beyond 2031

[If a respondent selects “0”]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

C.2 Evolving Expectations Concerning Sustainability Information – Regulatory and Geopolitical Changes

6	5	4	3	2	1	0
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Strongly increasing in importance	Increasing in importance	Slightly increasing in importance	Slightly decreasing in importance	Decreasing in importance	Strongly decreasing in importance	I do not agree that this is a trend to be considered
	X					

[If a respondent selects “6 to 1”]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Any future changes will be dependent on government decisions. There are no current plans to require any assurance over wider sustainability reporting and assurance is restricted to the assurance of GHG disclosures in climate statements.

Voluntary market for nature-based reporting is increasing. Assurance over this is expected to follow but there is limited current demand.

[If a respondent selects “0”]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

D – Evolving Structure and Business Models of Accounting Firms

The accounting profession is undergoing profound shifts in how its work and firms are structured, financed, and operated, with direct implications for the future of audit, assurance, and ethics standard setting.

- D1. **Alternative Ownership Structures:** Changing ownership structures raise quality management, and ethics and auditor independence considerations, including on firms’ ethical culture. In particular, private equity organizations are increasingly investing in accounting firms, driving growth and technological innovation.
- D2. **Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession:** Traditionally, accounting firms were staffed almost exclusively with accountants and auditors. Now, like other private enterprises, a growing share of their workforce consists of specialists from other disciplines, such as technology, data science, law, consulting and sustainability.
- D3. **Challenges to Attracting and Retaining Talent:** The accounting and auditing industry is facing an increasing challenge in attracting and retaining talent, driven by perceptions of the industry as less dynamic and the allure of alternative career paths. Also, given the rapid changes in technology, firms will need to attract and retain talent, and build capacity, in areas where there is strong competition for talent.
- D4. **Non-Assurance Service Line:** The growth of non-assurance services has become a major source of revenue for accounting firms compared to fees for their audit and assurance services. If there is a

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corporate scandal or failure related to the provision of these services, it impacts the trust in the accountancy profession and its public interest role.

Potential Impact on Audit, Assurance and Quality Management Matters for IAASB Considerations	Potential Impact on Ethics and Independence Matters for IESBA Considerations
<ul style="list-style-type: none"> Need for guidance or potential enhancement of standards that address firm level or engagement level quality management. For example, the impact on the governance and leadership, client acceptance and continuance, relevant ethical requirements, and information and communication 	<ul style="list-style-type: none"> Consideration of issues related to ethics and independence raised by private equity investments in firms and their impact on firm culture, and whether, and how, guidance or standards could help address challenges to a firm's ethical culture arising from new ownership models. Consideration of challenges regarding familiarity and compliance with the IESBA Code of Ethics in a multidisciplinary context.

5D. Indicate the extent to which you believe this trend will increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

D.1 Evolving Structure and Business Models of Accounting Firms - Alternative Ownership Structures

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
				X		

[If a respondent selects "6 to 1"]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Alternative ownership structures are not considered to be a trend within New Zealand.

[If a respondent selects "0"]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

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D.2 Evolving Structure and Business Models of Accounting Firms - Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
	X					

[If a respondent selects "6 to 1"]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

The use of experts may become more prevalent as non-financial information is assured and as expertise is sought in other areas such as technology.

It was important in New Zealand for our assurance standard for Greenhouse Gas disclosures to be kept open to all practitioners and was important to seek and understand views from all. NZAuASB commends the work that has been done by the SSBs in this space. We continue to encourage the SSBs to continue to seek diverse viewpoints to futureproof their standards and to ensure that they are fit for purpose and able to be used by a broad range of stakeholders.

[If a respondent selects "0"]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

D.3 Evolving Structure and Business Models of Accounting Firms - Challenges to Attracting and Retaining Talent

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
X						

[If a respondent selects "6 to 1"]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Critical for firms, who are seeing a decrease in applications for typical audit and assurance roles. Emerging assurance such as sustainability seen as a way to attract talent.

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[If a respondent selects "0"]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

D.4 Evolving Structure and Business Models of Accounting Firms - Non-Assurance Service Line

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance	0 I do not agree that this is a trend to be considered
	X					

[If a respondent selects "6 to 1"]

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Yes, this is seen as a risk for ethical and independence. Ethical considerations become more important when other related services are provided to an assurance client. These considerations are often not well understood by non-auditors performing such work and non-auditors may not understand the relevance of these considerations.

