

Kia ora koutou



Today's Webinar:

- 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

15 August 2023
12:00pm - 1:00pm



Agenda



Coming soon

- Audits of Group Financial Statements (including component auditors)
- Definition of Engagement Team and Group Audits

Recent approvals

- Technology revisions to the Code of Ethics
- Service Performance Information
- Assurance of Greenhouse Gas Disclosures

Open for comment

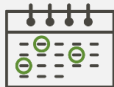
- Going Concern
- Sustainability Assurance

Coming Soon



Revised Audit of group financial statements

ISA (NZ) 600 (Revised)



Staff FAQs



Need-to-know webinar event held in 2022



Revisions apply for accounting periods beginning on or after 15 December 2023

Audit of group financial statements



Proactive quality
management



Keeping the
standard fit for
purpose



Need for robust
communication



Challenging and
sceptical mindset

Code of Ethics Amendments

Engagement Team and Group Audits

Key revisions



Amends definition



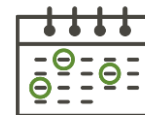
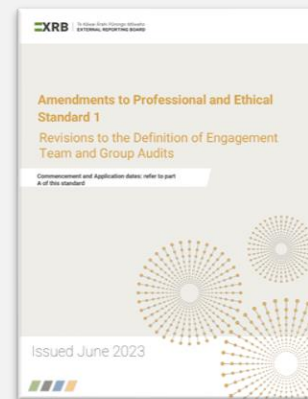
Guidance on who is in an engagement or audit team



Strengthens and clarifies the independence principles



Component audit firms



For accounting periods
beginning on or after
15 December 2023

Recent Approvals

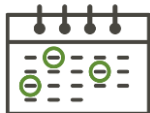


Code of Ethics (PES 1) Amendments

Technology-related Revisions



Outcomes



For accounting periods
beginning on or after
15 December 2024



Strengthen the code

in guiding the mindset and behaviour when using technology



Guidance fit for the digital age

in relation to the fundamental ethical principles



Strengthen and clarify independence

requirements of the Code

Code of Ethics Amendments

Technology-related Revisions



Professional Competence and Due Care

Section 113



Highlights the importance of non-technical professional skills



Explain the implications of the limitations inherent in professional activities to clients

Code of Ethics Amendments

Technology-related Revisions



Confidentiality

Section 114



New definition of Confidential information

Any information, data or other material in whatever form or medium, that is not publicly available.

Protect the confidentiality of information

Disclosing any confidential information

Code of Ethics Amendments

Technology-related Revisions



The conceptual framework

Section 120

Complexity

Organisational Culture

Code of Ethics Amendments

Technology-related Revisions



Using the output of technology

Section 220, 320

Examples of factors to consider to determine whether technology is appropriate for its intended purpose.

The nature of the activity
to be performed by the
technology

Assurance Practitioner's
ability to understand,
use and explain the
technology

Whether the technology
has been appropriately
tested and evaluated

Controls relating to the
use of technology

Code of Ethics Amendments

Technology-related Revisions



Identifying threats associated with the use of technology

Section 200, 300



Examples of
potential threats



Data not sufficient



Technology not appropriate



Technology designed/developed
by the assurance practitioner

Code of Ethics Amendments

Technology-related Revisions



Providing Non-Assurance Services (NAS) to an Audit Client

Section 600 + 950

Requirements and application material now apply when a firm/network firm:



Uses technology to provide a NAS to an audit client



Provides, sells, resells or licenses technology resulting in the provision of a NAS

Code of Ethics Amendments

Technology-related Revisions



Prohibition on assuming management responsibilities

Section 606 + 900

IT systems services that result in the assumption of a management responsibility:



Stores data or manages (directly or indirectly) the hosting of data on behalf of the audit client



Operates, maintains, or monitors the audit client's IT systems, network or website

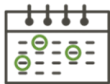
View the standard



<https://www.xrb.govt.nz/dmsdocument/4902>

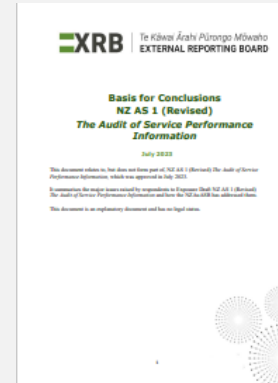
The Audit of Service Performance Information

NZ AS 1 (Revised)



For accounting periods beginning
on or after January 2024

Basis for Conclusions



Once mandatory supersedes
extant NZ AS 1

NZ AS 1 (Revised) – Transition Options

Auditors in the public sector are required to follow the standards of the Auditor-General.

