



Monday, 30 June 2025

Gabriela Figueiredo Dias
Chair
International Ethics Standards Board for Accountants
529 5th Avenue
New York, New York 10017

Submission via [IESBA website](#)

Dear Gabriela

Consultation Paper – Collective Investment Vehicles and Pension Funds – Auditor Independence

Chartered Accountants Australia and New Zealand (CA ANZ) commends the International Ethics Standards Board for Accountants (IESBA) for issuing this Consultation Paper *Collective Investment Vehicles and Pension funds – Auditor Independence* (the CP) to obtain information about auditor independence for the audits of collective investment vehicles (CIVs) and pension funds. We make this submission on behalf of our members and in the public interest.

Auditor independence is a key consideration when it comes to securing public trust and confidence in audit. We support an evidence-based approach to strengthening and clarifying the audit independence standards. Robust, evidence-based standards setting and sound, compelling bases for conclusion are paramount to achieving confidence and buy-in from investors and those applying the standards.

There are differences in how CIVs/pension funds are structured and regulated globally, which gives rise to added complexity if attempting a standard setting response. Any amendments to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code) could risk increasing this complexity, rather than providing clarity. In our view the Code remains robust and fit for purpose in addressing auditor independence for CIVs/pension funds, and no revisions are warranted. Any concerns would be better addressed by jurisdiction specific legislation/regulation, and possibly IESBA non-authoritative materials (NAM).

Our responses to the specific questions raised in the CP follow in **Appendix A**, and **Appendix B** provides more information about CA ANZ. Should you have any queries about the matters in this submission, or wish to discuss them in further detail, please contact Amir Ghandar, Leader – Reporting and Assurance by email; amir.ghandar@charteredaccountantsanz.com.

Sincerely

Simon Grant FCA
Group Executive – Advocacy and International

Amir Ghandar FCA
Reporting and Assurance Leader

Appendix A

Responses to specific questions

1. Does the Code's definition of related entity capture all relevant parties that need to be included in the auditor's independence assessment when auditing CIVs/pension funds? Please provide reasons for your response.

When viewed in isolation, the Code's definition of "related entity" may not necessarily include all relevant parties that need to be included in an auditor's independence assessment for audits of CIVs/pension funds. This is because the two 'upstream' criteria¹ are based on 'control', 'direct financial interest' and 'significant influence' – none of which may exist. However, it is dependent on a jurisdiction's specific legal framework that CIVs/pension funds are established under.

However, in practice the "related entity" definition is not applied in isolation, it is applied holistically alongside the conceptual framework, and paragraph R400.27 relating to the definition of "audit client". In our view, together these provide sufficient requirements to identify, evaluate and address threats to independence in relation to all relevant parties.

Application of the Code to Connected Parties

The questions in this Section pertain to an audit of a CIV/pension fund where a Connected Party to the Scheme meets the criteria set out in paragraph 35, i.e., the Connected Party is:

- (a) Responsible for its decision making and operations;**
- (b) Able to substantially affect its financial performance; or**
- (c) In a position to exert significant influence over the preparation of its accounting records or financial statements.**

2. Do you believe the criteria set out above are appropriate and sufficient to capture Connected Parties that should be considered in relation to the assessment of auditor independence with respect to the audit of a CIV/pension fund? Please provide reasons for your response.

¹ (a) An entity that has direct or indirect control over the client if the client is material to such entity

(b) An entity with a direct financial interest in the client if that entity has significant influence over the client and the interest in the client is material to such entity

The CP highlights that no CIV/pension fund failure has been identified in which an auditor's lack of independence was a contributing factor. We support evidence-based standard setting, but there is no evidence to suggest that any revisions in this area will improve audit quality. On this basis, we do not support any amendments to the Code at this time, including the introduction of a new defined term "Connected Parties" comprising the criteria. This is likely to add compliance costs and complexity to the Code which already provides a principles-based approach for assessing auditor independence.

During our outreach we heard particular concerns about the potential unintended consequences from criteria (c) which would bring in 'other service providers', because it is not just CIVs/pension funds that use service organisations. Therefore, we recommend the IESBA exercise caution in this regard.

3. Where there are such Connected Parties, do you believe that the application of the conceptual framework in Section 120 of the Code is sufficiently clear as to how to identify, evaluate and address threats to independence resulting from interests, relationships, or circumstances between the auditor of the CIV/pension fund and the Connected Parties? If not, do you believe the application of the conceptual framework in the Code as applicable to Connected Parties associated with Investment Schemes warrants additional clarification? Please provide reasons for your response.

Overall, the feedback we received from our members indicates that the application of the conceptual framework is sufficiently clear as to how to identify, evaluate and address threats to independence when auditing CIVs/pension funds.

However, if it is found to warrant additional clarification, then we would support the IESBA issuing non-authoritative materials (NAM) to support the consistent application of the conceptual framework to CIVs/pension funds.

4. Do you believe that the conceptual framework in Section 120 of the Code is consistently applied in practice with respect to the assessment of auditor independence in relation to Connected Parties when auditing a CIV/pension fund? Please provide reasons for your response.

We believe that the conceptual framework is consistently applied in practice with respect to the assessment of auditor independence for CIVs/pension funds. This is on the basis that we are not aware of any evidence to the contrary.

5. Are there certain interests, relationships, or circumstances between the auditor of a CIV/pension fund and its Connected Parties that should be addressed? Please provide reasons for your response.

In our view, interests, relationships or circumstances between the auditor of a CIV/pension fund and relevant parties are already appropriately addressed under the existing threats and safeguards approach within the principles-based Code.

6. Does your jurisdiction have requirements or guidance specific to audits of CIVs/pension funds from an auditor independence perspective? If yes, are those requirements included in audit-specific or CIV-specific regulation? Please provide details.

From our outreach activities, the potential concerns described in the CP do not appear to be an issue in our jurisdictions. This is likely due to the industry being highly regulated in Australia and New Zealand, and any concerns being addressed by the legislative/regulatory frameworks in these jurisdictions – which is our preferred approach instead of amending the Code.

As stated in the CP, the *Corporations Act 2001* in Australia contains specific provisions on auditor independence that complement the local Code ([APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) issued by the Accounting Professional & Ethical Standards Board (APESB)). Under the Act, certain provisions require the audit firm to treat the “responsible entity” (which acts as trustee and manager and is legally distinct from the CIV) and its directors as part of the “audited body”. Section 324CH(1) outlines relevant relationships for applying the auditor independence requirements in sections 324CE, 324CF, and 324CG. Furthermore, section 324CH(2) specifies that if the audited body is a registered scheme (a type of CIV) then the responsible entity is included within the scope of the audited body for specific provisions. Similar requirements apply to registrable superannuation entities (a type of pension fund).

In New Zealand, while there are no auditor independence requirements in legislation – it is left to the local Code ([PES 1 International Code of Ethics for Assurance Practitioners \(including International Independence Standards\) \(New Zealand\)](#) issued by the External Reporting Board (XRB)) – it is a small market. There are only a few, large, custodians and an equally small group of [trustees/supervisors](#) (five) – therefore any issues would be easily detected and addressed.

Appendix B

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 140,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.