

Kia ora koutou



- We recommend using the side-by-side view.
- Please keep your video off and remain on mute.
- You're welcome to put your questions in the chat. We may not be able to respond during webinar, but we will get back to you in due course.
- Slides and recording will be made available after the webinar.
- Survey to follow - Please provide us with your feedback.

Thank you for joining us today. Enjoy the webinar.



Tē Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Need to Know series

Assurance Update

10 April 2024
12:00pm - 1:00pm



Agenda



Strategic priorities for assurance at the XRB

Applicable Now

- The Audit of Service Performance Information

Applicable Soon

- Guidance for Assurance of Greenhouse Gas Emissions Disclosures
- Public Interest Entity Revisions

Open for Comment

- NZ Consultation - Public Interest Entity Amendments
- IAASB - Fraud
- IESBA - Ethics and Independence for Sustainability Assurance Practitioners
- IESBA – Use of Experts

Coming soon

- Review of Service Performance Information
- NZ Consultation for ISA for LCEs

Wrap up

XRB's Strategic Focus for Assurance



Service Performance Information



Assurance of Greenhouse Gas Emissions Disclosures







Value of Audit

Applicable Now



Assurance standards applicable now



Application Date	Standard/Amending standard	Issued	QR code
Periods beginning on or after 1 January 2023	Amendments to Auditing and Review Engagement Standards as a Result of the Revisions to Financial Reporting Standards	May 2023	
Periods beginning on or after 15 December 2023	ISA (NZ) 600 (Revised) Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors) and Related Conforming and Consequential Amendments	June 2022	
Periods beginning on or after 15 December 2023	Amendments to PES 1 - Revisions to the definition of Engagement Team and Group Audits	June 2023	
Assurance engagements beginning on or after 15 December 2023	SAE 3450 Assurance Over Financial Information Prepared in Connection with a Capital Raising	December 2022	

Audits of Service Performance Information



What

NZ AS 1 (Revised) *The Audit of Service Performance Information*

Why

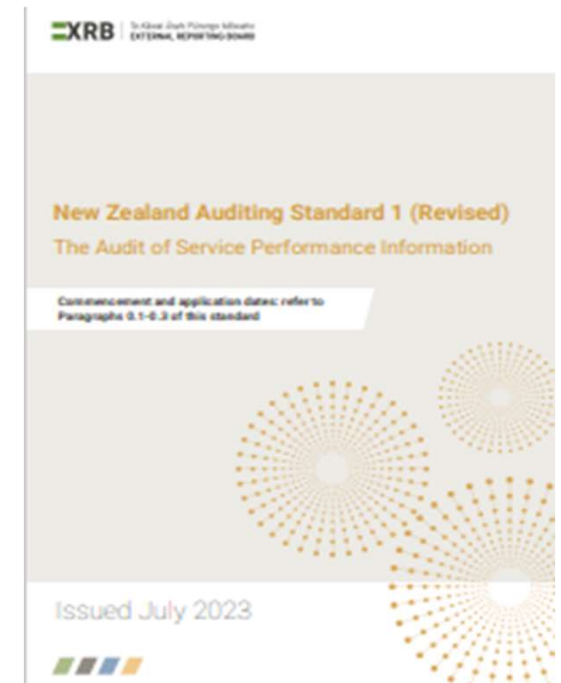
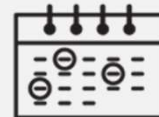
One standard for public and not-for-profit sector

