



Proposed Special Resolution to 2024 AGM

**To update/change the
“Rules of the Institute of Internal Auditors New Zealand Incorporated”**

The below change to our Rules will require passing of special resolution at our AGM.

Rules paragraph 19: These Rules may only be altered by special resolution of a general meeting of The Institute.

Current wording: Paragraph 9.2.iii.

At each Annual General Meeting the Board shall present a report covering the previous year’s work and other matters pertaining to the welfare of The Institute, The Institute’s audited year-end financial statements and the meeting shall elect the Auditor for the next financial year.

Proposed change tracked/highlighted: Paragraph 9.2.iii.

At each Annual General Meeting the Board shall present a report covering the previous year’s work and other matters pertaining to the welfare of The Institute, and The Institute’s audited year-end performance report containing the financial statements, and the meeting shall elect the Auditor for the next financial year.

New paragraph 9.2.v.

At every third AGM, starting in 2024, there will be a membership vote to determine whether the subsequent three years performance reports are subject to either a Review or Audit. Where a Review and Audit are defined within the International Standards on Auditing, and International Standards on Review Engagements. Notwithstanding this vote, the Board by majority vote, may elect to require an Audit rather than a Review. In addition, at each AGM there will be a membership vote to endorse the Board appointed Reviewer or Auditor (as applicable), for the subsequent year’s performance report.

Current wording: Paragraph 15.3.

Annual financial statements for presentation at each Annual General Meeting will be prepared in accordance with The Institute’s accounting policies.

Proposed change tracked/highlighted: Paragraph 15.3.

An annual performance report containing Annual financial statements will be prepared for presentation at each Annual General Meeting in accordance with The Institute’s accounting policies and applicable financial reporting standards.

Introduction:

The purpose of these changes is to transition from an audit to a review. This aims to optimise our financial reporting processes while maintaining a satisfactory level of assurance regarding the accuracy and integrity of our financial statements.

Rationale:

While a full audit provides a comprehensive assessment of financial statements, a review audit offers a more efficient and cost-effective alternative without compromising the integrity of the financial reporting process.

By engaging a qualified auditor to conduct a review, we can still obtain a reasonable level of assurance regarding the accuracy of our financial statements while optimizing resources and reducing expenditure.

Objectives:

1. Obtain a reasonable level of assurance regarding the accuracy and integrity of the financial statements for the financial year ending 31 December.
2. Fulfil the board's fiduciary responsibility by ensuring appropriate oversight and review of financial reporting processes.
3. Optimise resources and reduce expenditure associated with external audit services while maintaining an acceptable level of assurance.

Criteria for Review Audit:

To facilitate the transition from a full year-end external service to a review audit, the following criteria will be considered:

1. Engagement of a Qualified Auditor: An external auditor with relevant experience and qualifications will be engaged to conduct the review audit.
2. Scope of Review: The review audit will focus on assessing the risks of material misstatement in the financial statements and evaluating the effectiveness of internal controls and business systems.
3. Rigorous Quality Control: The engagement performance will be subject to rigorous quality control measures to ensure the integrity and accuracy of the audit findings.
4. Provision of Constructive Ideas: The auditor will provide constructive feedback and recommendations for improving internal controls and business systems.
5. Time and Cost Efficiency: The review audit will be less time-consuming and cost-intensive compared to a full audit, resulting in reduced expenditure and investment of time for the organisation.

Benefits:

The transition to a review audit offers several benefits, including:

1. Reduced time and resources required for the audit process.
2. Continues to provide insights and recommendations for improving internal controls and business systems.
3. Offers cost savings compared with full external audit services.

Conclusion:

The shift from a full year-end external service to a review audit represents a strategic decision to optimise financial reporting processes while fulfilling our fiduciary responsibilities. By implementing this change, we can achieve cost savings, enhance efficiency, and maintain an acceptable level of assurance regarding the accuracy of our financial statements.