During the transition period, practitioners will have the option to either:

Apply ISAE (NZ)
3000 (Revised)
*Assurance
Engagements Other
than Audits or
Reviews of Historical
Financial
Information*

Apply extant
NZ AS 1

Apply
NZ AS 1 (Revised)
for those
accounting
periods that have
not ended prior
to 24 August
2023

NZ AS 1 (Revised) is mandatory
for periods beginning on or
after:



1 January 2024

Transition period

Mandatory period

NZ AS 1 (Revised) – Benefits



Not-for-profit sector



Public sector



**Use of plain language
and examples**

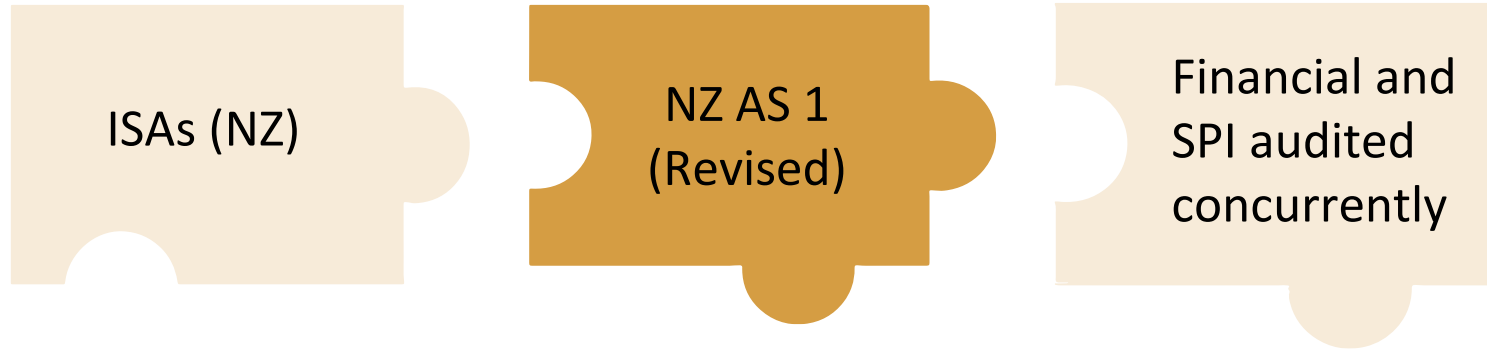


**Accounting guidance:
Disclosing how you
measure SPI**



**Aligns with the financial
reporting standards**

NZ AS 1 (Revised)



Two step approach:

1

Is the information appropriate and meaningful?

2

Does the information fairly reflect the actual performance and is not materially misstated?

NZ AS 1 (Revised) – Support



Interactive Flowchart



Frequently Asked Questions



Deep Dive Webinar

NZ SAE 1 - GHG Assurance Standard

Standard

Requirements and application material for assurance practitioners

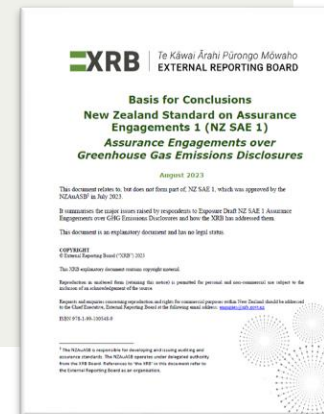
[NZ SAE 1 » XRB](#)



Basis for Conclusions

Explains key decisions following consultation

[NZ SAE 1 » XRB](#)



GHG Assurance Standard



The Amendment to the [Financial Markets Conduct Act](#) requires "CREs" to prepare climate statements

October 2021

Climate statements must include GHG emission disclosures

January 2023

GHG emission disclosures need to be assured in accordance with XRB standards

October 2024

GHG Assurance Standard



Engagement Requirements

- Require compliance with one of two international assurance standards
- Include additional requirements as necessary