Quality management processes over this work should be emphasized.

[If a respondent selects "0"]

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Other Trends and Ranking

6. Are there trends or related areas or matters that you believe the SSBs should consider that are not covered? If so, please provide details.

- Yes

[If "yes" is selected, text boxes appear.]

Please number your additional trend (O.1, O.2, O.3, ...)

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Please describe the additional trend

On a scale of 1 to 6, indicate the extent to which you believe this trend will increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

6 Strongly increasing in importance	5 Increasing in importance	4 Slightly increasing in importance	3 Slightly decreasing in importance	2 Decreasing in importance	1 Strongly decreasing in importance

Do you wish to explain your rating or highlight any matters relating to this trend for the IAASB, IESBA, or both the SSBs?

[Further boxes will appear to add more than one trend, if necessary]

- No

7. Based on your evaluation of the identified trends, please rank what you believe are the TOP FIVE most important trends for the SSBs to consider for their next strategy period starting in 2028.

Please enter the trend code for each of your top five trends (e.g. A.1, B.3), **in order of importance from 1 to 5**, where 1 is the most important. You may include:

- Any of the pre-identified trends (A.1 to D.4), and/or
- Any additional trends you identified above (e.g., O.1).

1 – A1

2 – B2

3 – D3

4 – B1

5 – B2

SECTION V: AREAS FOR JOINT ACTIONS IN SSBs' WORK PLANS

Background and Context

Although the IAASB and IESBA are independent Boards, each with its own remit, their standard-setting actions have a collective impact on the financial and non-financial reporting ecosystem. Given this collective impact, the two SSBs work closely together to ensure their standards are interoperable and complementary. They endeavor to maintain and enhance their coordination on topics of mutual interest, including improving on the early identification of work plan topics where both SSBs have a role to play and can act jointly or in parallel.

Both the IAASB and IESBA anticipate that certain projects or initiatives on their current 2024–2027 work plans will be carried over to their 2028–2031 work plans.⁵ The SSBs will elaborate on these topics or initiatives, as well as possible new projects or initiatives for their 2028–2031 SWP period, in their respective Consultation Papers targeted for the end of 2026.

This survey focuses **only** on the call from various stakeholders for the early identification of possible joint or parallel work plan topics, or other initiatives or activities. Based on the trends identified in **Section IV** and stakeholders' expectations about the collective impact of the IAASB's and IESBA's work, the SSBs are seeking feedback about areas of common interest that may lead to potential projects or initiatives in which both SSBs have a role to play and that may be undertaken jointly or in parallel.

Questions or Matters for Stakeholder Input

8. **Please share your views about areas of common interest and possible joint or parallel work plan topics (e.g., standard-setting or non-authoritative materials), or other initiatives or activities.**

Possible joint areas could include:

- A focus on understanding users' needs in terms and what a user is expecting in terms
- Coordinating timing of projects and consultations to allow views on both audit and assurance matters and independence and ethical considerations to be heard at the same time

⁵ The IAASB's Work Plan for 2024–2027 is included in the IAASB's [Strategy and Work Plan for 2024-2027](#) and IESBA's Work Plan for 2024–2027 is included in the IESBA's [Strategy and Work Plan for 2024-2027](#). See **Appendix 1** for a summary of projects or workstreams that are on the IAASB's and IESBA's work plans for 2026 and 2027, some of which are expected to be carried over to the next work plan period.

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APPENDIX 1

SUMMARY OF IAASB WORK PLAN

Projects or Initiatives	Targeted Milestones	
	2026	2027
Post-Implementation Review of ISA 540 (Revised) ⁶	Recommendations	
Post-Implementation Review – Public Interest Entity– Joint SSBs Action		Revisit Public Interest Entity definition
Maintenance of The ISA for Less Complex Entities	Exposure Draft	Final Standard
Audit Evidence and Risk Response	Exposure Draft	Final Standard
ISRE 2410 ⁷	Exposure Draft	Final Standard
Technology Quality Management Workstream	Action Plan Work commences	Ongoing Work
Other Standards in the ISA 500-Series	Project Proposal Exposure Draft	Post-exposure development
Post-Implementation Review of ISA 315 (Revised 2019) ⁸		Information Gathering
ISA 320 – Materiality in Planning and Performing an Audit		Information Gathering

⁶ International Standard on Auditing (ISA) 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

