

New Zealand Auditing and Assurance Standards Board (NZAuASB)**Minutes of the Meeting of the NZAuASB held at 9:00am on Wednesday, 3 December 2025**

Present:	Graeme Pinfold, Chair Rebecca Palmer, Deputy Chair Mike Bradbury, Board Member Todd Beardsworth, Board Member Darby Healey, Board Member Richard Kirkland, Board Member Doug Niven, Board Member Vasana Vanpraseuth, Board Member
In attendance:	Wendy Venter, Chief Executive (Agenda 2 and 3) Misha Pieters, Director Audit and Assurance Karen Tipper, Technical Director Anna Herlender, Project Manager (Agenda 1.8, 3, 4 and 6) Bruce Mcniven, Project Manager (Agenda 4) Sharon Walker, Senior Project Manager (Agenda 1 and 3) Thinus Peyper, Senior Project Manager (Agenda 1, and 7-9)

PUBLIC SESSION – AGENDA ITEM 2 - 9

2. Board Management**2.1. Action list**

The Board NOTED the Action List and AGREED to close the action to request a formal response from the FMA.

2.2. Chair report

The Chair DISCUSSED that the key issues were on the Board agenda including the sustainability consultation and revoking and reissuing of the ISAs (NZ). The Chair highlighted the continued focus on technology and the recent technology roundtable.

2.3. AUASB Update

The Chair of the AUASB highlighted that the Australian Treasury has released their consultation on the merger of the AUASB, AASB and FRC, modelled on the XRB structure.

The AUASB has issued an exposure draft on illustrative assurance reports for sustainability assurance. The AUASB has approved the amendments to ASAE 2410 and minor amendments to other standards that should be consistent with New Zealand. The AUASB also continues work on updating guidance statements.

2.4. Chief executive update (in private session)**2.5. JSS report**

The Board NOTED the JSS report summarising the meeting that the Director Assurance and the NZAuASB Chair attended. Highlights included the ongoing work on the IESBA's

firm culture and governance project and the ongoing coordination work between the IESBA and the IAASB.

2.6. SAC meeting highlights

The Board NOTED the SAC meeting highlights

2.7. PIOB public interest IAASB October

The Board NOTED the PIOB public interest IAASB report.

2.8. PIOB public interest IESBA October

The Board NOTED the PIOB public interest IESBA report.

2.9. Revocation and reissue of ISAs (NZ)

The Board APPROVED the signing memorandums for:

- ISA (NZ) 570, Going Concern subject to minor editorial updates
- ISA (NZ) 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

The Board APPROVED the signing memorandum and explanations for decisions made related to the reissue of the other ISAs (NZ) subject to adding additional explanation about changes resulting from the secondary legislation best practice guidelines.

The Board APPROVED for revocation and reissue ISA (NZ) 320, ISA (NZ) 402, ISA (NZ) 501, ISA (NZ) 520, ISA (NZ) 620. The Board APPROVED that the amendments reflected in these standards to reflect best practice for the drafting of secondary legislation also be made to all the other ISAs (NZ) and the amending standard to be gazetted in this package, subject to any final advice provided by legal drafters. The Board agreed that final approval, as necessary, be delegated to the NZAuASB Chair.

The Board DISCUSSED the need for communication to stakeholders that the revoked and reissued standards do not introduce significant changes for practitioners. This could be done through an alert and at the next need to know webinar.

3. International alignment sustainability ethics and use of external experts

The Board DISCUSSED the feedback received from the consultation on International Alignment for sustainability assurance, ethics and independence and using the work of an external expert.

Given the strong support that was heard for the issue of the standards, the Board APPROVED:

- The issue of International Standard on Sustainability Assurance (New Zealand) 5000 (ISSA (NZ) 5000), General Requirements for Sustainability Assurance Engagements subject to the feedback below
- A new version of Professional and Ethical Standard (PES) 1 International Code of Ethics for Assurance Practitioners (including International Independence

Standards) (New Zealand) that includes the International Ethics Standards for Sustainability Assurance (including International Independence Standards) (New Zealand) (IESSA (NZ)) and Revisions to the Code Addressing Using the Work of an External Expert subject to the feedback below

These standards were approved with an applicable date of periods beginning on or after 15 December 2026, with early adoption permitted.

The Board APPROVED to revoke:

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

The Board DISCUSSED the compelling reason changes to the standards and APPROVED:

- The removal of the signposting paragraphs that were included in the EDs to refer to NZ SAE 1, on the basis that some found these confusing
- The inclusion of the requirement of a statement in the assurance report of ISSA (NZ) 5000 NZ 190D about relationships and interests as exposed. In addition, the Board approved the inclusion of wording in the illustrative assurance reports to reflect the NZ requirement
- Inclusion of a requirement relating to the use of the terms management and those charged with governance in ISSA (NZ) 5000 in paragraph NZ 7.1.
- The replication of the NZ amendments to the IESSA (NZ) as proposed in the ED
- That no changes be made to the *Revisions to the Code Addressing the Use of an External Expert* from the version that was exposed
- That no changes be made to ISSA (NZ) 5000 to include key matters. The Board considered that these can still be included under ISSA (NZ) 5000 and assurance practitioners may include these if they were identified.

The Board DISCUSSED the feedback that was heard on consultation questioning the ongoing need for the temporary standard New Zealand Standard on Assurance Engagements 1, Assurance of Greenhouse Gas disclosures (NZ SAE 1), and the addition of a third option to use ISSA (NZ) 5000 into this standard.