Ethics and Independence

- Include principles-based requirements
- Compliance with Professional and Ethical Standard 1 not required

Quality Management

- Include principles-based requirements
- Compliance with Professional and Ethical Standards 3 and 4 not required

GHG Assurance Standard



GHG Assurance Standard



Deep Dive session on 7 September 2023



Guidance: Key terms in the assurance report
.... more is coming

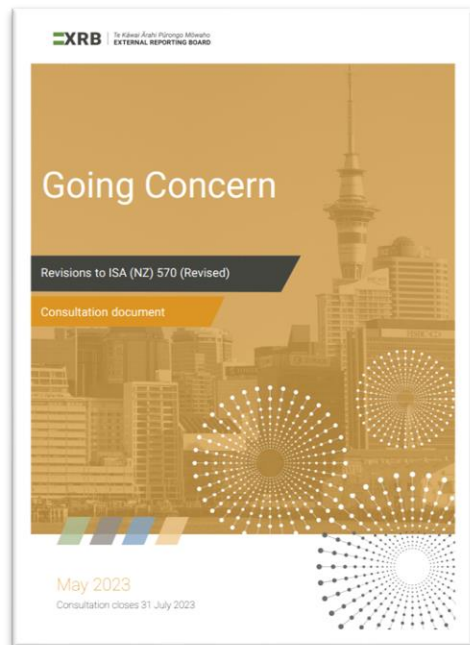


Developments on domestic and international scenes

Open for Comment



Going Concern



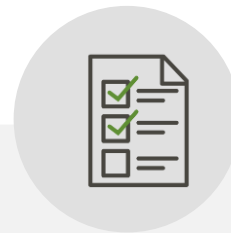
- Why?
- What?
- Key messages

Link is here: [Revisions to ISA \(NZ\) 570 \(Revised\)](#)

Why change?



- Increase transparency
- Going concern in the spotlight, driven by
 - Corporate failures
 - Economic uncertainty, war, global pandemic



- Jurisdictional standard setting activity e.g., UK
- Post implementation review of existing standard

Significant Changes



1

Going concern or material uncertainty paragraph in **ALL** audit reports

2

Clarify meaning of key terms

3

More robust risk identification

4

Strengthen the auditor's evaluation of management's assessment

What we have heard



- Information = good
- But not timely



- Preparer responsibility
- Increasing compliance burden

- Widening expectation gap
- No guarantee of future viability
- Standard going concern paragraph
- More guidance on work effort



Sustainability Assurance – ISSA 5000



Sustainability Assurance



Limited /
Reasonable
Assurance



Ethics



Materiality

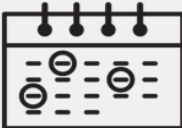
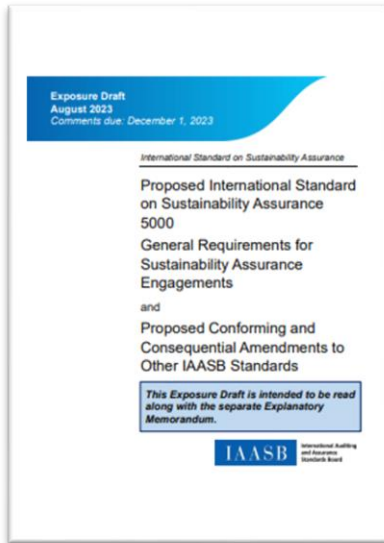


Quality
Management



Assurance
Evidence

Sustainability Consultation



Comments due by
**1 December
2023**

[IAASB Sustainability Assurance Consultation](#)

Wrap up



Auditors required to file modified audit reports and financial statements to the XRB:

- Under section 207C of the Companies Act 1993
- Under section 461G(2) of the Financial Markets Conduct Act 2013
- Under section 107 of the Incorporated Societies Act 2022 (from Oct 2023)

[Submitting Modified Audit Reports » XRB](#)

- To submit your report and financial statements to the XRB, simply:**

 - Sign up or Sign in to our website
 - Complete the form (for each report being submitted)
 - Upload pdf documents
 - Submit

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Questions



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