⁷ International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

⁸ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

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SUMMARY OF IESBA WORK PLAN

Projects or Initiatives	Targeted Milestones	
	2026	2027
Collective Investment Vehicles and Pension Funds	Non-authoritative Materials	
Firm Culture and Governance	Non-authoritative Materials and Other Initiatives; Firm Culture and Governance framework	Non-authoritative Materials and Other Initiatives; Firm Culture and Governance framework
Exploring Extending the Impact of the Code to All Preparers of Sustainability Information		Terms of Reference and Information Gathering
Role of the CFOs	Information Gathering; Report and Recommendations	
Development of Profession-Agnostic Independence Standards for Sustainability Assurance Engagements not Within the Scope of Part 5	Information Gathering; Report and Recommendations	
Business Relationships		Terms of Reference and Information Gathering
Audit firm – Audit Client Relationship		Terms of Reference and Information Gathering
Post-Implementation Review – Non-compliance with Laws and Regulations	Information Gathering; Report and Recommendations	
Post-Implementation Review – Restructured Code	Information Gathering; Report and Recommendations	
Post-Implementation Review – Long Association Phase 2		Terms of Reference
Post-Implementation Review – Non-Assurance Services and Fees		Terms of Reference

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Post-Implementation Review – Public Interest Entity - Joint SSBs' Action		Terms of Reference
Post-Implementation Review – Engagement Team - Group Audit Independence		Terms of Reference

DRAFT

NZAuASB Board meeting summary paper

Meeting date: 11 February 2026
Subject: **Firm Culture and Governance**
Date: 26 January 2026
Prepared by: Lisa Thomas

☒ **Action Required**

☐ **For Information Purposes Only**

Agenda item objectives

1. The objective of this agenda item is to update the Board on the IESBA Firm Culture and Governance (FCG) project, and to obtain the Board's views on the FCG IESBA Viewpoints.

Background

2. FCG is a strategic priority for IESBA in response to recurrent high-profile cases of unethical behaviour in accounting firms in recent years, and the resulting damaging consequences on the accounting profession and trust and confidence.
3. Research and outreach undertaken over the course of 2024 by the FCG Working Group on accounting FCG, identified eight key interconnected elements that drive ethical culture within firms.
4. In December 2024, the IESBA approved a project proposal to develop a principle based accounting FCG framework comprising the eight elements. The FCG framework would apply to all service lines of an accounting firm. The IESBA Code focuses primarily on individual professional conduct and independence requirements at individual and firm levels, rather than cultural or governance factors.
5. The project proposal consisted of two workstreams – a standard setting workstream with an exposure draft anticipated by the end of 2025, and non-authoritative materials (NAM) workstream to compliment the standard setting.
6. In June 2025, the IESBA revised its strategic priorities, placing greater emphasis on supporting the adoption and implementation of the Code rather than standard issuance. Consequently, the workstreams were resequenced, and the IESBA agreed to develop guidance materials in 2025 and 2026; and a set of IESBA Viewpoints reflecting the eight elements that drive ethical culture in firms.
7. In December 2025, the IESBA concluded the development of the set of viewpoints that describe key characteristics of the eight elements.

Recent developments

8. IESBA have issued the following documents:
 - a) Firm Culture and Governance Dialogues : The eight IESBA Viewpoints including an overarching explanation of how the elements work together to form an ethics framework.
 - b) Linkages between IESBA Viewpoints and ISQM 1.

