



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

External Reporting Board

Member of the New Zealand Auditing and Assurance Standards Board Role Description

The External Reporting Board (XRB)

The External Reporting Board (XRB) is an Independent Crown Entity initially established under the Financial Reporting Act 1993, with continued existence under the section 11 of the Financial Reporting Act 2013 and operating within the framework of the Crown Entities Act 2004.

A significant extension to the XRB's mandate was enacted on 27 October 2021 to include the issue of climate standards and the issue of non-binding guidance on a wider range of environmental, social and governance (ESG) and other non-financial matters.

The XRB's vision is that New Zealand prospers through effective decision making on resource allocation informed by high-quality, trusted, and integrated reporting.

The XRB's outcomes are therefore focused on establishment of financial reporting, climate and audit and assurance standards and other guidance that are:

- Trusted – High-quality reporting and assurance that maintains confidence in New Zealand's reporting and promotes transparency and accountability across all sectors of the economy.
- Informative – Reporting that generates relevant information to support informed decision making on resource allocation and better outcomes for New Zealand.
- Integrated – Reporting that encompasses both financial and non-financial information spanning the natural, human, social and financial capitals that support intergenerational wellbeing.

The XRB's outcomes are achieved through its core functions:

- Developing and implementing reporting strategies and frameworks for the XRB's standard setting activities, including the development of an integrated reporting framework that is relevant for Aotearoa New Zealand.
- Preparing and issuing financial reporting standards.
- Preparing and issuing auditing and assurance, and other related services standards.

- Preparing and issuing professional and ethical standards that govern the professional conduct of auditors.
- Preparing and issuing climate standards.
- Preparing and issuing authoritative notices for the purposes of the definition of generally accepted accounting practice or the definition of climate-related disclosure framework.
- Preparing and issuing non-binding guidance on a wider range of environmental, social and governance (ESG) and other non-financial matters.
- Liaising with national and international organisations that exercise functions that correspond with, or are similar to, those conferred on the XRB.

The XRB Board is the governing body of the XRB. It is responsible for general governance of the organisation, overall financial reporting strategy, standards strategy and oversight of its subsidiary boards.

The XRB has used its powers under the Crown Entities Act to establish three subsidiary boards as committees of the XRB Board:

- the New Zealand Accounting Standards Board (NZASB) to set financial reporting standards;
- the New Zealand Auditing and Assurance Standards Board (NZAuASB) to set auditing and assurance standards and professional and ethical standards for assurance practitioners; and
- the Sustainability Reporting Board to set climate standards and non-binding guidance for other non-financial reporting matters.

These boards focus on the standards at a technical detail level, allowing the XRB Board to focus on standard-setting at a strategic level.

Further information on the XRB can be found on our website: <https://www.xrb.govt.nz/>

Responsibilities of the NZAuASB

The NZAuASB's specific responsibilities are:

- Develop or adopt, expose, finalise and promulgate:
 - Auditing and assurance standards for use in audit or assurance engagements required by statute;
 - Professional and ethical standards to be applied by assurance practitioners undertaking statutory audit or assurance engagements (in particular, but not limited to, standards relating to quality and code of ethics relating to independence and competence);
 - Other assurance standards within the scope of the “additional assurance standards” approval provided by the Responsible Minister in accordance with the provisions of the Financial Reporting Act 1993 or the Financial Reporting Act 2013.