Who

PBE with statutory audit requirement

When

Periods beginning on or after 1 January 2024

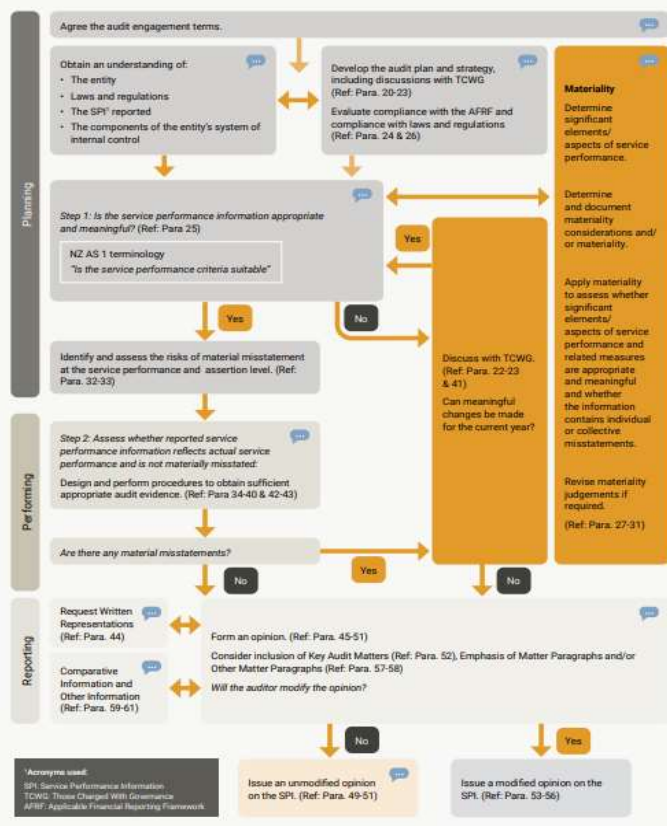


Audit of SPI Flowchart



What is different between NZ AS 1 and NZ AS 1 (Revised)?

Click on the blue speech bubbles to understand the key change to transition from NZ AS 1



Step 1: Is this service performance information appropriate and meaningful? (Ref: Para 25)

NZ AS 1 terminology
"Is the service performance criteria suitable"

Step 1 is to evaluate whether the service performance information is "appropriate and meaningful" based on the requirements of the accounting requirements



Applicable Soon



NZ SAE 1 – Greenhouse Gas Assurance



- Issued in **August 2023**. Applies from **27 October 2024**.

NZ SAE 1 Standard



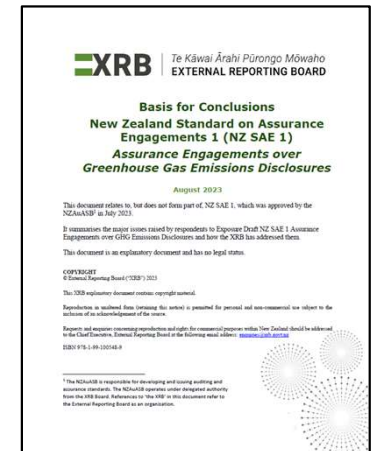
- Requirements and application material for assurance practitioners



Basis for Conclusions



- Explains key decisions following consultation



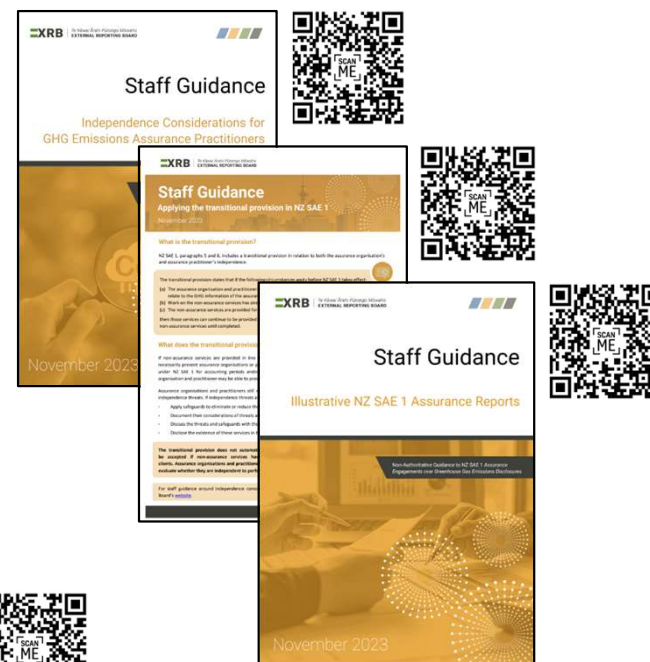
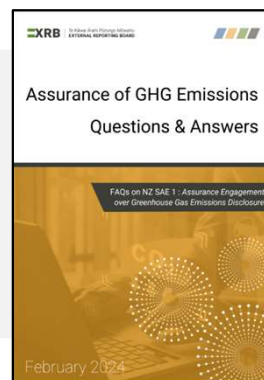
Greenhouse Gas Assurance Guidance