9. The eight elements include:
 - a) Ethical leadership – sets the tone and direction
 - b) Oversight and governance – guides leadership and builds trust in a firm
 - c) Independent input - brings impartial perspectives and challenges
 - d) Accountability across the firm - connects ethical values to individual responsibility
 - e) Incentives and disincentives - aligns rewards and consequences with expected ethical behaviour
 - f) Open discussion and challenge – enables early identification and resolution of ethical issues
 - g) Education and training - builds ethical judgement and confidence over time
 - h) Transparency – reinforces trust internally and externally
10. The IESBA has been clear that the IESBA Viewpoints do not constitute the framework, which is yet to be developed. Rather, they have been developed as a tool to better engage with stakeholders to get feedback to inform the IESBA decision in June 2026 on how to best approach the development of the FCG framework.
11. To address stakeholder feedback on clarifying the relationship between the IESBA Viewpoints and ISQM 1¹, the IESBA worked closely with the IAASB on a paper to outline the high-level linkages between them. The paper highlights how the two are mutually supportive while distinguishing their objectives, scope, outputs and areas of focus. This is especially relevant for the NZAuASB's standards, given the NZAuASB issues both PES 1² and PES 3³, the equivalent of the international standards. It is therefore important to understand the interaction, overlap and differences between the developing viewpoints and PES 3 (the equivalent of ISQM 1).
12. ISQM 1 and the IESBA Viewpoints differ primarily in purpose and focus. ISQM 1 requires firms to establish a system of quality management enabling consistent performance of quality engagements. In contrast, the IESBA Viewpoints highlight how a firm can develop a strong ethical culture by prioritising ethical values across all service lines through eight FCG elements.
13. The two however are mutually supportive. ISQM 1 embeds ethical culture into a firm's system of quality management by requiring leadership, governance and quality objectives that promote compliance with relevant ethical requirements, such as the IESBA Code. In turn, the IESBA viewpoints complement this by defining the characteristics of a strong ethical culture making the two frameworks mutually reinforcing.
14. The IESBA will conduct targeted stakeholder engagement in the first half of 2026. This is not a public consultation. The purpose of the outreach is to obtain feedback on the clarity, implementability and proportionality of the IESBA Viewpoints. This feedback will help inform the approach to the FCG framework including content, presentation, authority and location (whether it should sit inside or outside the Code).

¹ International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

² Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand)

³ Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

Matters to consider

15. We are seeking the Board's views on the IESBA Viewpoints contained in [Firm Culture and Governance Dialogues](#) to inform our participation at the Jurisdictional Standard Setters in April in particular:
 - a) **What value it adds:** What are the benefits in having a framework that provides a comprehensive global ethics baseline in which firms can assess their FCG practices across all their service lines?
 - b) **How it should be used:** Should a future FCG framework be a part of the existing IESBA Code, or available as guidance outside the IESBA Code for voluntary adoption – and why?
 - c) **What should endure:** Which IESBA Viewpoints are clear, workable, and proportionate and which should become enduring principles of the framework (or what is missing)?
 - d) **Any additional information** the IESBA should consider in the development of the FCG framework, such as firms' practices on ethical culture.
16. In the appendix, staff have provided a high level summary of the IESBA Viewpoints and some initial views on the above questions.

Recommendations

17. It is recommended that the Board provide views on the questions outlined above.

Material presented

- Board meeting summary paper

Question 1: What are the benefits of a FCG framework?

- How would a comprehensive global baseline benefit firms to strengthen their culture and governance practices across service lines?
 - Help identify deficiencies in firm policies and procedures
 - Provide clarity on what is expected ethical behaviour
 - Provide consistency across firms and networks
 - Help ensure ethics are consistently prioritised

Question 2: Should the FCG framework be inside or outside the Code?

**Location
drives
authority**

Possible examples

Integrated within the Code

- Overarching requirements with supporting application material and NAM
- New section with specific requirements and supporting AM and NAM
- Expand on existing application material (no new requirements)

Outside the Code

- Standalone set of guiding principles. Voluntary but encouraged
- Comprehensive plan of NAM and other supporting materials

IESBA viewpoints

Question 3: Which are clear, workable and proportionate, and should become enduring principles (or what's missing)?



- The IESBA Viewpoints underpin the eight elements
- Ethical leadership and Oversight & Governance are key drivers to building and sustaining strong ethical culture and ensure effective working of the other six elements promoting ethical behaviour
- Together with the other six elements, they work cohesively, mutually reinforcing, and holistically contributing to a strong ethical culture.
- The eight elements form the structure of the FCG framework

Which are clear, workable and proportionate, and should become enduring principles (or what's missing)?

Clear

- Yes, generally clearly written and easy to understand
- Some of the incentive paragraphs seem repetitive (E5 & E6)

Workable

- Dependent on:
 - the final wording (devil will be in the detail)
 - whether requirements or guidance, and which parts are which
 - the need to obtain evidence (and for what parts)
- The “Transparency” viewpoint may need something about criteria of when and what to be transparent

Proportionate

- Some of the Viewpoints e.g. leadership, governance may be difficult and/or impractical for small firms particularly to demonstrate compliance

Should all the Viewpoints be an enduring principle

- Is independent input required if you follow the other Viewpoints e.g. A3 Ethical leadership - uphold ethical values in all decision making.