Such standards are to be consistent with the “financial reporting strategy parameters” established from time-to-time by the XRB Board and should include the adoption of international standards, development of standards jointly with Australia, or the development of New Zealand specific standards as may be required;

- Develop and promulgate guidance material to support the application of issued standards to the extent necessary;
- Undertake or commission research relating to auditing and assurance or matters concerning professional and ethical conduct;
- Liaise with the Australian Auditing and Assurance Standards Board (AUASB) over the harmonisation of New Zealand and Australian auditing and assurance standards within the parameters of the financial reporting strategy established by the XRB Board;
- Prepare submissions to international auditing and assurance and professional and ethical standards standard setting bodies on exposure drafts issued by them and/or matters of importance to auditing and assurance in New Zealand;
- Liaise with, and contribute to the work of, international standard setting bodies in areas of importance to auditing and assurance in New Zealand and which are consistent with the XRB Board’s financial reporting strategy;
- Participate in relevant international fora and groupings including those involving national standard-setters;
- Contribute as appropriate to the development of the XRB Strategic Plan;
- Act as thought leaders on audit and assurance matters.

Role and Responsibilities of individual Board Members

Individual NZAuASB Board Members are responsible for actively contributing to the work of the NZAuASB as outlined above, including the bringing of individual perspectives, expertise and judgement to the development and collective approval of auditing and assurance standards and professional and ethical standards. In doing so, individual Board Members are expected to form views based on their expertise, experience and judgement and the discussions they have taken part in, and not according to the views of any firm, organisation or constituency with which they are associated.

In carrying out its responsibilities the NZAuASB will be supported by XRB staff. NZAuASB Members will be expected to work with the staff on standard setting projects as the need arises and the relative contributions of staff and NZAuASB Members to the standard setting process are expected to vary from project to project depending on the expertise individuals have in certain areas.

Accountabilities

Members of the NZAuASB are appointed by the XRB Board and serve at its pleasure. The standard appointment term is three years but appointments may, at the XRB Board's discretion, be for longer or shorter periods in order to ensure appropriate timing of the succession of NZAuASB membership.

NZAuASB Members report to the Chair of the NZAuASB who in turn is accountable to the XRB Board for the performance of the NZAuASB.

Authorities

The NZAuASB will operate with delegated authority from the XRB Board to act in a quasi-autonomous manner in carrying out its responsibilities, including (and in particular) the promulgation of auditing and assurance standards (including professional and ethical standards) without requiring the approval of the XRB Board (subject to any requirements under section 26 of the Financial Reporting Act 2013 for a member of the XRB Board to sign certificates of determination).

However, in doing so the NZAuASB, and individual NZAuASB Members, are required to comply with:

- The sections of the Financial Reporting Act 2013 relevant to its functions (including and in particular sections 13, 20, 22, 26, 27, and 28);
- The Terms of Reference for the NZAuASB established by the XRB Board;
- The financial reporting strategy established by the XRB Board; and
- Any other additional written instructions or parameters issued by the XRB Board from time to time.

Time Commitment and Remuneration

The commitment required of NZAuASB Members is expected to be in the range of 12-18 days per annum and involves 6-8 meetings spread throughout the year.

Remuneration is at a fixed daily rate established from time to time by the Remuneration Authority.

Person Specification

Members of the NZAuASB will be expected to have:

- Good standing in the profession, particularly in relation to ethical behaviour;
- A good knowledge of auditing and assurance standards, and professional standards and ethics for assurance practitioners as they currently apply in New Zealand;
- A good understanding of the role of auditing and assurance and professional and ethical standards in the economy and society including the public interest dimension;
- An understanding of the international auditing and assurance and professional standards and ethics standard setting environment;
- An interest in developing assurance requirements for climate reporting entities;

- An ability to consider and address issues at the detailed technical level;
- A good understanding of auditing and assurance practices and issues in one or more of the following areas: large for-profit entities; small or medium sized for-profit entities; public benefit public sector entities; or public benefit not-for-profit entities;
- One or more of the following perspectives: user; assurance practitioner; or academic;
- An ability and willingness to consider and contribute to NZAuASB deliberations and decisions across all of the above areas and perspectives;
- An ability and willingness to actively and constructively contribute to deliberations and discussions in a collegial manner; and
- Proven oral and written communication skills.
- An accounting qualification is desirable as is experience as an assurance practitioner. Previous experience with standard setting is an advantage but is not a requirement for appointment.