Staff Guidance (issued Nov 2023)

- Independence Considerations for GHG Emissions Assurance Practitioners
- Applying the transitional provision in NZ SAE 1
- Illustrative NZ SAE 1 Assurance Reports

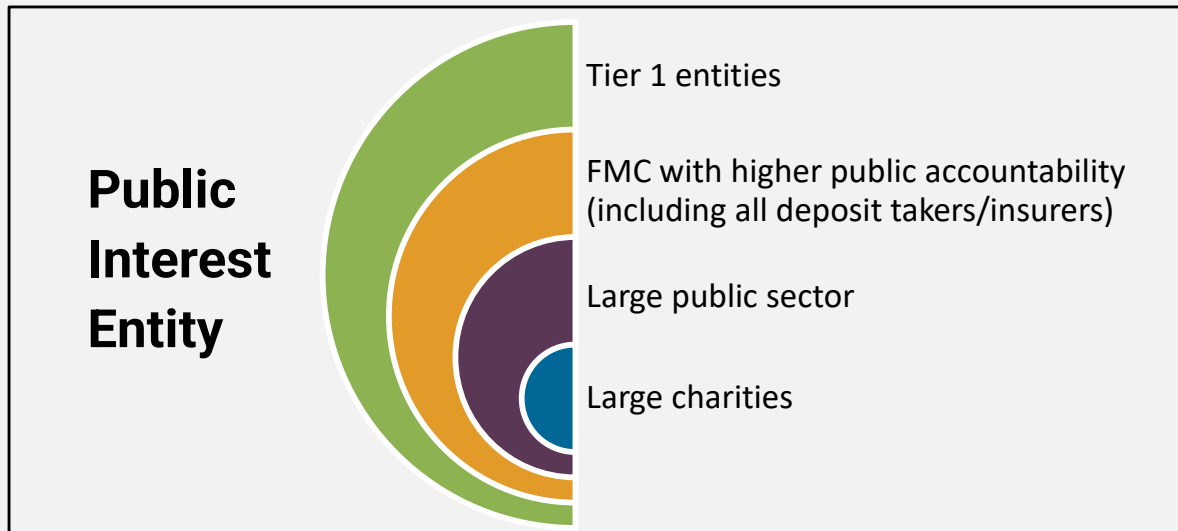
Questions and Answers (issued Feb 2024)

- Assurance of GHG Emissions – Questions & Answers

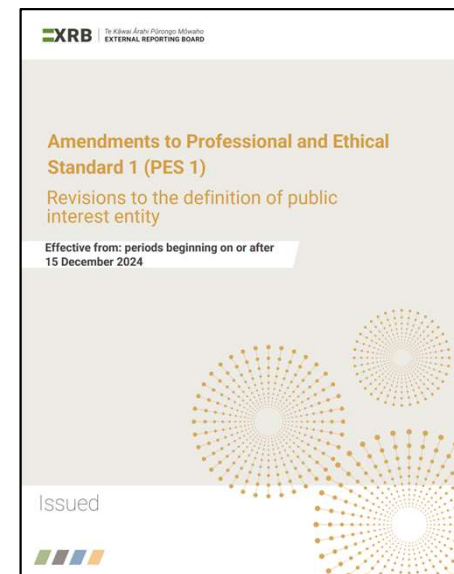


PES 1 – Revisions to the definition of Public Interest Entity (PIE)

- Issued in **November 2022**. Applies from **15 December 2024**.