Any principles missing?

- Happy with aligning to the research and outreach

IESBA Viewpoints - Summarised

A: Ethical Leadership

- A1. Senior leadership play pivotal role in driving an ethical culture
- A2. Recognise and embed the firm's public interest responsibilities under the IESBA Code, helping safeguard public trust and the firm's reputation
- A3. Prioritise ethics in all decisions and actions
- A4. Have an ethical mindset and strong knowledge of IESBA Code taking an uncompromising stance in abiding by the IESBA Code's principles
- A5. Integrate ethical values into strategy, governance, systems, policies and procedures
- A6. Seek independent input where needed
- A7. Promote, reward and hold people accountable based on ethical behaviour
- A8/A9. Set strong tone at the top
- A10. Communicate clear ethical expectations
- A11. Are transparent in decision making

IESBA Viewpoints - Summarised

B: Oversight and Governance

- B1. Foundational for a strong ethical culture
- B2. Reinforces ethical expectations and accountability of senior leadership
- B3. Enables monitoring, evaluation and continuous improvement
- B4. Clear assignment of responsibility
- B5. Ethics centred governance structures build trust in firm irrespective of changes in leadership
- B6. Guide leaders in making difficult ethical decisions with transparency and integrity
- B7. Appropriate governance mechanisms depend on the firm's nature and size
- B8. Promote consistent expectations in networks

IESBA Viewpoints - Summarised

C:Independent Input

- C1. Impartial, conflict- free perspective supporting balanced decisions
- C2. Reflects broader stakeholder interests enhancing confidence and transparency in ethical decision making
- C3. No uniform approach to obtain
- C4. Clear criteria for when needed promotes consistency in approach
- C5. Selected individuals must have relevant expertise, be impartial and free from conflict
- C6. Multiple possible sources
- C7. Appropriate source reflects firm size, services and client profile
- C8. May be formal or an ad hoc basis

IESBA Viewpoints - Summarised

D: Accountability

D1 and D2. Promotes personal responsibility for adherence to the Code and firm's ethical values

D3. Adhering to IESBA Code and firm's ethical values includes accepting consequences and justifying decisions when needed

D4. Ethics training promotes awareness and understanding of Code and firm's ethical values

D5. Performance evaluation against ethics criteria support personal accountability

D6. Enforcing appropriate consequences of unethical behaviour underscore importance of ethical conduct

D7. Governance structures and mechanisms vary with firm size and nature

E: Incentives and Disincentives

- E1. Ethics aligned incentives strengthen ethical culture and public interest commitment
- E2. Ethical behaviour embedded in performance goals supports long-term sustainability and reputation of a firm
- E3. Clear incentives and consequences signal the importance of ethical values and reduce ethical risk
- E4. Ethics focused incentives reinforce behavioural expectations
- E5. Rewarding outstanding ethical behaviour reinforces commitment to ethical values and develops ethical leaders
- E6. Factoring ethical behaviour into promotion decisions
- E7. Disincentives reinforce importance of ethical behaviour and accountability
- E8. Communicating the consequences helps deter unethical behaviour
- E9. Timely, decisive, consistent and fair responses to unethical behaviour demonstrates priority to ethics and builds public trust
- E10. Application of disincentives depends on severity, frequency and role of the individual.

F: Open Discussion and Challenge

- F1: Fosters ethical decision-making and empowers staff to raise concerns and seek guidance
- F2: Helps identify and address ethical issues early, strengthening public trust
- F3: Requires a psychologically safe environment where concerns can be raised without fear
- F4: Normalises transparency by recognising mistakes as a part of learning and the complexity of ethical dilemmas
- F5: Encourages constructive dialogue and speaking up for oneself and others
- F6: Benefits from policies, dispute-resolution mechanisms, and confidential speak-up/whistleblowing mechanisms
- F7: Timely, consistent responses to concerns reinforce commitment to ethical behaviour.
- F8: Shared expectations across network firms promote open communication across jurisdictions.
- F9: Leaders play critical role to help create a psychologically safe environment for raising concerns
- F10: Senior leaders cultivate such an environment through consistently aligning behaviour to ethical values and authentic engagement
- F11. Other leaders can encourage ethical conversations and open challenge as a part day-to-day operation.

