New Zealand Auditing and Assurance Standards Board (NZAuASB)

Minutes of the Meeting of the NZAuASB held at 9:00 am on Wednesday 5 August 2026

Present:	Graeme Pinfold, Chair Rebecca Palmer, Deputy Chair Darby Healey, Board Member Doug Niven, Board Member Mike Bradbury, Board Member Richard Kirkland, Board Member Todd Beardsworth, Board Member Vasana Vanpraseuth, Board Member
In attendance:	Misha Pieters, Director Audit & Assurance Karen Tipper, Technical Director (Agenda items 3, 11 and 12) Bruce Mcniven, Enablement Manager (Agenda item 6) Thinus Peyper, Senior Project Manager (Agenda items 7 and 8) Sharon Walker, Senior Project Manager (Agenda item 10) Lisa Thomas, Senior Project Manager (Agenda item 6) Arti Naidu, Senior Manager, AUASB (Agenda items 7 and 8)
Apologies	Anna Herlender, Project Manager Wendy Venter, Chief Executive

NON-PUBLIC SESSION – AGENDA ITEMS 1-5

PUBLIC SESSION – AGENDA ITEMS 6-12

6. LESS COMPLEX ENTITIES

The NZAuASB discussed:

- the need for education on the use of controls reports
- the connection to ongoing work to revise EG Au 8. The NZAuASB discussed the risk of issuing an exposure draft before the managed investment schemes guidance is finalised but agreed that the risk is low
- that the exposure draft and the consultation document would get overly complex if these documents were used for education but highlighted the need for more awareness raising on how to apply ISA (NZ) 402
- the proposal to update exclusions for the use of ISA (NZ) for LCE by replacing "listed entities" to "publicly traded entities". The Board AGREED there were no compelling reason changes needed but that consultation on this matters would be important.

The NZAuASB APPROVED the NZ exposure draft.

The NZAuASB APPROVED the NZ consultation document subject to:

- removing the example paragraph that describes small charities holding significant managed investments given the close connectivity to the work on EG Au 8

- amending the potential benefit bullet point on page 7 that focuses only on risk to the auditor, with more focus on enabling accessibility and scalability
- minor editorial edits provided offline.

The NZAuASB NOTED stakeholder engagement plans to obtain feedback on the consultation proposals and stakeholders' early experiences implementing ISA (NZ) for LCE.

7. EG Au 8

The NZAuASB NOTED industry feedback that the draft guidance is overly prescriptive and could increase cost and operational burden.

The NZAuASB DISCUSSED Appendix 3 of the draft guidance and:

- Emphasised the range of stakeholders interested in this guidance, including the fund manager and its auditor; service organisations, such as custodians, supervisors and registrars, investment managers and fund administrators, and their assurance practitioner; the regulator; and investors.
- Expressed concern that the phrase 'minimum control objectives', together with the increased prescriptiveness of the control objectives, could create de facto requirements for auditors and industry. The NZAuASB acknowledged the merit in setting expectations and noted that the project advisory group supports retaining minimum control objectives. However, given the industry feedback received, the NZAuASB AGREED that further engagement is needed before the guidance can be finalised. A "comply or explain" approach was also suggested.
- Queried whether the control objectives are the most relevant controls. Members raised concern at the increased number of control objectives and their level of prescription. Members noted that the control objectives appear to focus on the custodian. The discussion highlighted gaps in control objectives relating to the valuation of unit prices. Although the project proposal had carved out unit pricing, it was emphasised that unit pricing controls link to the valuation guidance stakeholders are seeking. Members recommended incorporating relevant unit pricing control objectives, noting this responsibility rests with the manager. Members also recommended further industry engagement to confirm that the controls reflect common or best practice for the appropriate stakeholder.
- Highlighted that in New Zealand, the new valuation governance controls would increase expectations on the service provider to oversee the valuation controls, while this is not an expectation in practice as those controls are carried out by the investment manager.
- Recommended preparing a gap analysis by comparing Appendix 3 with the control objectives covered by global fund administrators' controls reports.
- Identified that New Zealand has a different market operating model, legal framework, tax implications and administration risks compared with Australia. Feeder funds are prevalent in New Zealand, there are fewer New Zealand-based investment managers than in Australia, and the New Zealand market operating model includes an additional independent Supervisor role. The NZAuASB recommended amending the control objectives to better reflect the New Zealand model, removing objectives that are not

applicable, or reallocating them to the appropriate service. The NZAuASB also highlighted a need to clarify the scope of the guidance in paragraph 14 for the New Zealand context.

The NZAuASB AGREED to prioritise developing valuation guidance, refer to agenda item 8, while continuing to refine the revised EG Au 8. The NZAuASB noted that updates to the control objectives are already too late for March 2027 year-end audits.

The NZAuASB discussed the risk of diverging from AUASB guidance. The NZAuASB recognised that timing may diverge in the short term but stressed that the longer-term objective remains convergence of Trans-Tasman guidance where that guidance is proportionate and fit for purpose in New Zealand.