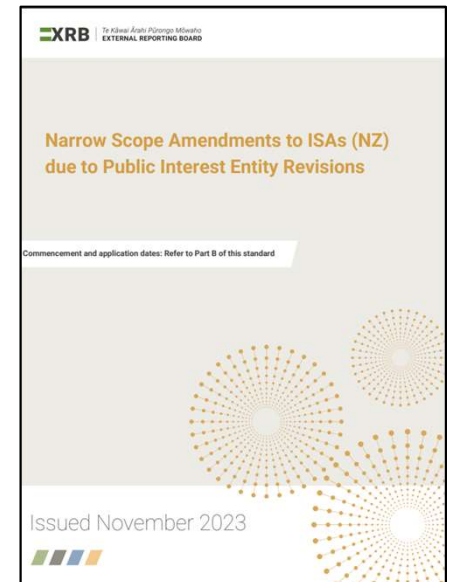
- New requirements for audit firm to disclose when the independence requirements for PIEs has been applied.



Narrow Scope Amendments to ISAs (NZ) due to Public Interest Entity Revisions

- Issued in **November 2023**. Applies from **15 December 2024**.

We are independent of the Company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board as applicable to audits of financial statements of public interest entities. and ~~w~~We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Open for Comment



NZ Consultation - Public Interest Entity Amendments to auditing standards



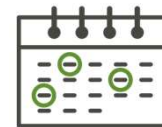
Engagement quality review



Key audit matters



Communications with governance



**[Public Interest Entity
Amendments to ISAs \(NZ\)](#)**

Closes 4 June



Fraud

Why is the auditing standard changing?



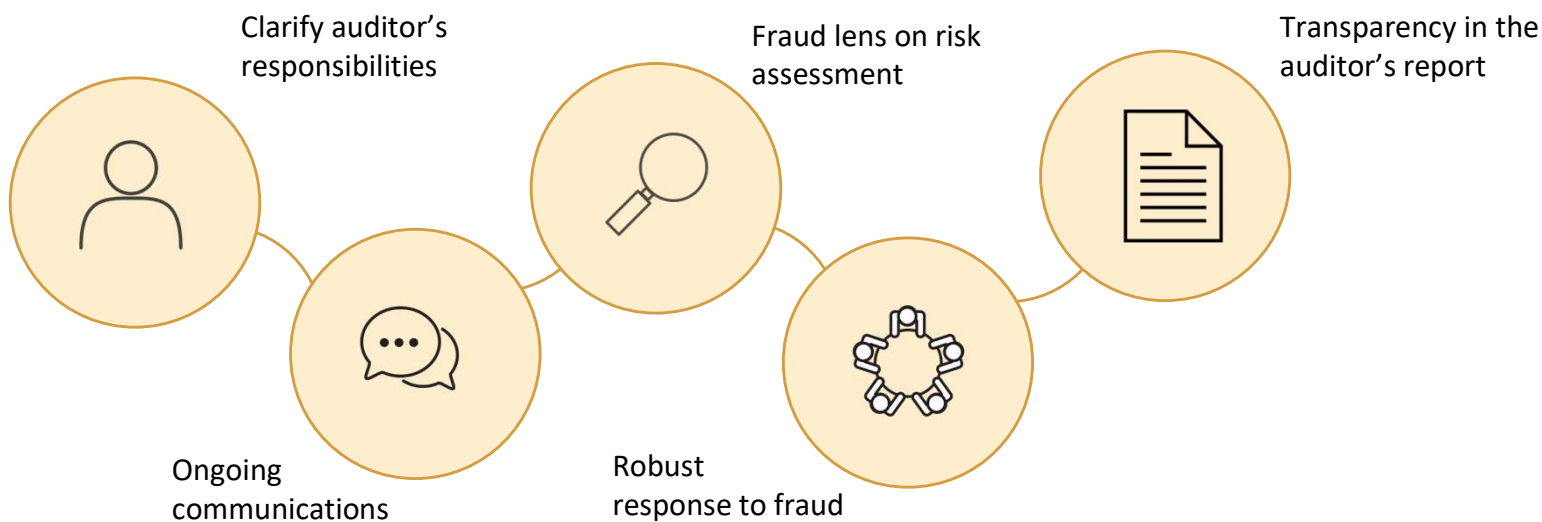
- 1 Expectation gap
- 2 Evolving stakeholder demands
- 3 Global corporate failures

Fraud

What can you expect?