The Board DISCUSSED option 1 to sunset and revoke NZ SAE 1 and option 2 to retain and maintain NZ SAE1 and indicate a clear roadmap for transition to a permanent standard. The discussion highlighted that:

- The issue relates to the timing of moving to the new international standards
- The context has changed since the temporary standard was issued
- While the consultation document had not proposed to do away with the temporary approach, that the options identified are responsive to the

feedback received. Based on the outreach and follow up calls, the NZAuASB considered that feedback is at saturation point and we are unlikely to hear additional views by consulting further

- This decision is to be made in the context of the current regime, which has been reduced, and the current scope of mandatory assurance over scope 3 greenhouse gas emissions. If this context changes, then further discussion may be needed at a future date.

Given the intention by all practitioners to transition to ISSA (NZ) 5000 by the applicable date, the Board expressed their preference for option 1 and that this recommendation should be made to the XRB Board. The NZAuASB considered the application date of the new standards allow for sufficient time to transition and is responsive to the stakeholder feedback that supports certainty and alignment with international standards.

The NZAuASB also supported recommending to the XRB Board to revoke ISAE (NZ) 3410 Assurance Engagements on Greenhouse Gas Statements, for periods beginning on or after 15 December 2026, given that this standard will be withdrawn internationally.

The signing memorandum to accompany the standards will be amended following the meeting to reflect the discussions. The basis for conclusions document will be drafted in accordance with the decisions made in this meeting and any decisions made by the XRB Board on the temporary standard and ISAE (NZ) 3410. This will need to be approved out of session or at the next meeting of the NZAuASB.

With respect to the Amendments resulting from the issue of ISSA (NZ) 5000 the Board DISCUSSED whether it was necessary to continue to mandate an engagement quality review (EQR) for mandatory GHG assurance engagements. The Board expressed mixed views on including this requirement including:

- The principle in PES 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* that requires that the firm establish policies that address EQR for assurance engagements for which the firm determines that an EQR firms is an appropriate response to address a quality risk is sufficient
- Cost considerations
- The types of entities that remain in the mandatory regime, and the expectations of users that the same requirements would apply for these entities that are applicable for an audit.

Staff were asked to bring a paper to explore the original reasons for including this requirement in NZ SAE 1 and any views heard during the recent consultation, together with a plan to consult on this matter with stakeholders as to whether amendments to PES 3 are needed, if NZ SAE 1 is revoked.

4. NZAuASB work plan

The Board NOTED the NZAuASB workplan and timings of the Statement of Expectation measures. The NZAuASB discussed the need to issue:

- the going concern and fraud standards as soon as final drafting advice is obtained. If we defer the issue until early next year, this would still meet the SPE timing measure, by allowing plenty of time for adoption and implementation, given the significance of the changes.
- the ISSA (NZ) 5000 and the IESSA (NZ) early in 2026 to again ensure that the SPE timing measure is achieved, and allowing plenty of time for adoption and implementation, given the significance of the changes.

5. Narrow scope amendments use of external experts

The Board NOTED that IAASB approved narrow scope amendments on use of external experts. The Board agreed that there are no New Zealand compelling reason changes that are needed and that New Zealand amending standard will be prepared for the Board's approval in February 2026.

6. EG AU8 IN CONJUNCTION WITH AUASB

The Board NOTED the purpose of the project, which is to expand and clarify the existing guidance for implementation issues that auditors are experiencing in practice.

The Board NOTED the work undertaken to date and that further updates or refinements are planned after the project advisory group's (PAG) next meeting on 9 December 2025.

The Board NOTED that the project is on track to be finalised in the first quarter of 2026 and that a decision to issue the updated guidance will be coordinated with the AUASB Board.

The Board DISCUSSED the following key aspects of the guidance that are under consideration by the PAG:

- The nature of subservice organisations; when the service organisation may apply the carve-out method in its system description; and the service organisation's responsibility towards the user entity which remains the same regardless of using a subservice organisation.
- The difficulty that user entities and user auditors experience in interpreting the service auditor's description of work performed and the results of that work, particularly when a large volume of exceptions have been identified that did not result in a modified service auditor's opinion.
- The illustrative minimum sample sizes for testing manual controls, which may differ between firm methodologies; the importance of understanding the sampling approach in addition to the sample size; and the nature of the implications for the user auditor when the service auditor did not meet the minimum sample sizes.

7. FMA AUDIT QUALITY MONITORING REPORT

The Board NOTED the summary of the FMA’s Audit Quality Monitoring Report. The Board AGREED that based on this report there are no indications that the requirements of the auditing standards need to be revised, nor that the XRB needs to develop further guidance to assist the adoption or implementation of the standards. The Board did not consider it necessary to prioritise additional support for the implementation of the quality management standards generally at this time.

8. TECHNOLOGY

The Board NOTED the summary of insights from the Technology quality management roundtable discussion and one-on-one discussions with audit firms on using technology in an audit.

The discussions highlighted that:

- The IAASB will consider feedback from all the roundtables in December 2025 and a project proposal may be developed for March 2026
- There is support to focus on developing guidance, rather than amending requirements in standards given that principles appear sound, but there is a need to share best practice as to how to apply these principles to rapidly evolving technologies. Currently the focus remains on the “human in the loop”.
- Technology use may add to costs, not necessarily reduce them, but provide a way to enhance the quality of audit engagements.
- The IAASB is considering establishing an expert group to develop such guidance.
- It is useful to point our stakeholders to useful guidance that has been published by other jurisdictions to promote awareness at this stage.

The Board AGREED that we are in “active monitoring” and “learning mode” recognising an appetite for guidance but not wanting to get ahead of global developments. The Board AGREED that it is not a priority to develop local guidance until we have learnt more about what the IAASB plans to do next.

The next meeting of the Board will be held on 11 February 2025 in Wellington.

The meeting closed at 4 pm.