Australian Government
Auditing and Assurance Standards Board

AUASB Project Plan (Revised October 2026)

Project Title:	Guidance – Auditing the fair value of indirectly-held externally-managed investments through unlisted vehicles
Date Prepared:	7 October 2026
Date Approved:	7 October 2026
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Reviewed by:	Doug Niven

Overview of the Project

Background

ASIC published its surveillance report 816 *Accounting for your super: ASIC's review into the financial reporting and audit of super funds* in September 2025. The report highlights areas where the quality of financial reporting and audits of registrable superannuation entities (RSE) can be improved. The report highlighted possible challenges relating to audit evidence supporting the fair value of investments held indirectly through unlisted Managed Investment Schemes and similar investee entities (investee entities) that are externally managed. These challenges particularly included where the evidence supporting the valuation may be needed in relation to the underlying assets of the investee entity and there may be limitations on obtaining information from the investee entity or its manager, and assurance from its auditor.

The project was informed by discussions with the GS 007 PAG members, the RSE Taskforce of the AAA-PPC Audit Quality Working Group (including Australian audit firms, RSE licensees and entity managers, with ASIC and APRA observing), and the audit firms.

The need for AUASB guidance on obtaining sufficient appropriate audit evidence relating to the valuation of an entity's[1] investment in an investee entity was identified. The Office of the AUASB will develop Australian guidance in parallel with the NZ XRB, rather than as a single joint project, reflecting different circumstances, timing pressures and regulatory environments in Australia and New Zealand. The Office of the AUASB will meet regularly with the NZ XRB on progress and to share information.

Consistent with the Principles of harmonisation of New Zealand and Australian Standards, the Office of the AUASB and the XRB will continue to work closely in sharing knowledge on developing guidance to achieve consistency where appropriate across jurisdictions.

Stakeholder engagement

Key stakeholders impacted by the project are:

- Auditors providing audit and assurance services in the superannuation and investment management services industry; and
- Indirectly:
  - The entities being audited; and
  - The regulators of auditors and entities.

Objective and Scope

Project Objective

Regulators have identified concerns that auditors may not always obtain sufficient appropriate audit evidence to support the fair value of investee entities. In these circumstances, auditors may have limited direct access to reliable information about the investee entity's valuation processes, underlying investments, assumptions and supporting data.

[1] Reference made to "entity" includes any form of collective investment vehicle, for example, RSEs, Managed Investment Schemes, Unit Trusts, etc.

The objective of the project is to develop guidance for auditors in determining the audit evidence that is needed and the procedure that may be appropriate when auditing the fair value of an entity's investment in an investee entity.

Project Scope

The guidance will address the audit evidence implications where an entity's financial statements include investments in unlisted investee entities that are externally managed. The scope focuses on circumstances where access to direct, reliable and timely evidence about fair value may be constrained by the investment structure or information available from the investee entity or its manager.

Investments within scope	Audit evidence implications
The entity holds an investment in an unlisted investee entity;	Unlisted investee entities are not publicly traded and may be valued periodically, rather than daily, without transparency as to the internal calculation of unit prices and units on issue. This can limit observable pricing information and increases the need for audit procedures focused on the reliability of the investment value. Where the investee entity is externally managed, information about valuation processes, controls assumptions and supporting data may be held by the manager or other third parties, which affects the accessibility of such information.
The investee entity is externally managed; and	
The auditor's access to direct, reliable or timely valuation evidence may be constrained.	
Characteristic affecting audit evidence	**Audit evidence implications**
The investee entity may or may not prepare financial statements.	The availability and reliability of financial information, and whether it has been audited, may affect the nature and extent of audit evidence available to the entity auditor.
Any financial statements prepared by the investee entity may be audited or unaudited.	
The investee entity's reporting date may differ from that of the entity.	Different reporting dates may require evidence about the movements in fair value between the investee entity's reporting date and the entity's reporting date.
The investee entity may hold underlying investments across domestic and/or foreign, listed and unlisted investment classes.	The nature of the underlying investments may affect the transparency, frequency and reliability of pricing information.

Matters that are Out of Scope

The project is limited to audit guidance for the auditor of an entity's financial report. It will not address financial reporting guidance for the preparer of an investee entity's financial report. The project scope may be refined through the PAG process. Any proposed change that would materially affect the project scope or timing of the project will be discussed with the AUASB before being pursued.

Project Governance

Project Advisory Group (PAG)

A PAG will advise the AUASB on the development of the Australian guidance. The PAG comprises representatives with relevant experience and is chaired by the AUASB Chair.

Member	
Doug Niven (Chair)	AUASB
Simon Cuthbert	PwC
Darren Handley-Greaves	EY
Brett Kallio	EY
Kelsey Johnson	Grant Thornton
Tari Makanda	Grant Thornton
Nick Rosario	Deloitte
Chris Wooden	KPMG

Risks/Issues

Risk/Issue to meeting project objective	Planned Mitigation Activities
The project scope expands beyond the approved objective, including matters more appropriately addressed through financial reporting guidance or standard-setting activity.	Use the PAG to test whether emerging matters are within scope and escalate any material scope change or timing impact to the Board before progressing.

Risk/Issue to meeting project objective	Planned Mitigation Activities
The guidance does not sufficiently address the practical audit evidence challenges auditors face when access to investee entity valuation information is constrained.	Discuss the scope with relevant stakeholders. Draw on regulator findings, PAG input, audit firm experience and industry consultation to identify common evidence constraints and responses. Consider limited access to valuation processes, assumptions and supporting data.
The guidance is perceived as too prescriptive or as creating requirements beyond the auditing standards.	The guidance should be relatively principles-based and based on existing auditing standards. Obtain PAG input, Board views and feedback from industry and regulators before approval.
The formation of a new AUASB may affect the timing of completion of the project. New members of the new board may require time to become fully informed on the project and may reconsider decisions already made, including due process.	Build sufficient time into the project plan for briefing new members and, where necessary, confirm or re-confirm key project decisions to support an effective and transparent due process. Escalate any material impact on project timing, consultation or approval steps to Boards before progressing.

Targeted Completion Date

We plan to provide a final draft of the guidance to the new AUASB for review and approval at their 15 December 2026 board meeting (refer timetable below).

Date	Action
W/C 31 August 2026	Discussion with the largest audit firms to better understand the issues and possible approaches
September 2026	Office of the AUASB commences work on first draft of the guidance
Fortnightly (ongoing)	Update meetings with NZ XRB
14 October 2026	NZAuASB will be updated on AUASB work to date
15 October 2026	PAG meeting to discuss the 1st draft of the guidance
29 October 2026	PAG meeting to discuss the 2nd draft of the guidance
11 November 2026	AUASB members asked at Board meeting if there are any concerns with consulting with industry bodies and regulators
13 November 2026	Send draft to industry and regulators
27 November 2026	Feedback due from industry and regulators
3 December 2026	NZAuASB seeks approval of their guidance and revised EG Au 8
4 December 2026	Update the AUASB on NZAuASB approval of the guidance and its scope
15 December 2026	Seek new AUASB Board approval of guidance