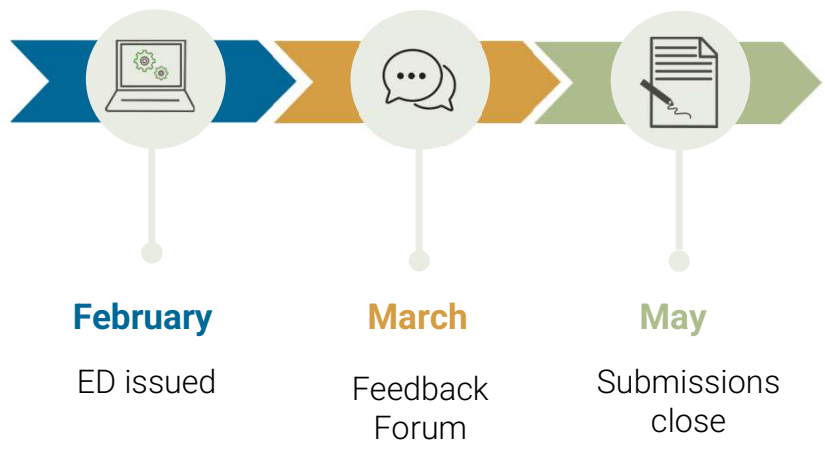


Professional scepticism



Enhanced audit documentation

Fraud Consultation Timeline



Exposure Draft
February 2024
Comments due: June 5, 2024

International Standard on Auditing

Proposed International Standard
on Auditing 240 (Revised)

The Auditor's Responsibilities
Relating to Fraud in an Audit of
Financial Statements

and

Proposed Conforming and
Consequential Amendments to
Other ISAs

IAASB International Auditing
and Assurance
Standards Board



IESBA ED – Ethics and independence for Sustainability Assurance



- Feedback to XRB by **15 April 2024** with responses to IESBA by **10 May 2024**.

- [Sustainability Consultation](#)
- [The XRB Summary of Proposals](#)

Explanatory Memorandum
January 2024
Comments due: May 10, 2024

International Ethics Standards Board
for Accountants®

Explanatory Memorandum for
Proposed *International Ethics
Standards for Sustainability Assurance
(including International Independence
Standards)* (IESSA) and Other
Revisions to the Code Relating to
Sustainability Assurance and Reporting

This Explanatory Memorandum is intended to be read with the
separate Exposure Draft of the Proposed IESSA and Other
Revisions to the Code Relating to Sustainability Assurance and
Reporting

IESBA International
Ethics Standards
Board for Accountants®



XRB The Chartered Accountants' Association of Canada

Summary of Proposals
Ethics Standard for Sustainability Assurance
And Use of Experts Exposure Drafts

Summary of the IESBA's Proposals

March 2024
Submissions to XRB close 15 April 2024

Proposals for Ethical and Independence Standards for Sustainability Assurance - Why



Public demand for sustainability information

Increasing volume

Public Interest

Stakeholders are looking to place trust and confidence over the reported sustainability information.

Part 5 – summary on a page



International Ethics Standards
Applicable to sustainability assurance engagements and professional services

International Independence Standards.
Some only apply to Public Interest Entities (PIE)

5110
Fundamental Principles

5120
Conceptual Framework

5200
Pressure to Breach

5300
Applying the Conceptual Framework to Ethics

Conflicts of interest	Objectivity (EQR and reviewers)	Custody of Client Assets	Tax Planning Services (NEW)
Professional Appointments	Fees	Non-compliance with laws and regs (NOCLAR)	Using the Work of an Expert (NEW)
	Inducements		

5400 - 5700
Applying the Conceptual Framework to Independence

Group engagements	Gifts /hospitality	Family and Personal Relationship	Temporary assignments
Another Practitioner involved (NEW)	Litigation	Recent service with the client	Long Association
Assurance work at Value Chain (NEW)	Loans and Guarantees	Serving as director or officer	Non-Assurance Services
Fees	Financial Interest	Employment	Interest, relationship in value chain entities* (NEW)
Compensation	Business Relationship		