G: Education and Training

- G1. Equips partners and staff with the knowledge, skills and judgment needed for ethical dilemma and public interest decisions
- G2. Enhances knowledge of IESBA Code and relevant standards, builds ethical mindset and brings ethics top of mind
- G3. Strengthens ability to identify complex ethical issues and make sound ethical judgements
- G4. Mandatory, ongoing ethics training reinforces ethical values as foundational and core to competence
- G5. Leadership involvement demonstrates strategic importance and facilitates open discussion.
- G6. Effective training uses practical, relatable and interactive scenarios focused on real dilemmas and grey areas
- G7. Training tailored to role, seniority, background and service line ensures relevance
- G8. Regularly updating programmes to reflect changes in IESBA Code and relevant standards address emerging issues
- G9. Firms may use external training resources when internal capacity is limited.

H: Transparency

H1: Demonstrates commitment to ethical values, public interest and accountability.

H2: Appropriate reporting on ethics policies, actions , and responses to failures helps build or restore public trust.

H3: Senior leadership transparency to partners and staff about decisions and actions reinforces commitment to ethical values and IESBA Code compliance.

H4: Sharing ethics learnings across network firms promotes consistency and reduces risk of repeated ethical issues.

H5: Public disclosure of how ethical values are prioritised demonstrates commitment to ethical behaviour and public interest

H6: External transparency strengthens public trust in the firm.

NZAuASB Board meeting summary paper

Meeting date: 11 February 2026

Subject: **Interpretation standard – Glossary of Terms**

Date: 28 January 2026

Prepared by: Thinus Peyper

Reviewed by: Misha Pieters

☐ **Action Required**

☒ **For Information Purposes Only**

Agenda item objectives

1. The Objective of this agenda item is to make the Board aware of the changes we are considering making to Explanatory Guide Au4 *Glossary of Terms* (EG Au4).

Background

Why are we looking at changing an explanatory guide into secondary legislation?

2. The Legislation Act 2019¹ (**Act**) was enacted on 28 October 2019 to improve the accessibility and transparency of legislation and modernise interpretation rules by incorporating the former Interpretations Act 1999 into a consolidated Act. The secondary legislation system is in a multi-year transition towards improved access, with some of the key recent developments outlined in this paper.
3. The current Legislation Amendment Bill (**Bill**) is an omnibus Bill proposing amendments to the Act and other legislation.²
4. As part of ongoing work to improve our processes and ensure our standards continue to reflect requirements and best practices, we are exploring the need to convert EG Au4 into secondary legislation. The benefit of doing so is to have all defined terms within an interpretation standard.

What other changes are we considering?

5. EG Au4 was originally issued in October 2012 and was last updated in August 2024. New and amended standards issued up until December 2023 were considered during that update. NZ AS 1 *The Audit of Service Performance Information*, issued in July 2023, was the last standard updated and included in EG Au4.
6. Since the August 2024 update, amendments to the following standards³ have resulted in new or amended definitions that will have to be incorporated into EG Au4:

¹ XRB standards are secondary legislation published under the Legislation Act 2019.

² The XRB made a submission on the Bill which is included separately in the Board pack.

³ The suite of Professional and Ethical, Auditing, Review, Other assurance engagements, and Agreed upon procedures engagements standards issued by the New Zealand Auditing and Assurance Standards Board.

- (a) ISA (NZ) 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;
 - (b) ISA (NZ) 570, *Going Concern*; and
 - (c) NZ SRE 1, *Review of Service Performance Information*
7. We are considering whether the following standards' definitions should be included because they are stand-alone standards and each standard contains a full set of the defined terms which do not relate to other auditing and assurance standards:
- (a) ISA (NZ) for LCE *International Standard on Auditing (New Zealand) for Audits of Financial Statements of Less Complex Entities*; and
 - (b) ISSA (NZ) 5000, *General Requirements for Sustainability Assurance Engagements*.
8. We are also considering whether there is a need for EG Au4 to contain definitions related to reissued PES 1⁴. Like the standards listed in paragraph 7 above, PES 1 contains a complete set of definitions used within the code of ethics.
9. We understand that our use of shortened titles in the ISAs (NZ) to refer to the auditing and assurance standards may also need to be included in the interpretation standard. We therefore plan to define all the shortened title references, by describing their full titles going forward.

Next steps

10. We aim to bring an interpretation standard for the Board's approval to the April 2026 meeting.

Recommendations

11. We recommend that the Board NOTE the changes we are considering.

Material presented

- Board meeting summary paper

⁴ Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*