8. VALUATION GUIDANCE

The NZAuASB discussed the following matters:

- Most funds in New Zealand have March 2027 financial year-ends, while June 2027 is the financial year-end in Australia. Australia may prefer to delay finalising valuation guidance until 2027.
- The scale and structure of the New Zealand market differ from Australia.
- New Zealand has a lower level of investment in level 3 assets than Australia. However, investment in level 3 assets is increasing and guidance on more complex valuations may be needed later.
- There is a need to continue work on controls and controls reports that can support auditors' work on valuation. However, the more urgent need is to develop guidance for a range of scenarios that describes what additional procedures an auditor can perform to obtain sufficient appropriate audit evidence.

The NZAuASB, in an effort to meet New Zealand stakeholder demands, SUPPORTED:

- Establishing a New Zealand working group to inform the developing guidance.
- Engaging with all interested stakeholders in developing the guidance.
- A target date of issue for December 2026.
- Keeping AUASB staff informed if the AUASB prefers to delay guidance until 2027.

9. AUDIT EVIDENCE AND RISK RESPONSE

The NZAuASB NOTED the IAASB's approved exposure drafts to revise ISA 330[1], ISA 500[2] and ISA 520[3]. The NZAuASB discussed the need to explore the proposal to remove paragraph 18 of ISA 330 during outreach, particularly given regulator's findings related to risk assessment procedures. The NZAuASB emphasised the importance of exploring the integrated nature of the proposals and seeking views on whether the proposals are likely to drive behavioural change.

The NZAuASB APPROVED the New Zealand wrap-around consultation document. The NZAuASB discussed the challenge of quantifying or describing benefits and costs through the lens of

[1] International Standard on Auditing 330, The Auditor's Responses to Assessed Risks

[2] International Standard on Auditing 500, Audit Evidence

[3] International Standard on Auditing 520, Analytical Procedures

supporting audit quality. It noted that the costs focus on firms and suggested describing the impact for investors too.

The NZAuASB AGREED that planned field testing of selected proposals by practitioners is important, given the nature of the proposals and the need to understand how they may be implemented in practice as methodologies are revised.

The NZAuASB NOTED the engagement plan and recommended developing targeted headline questions for each stakeholder group to support effective engagement.

10. INTERIM REVIEW ENGAGEMENTS

The NZAuASB NOTED the feedback received and DISCUSSED and APPROVED the draft submission on the IAASB's interim review engagement exposure draft, subject to:

- revising the response to question 7. The NZAuASB agreed with the need to clarify the extent of work expected when the auditor's first engagement for an entity is an interim review engagement. However, it asked staff to revise the suggested drafting that an auditor "will often" perform the procedures necessary to obtain an understanding of the entity for the purposes of the audit of the financial statements. The NZAuASB emphasized that the auditor needs to obtain an audit-level understanding of the entity in these circumstances. In practice, the auditor may need to perform the necessary procedures to obtain that understanding before or concurrently with the interim review engagement.
- further streamlining the suggested drafting of the going concern statements in response to question 13. The NZAuASB suggested adding bullet points, and removing repetition to enhance readability and understandability.
- strengthening the wording in the response to question E2 to recommend the IESBA clarify the auditor's expected response when non-compliance with laws and regulations is identified by the auditor in an interim review engagement.

In relation to question 16, the NZAuASB acknowledged that educational material may help improve stakeholder understanding but noted that its effectiveness may be limited. The NZAuASB emphasised that the auditor's report should remain the primary means of communicating the nature and scope of the engagement and that it already explains the work performed. While supplementary educational material could provide additional context, the NZAuASB questioned whether it would improve users' understanding of the report.

The NZAuASB AGREED for staff to finalise the response, subject to internal quality review.

11. SUSTAINABILITY ASSURANCE IMPLEMENTATION SUPPORT

The NZAuASB APPROVED the Illustrative assurance report for applying ISSA (NZ) 5000[4] for limited assurance over greenhouse gas disclosures.

The NZAuASB discussed a potential need for more complex illustrative reports, including when both mandatory and voluntary assurance is obtained. It noted that it may be challenging to agree on the approach to voluntary assurance reports. Other examples may relate to cross-

[4] International Standard on Sustainability Assurance (New Zealand) 5000, General Requirements for Sustainability Assurance Engagements

referencing and prior year restatement of comparatives. Staff will explore the development of additional illustrative assurance reports with stakeholders.

The NZAuASB NOTED the plan for monthly sustainability assurance updates and the upcoming practitioner event on the draft climate roadmap together with discussion on the transition to the new sustainability assurance standards.

12. TECHNOLOGY

The NZAuASB NOTED the plan for monthly updates on emerging technologies relevant to assurance and ethics. The NZAuASB discussed the developing IAASB guidance on technology and quality management. The monthly updates will highlight this guidance as it is released.

NON-PUBLIC SESSION – AGENDA ITEMS 13-14

CLOSE MEETING

The meeting closed at 4:00 pm. The next meeting of the NZAuASB will be held in-person in Auckland, on 14 October 2026.

CONFIRMED as a true record

.....

Rebecca Palmer

Acting Chair