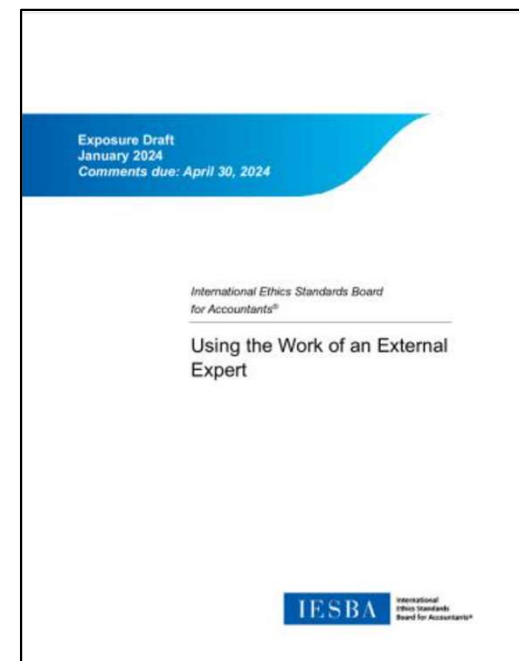
Glossary

IESBA ED – Using the work of an External Expert



- Feedback to XRB by **15 April 2024** with responses to IESBA by **30 April 2024**.

- New definition of “expert” and “expertise”.
- Revision to definition of “external expert”.
- Establishes an ethical framework for assessing the competence, capability and objectivity of external experts.
- **Applies to both financial auditors and sustainability assurance practitioners.**



Coming Soon



Reviews of Service Performance Information – Why?



- Statutory requirement for some entities to have an audit or review of their performance report
- No review standard specifically for service performance information
- Currently using EG Au9 *Guidance on the Audit or Review of the Performance Report of Tier 3 Not-For-Profit Public Entities* and ISAE (NZ) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.



ISA for Less Complex Entities (ISA for LCE) Update

- Issued December 2023 by the IAASB: iaasb.org/ISAforLCE
- Reasonable assurance
- Based on ISAs, right-sized for audits of less complex entities
- The XRB is investigating whether to adopt this standard in NZ and what the standard will look like
- Next steps:
 - Who will it apply to
 - Audit of Service Performance Information
 - NZ Exposure Draft



Final Pronouncement
December 2023

*The International Standard on Auditing for Audits of
Financial Statements of Less Complex Entities*

The ISA for LCE

and

Conforming Amendments to
Other International Standards
Arising from the ISA for LCE

IAASB International Auditing
and Assurance
Standards Board

Wrap up



XRB website



Recently issued standards and Standards issued but not yet applicable

xrb.govt.nz/standards/assurance-standards/history-of-approvals/

History of Approvals

Recently Issued Standards

On this page, we provide a full list of recently issued auditing and assurance standards or amending standards issued by the XRB in the order of issue date. Application dates are fully set out in the relevant standard or amending standard.

2024	>
2023	>
2022	>
2016-2021	>

Standards issued but Not Yet Applicable

We have also prepared a table to help you identify new or amending standards that are issued but not yet applicable. This is presented in the order of the latest application date. Application dates are fully set out in the relevant standard or amending standard.



Audit & Assurance Hub

xrb.govt.nz/standards/audit-and-assurance/



Audit & Assurance

Audit & Assurance

As Aotearoa New Zealand's standard setter, we issue auditing and assurance standards, which include professional and ethical standards and related services standards. We also issue guidance material to assist in consistent application.

The New Zealand Auditing and Assurance Standards Board (NZAUASB) has delegated authority from the XRB Board to develop or adopt, and issue auditing and assurance standards.

The Audit & Assurance Standards Framework sets out the standards for audit and assurance engagements in New Zealand.

This page contains useful information for audit and assurance practitioners.

How we set the standards	>
Support and resources	>
History of approvals	>
Description of auditor's responsibilities	>
Submitting modified audit reports	>
Audit and assurance alerts	>
Our Research	>





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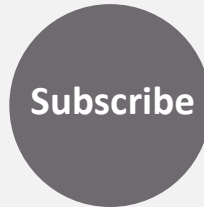
Questions



Follow

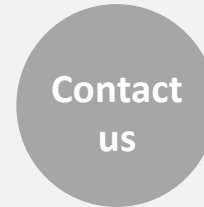


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