

# 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

31 October 2024

12:00 pm – 12:45 pm



# Agenda



## **Introduction**

### **Applicable standards**

- Group audits - ISA (NZ) 600 (Revised)
- Assurance of Greenhouse Gas Emissions Disclosures

### **Updates**

- Public Interest Entity Amendments to Auditing Standards

### **Coming soon**

- NZ Consultation for ISA for Less Complex Entities
- Service Performance Information Project
- Review of Service Performance Information

### **Wrap up**

- Auditor Responsibilities
- Submitting Modified Assurance Reports

# Applicable standards



# Standards applicable in 2024



<b>Standard/Amending standard</b>
ISA (NZ) 600 (Revised) Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors) and Related Conforming and Consequential Amendments
Amendments to PES 1 - Revisions to the definition of Engagement Team and Group Audits
SAE 3450 Assurance Over Financial Information Prepared in Connection with a Capital Raising
NZ AS 1 (Revised) The Audit of Service Performance Information
NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures

## Group audits - ISA (NZ) 600 (Revised)

### Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)

Periods beginning on or after 15 December 2023

Risk based  
approach

Interaction  
between the  
group auditor and  
component  
auditors

Professional  
scepticism

Increased  
documentation  
requirements

# Proposed 2024 Amendments to Climate and Assurance Standards



Proposed amendments to:

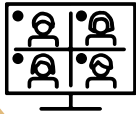
- NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards
- NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures
- Closed **30 October 2024**.



# NZ SAE 1 – Implementation Guidance



NZ SAE 1 and Monitoring



Deep Dive – Assurance Engagements over GHG disclosures



Issued and Upcoming [Staff Guidance](#)



Updates



# Public Interest Entity (PIE) Amendments to Auditing Standards



## The Proposal

- Adopt definition of PIE into Auditing and Assurance Standards
- Expand application of differential requirements to PIEs



## What we heard

Conceptually makes sense, but significant...

- increased cost without demonstrable benefit
- impact on pressured labour market

## International Developments



Expand differential requirements to Publicly Traded Entities (PTEs)

Coming Soon



# ISA for Less Complex Entities



# ISA for Less Complex Entities (ISA for LCE)



**Stand-alone, proportionate**  
and **tailored** to the needs of an  
audit of an LCE

**Maintain confidence** in  
financial reporting and  
promote **consistent**  
**application** of auditing  
standards on audits of LCEs

Provides the same level of  
assurance as an audit  
performed under the ISAs –  
**Reasonable**  
**assurance**

# ISA for Less Complex Entities (ISA for LCE)

The XRB will issue a consultation document and exposure draft to seek feedback on:



**Whether to adopt the standard in New Zealand**



**The applicability of the standard in New Zealand**



**Service Performance Information chapter**

Keep an eye on our website for details on events and information relating to this consultation

**Consultation closes  
February 2025**

# Service Performance Information



# Service Performance Reporting and Assurance



Root cause of concerns

- 1 Clarity
- 2 Capability and Capacity
- 3 Verification of information

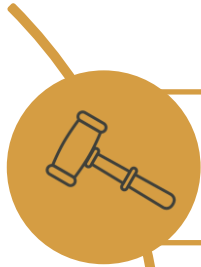
Guiding principles



- Accountability
- Transparency
- High quality information
- Trust and confidence
- Pragmatic



# Review of Service Performance Information



Statutory requirement



No review standard specifically for service performance information



Scoped for tier 3 charities

# Key Features



Integrated Approach



Specific to service  
performance information



Aligns language and  
concepts

Two step approach:

1

Is the information appropriate and  
meaningful

2

Does the information fairly reflect actual  
performance and not materially misstated

# Where are we at?



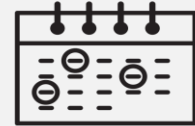
Consultation  
closed in July

## What we heard:



- Overall general support
- Further clarity
- Practical challenges

[Feedback statement](#)



On track approval  
December 2024

Wrap up



# Auditor's responsibilities in the auditor's report

- An auditor may link to the External Reporting Board's (XRB) website
- Auditor's responsibilities have been amended by ISA (NZ) 600 (Revised) and NZ AS 1 (Revised)
- Now split between Groups and Non-Groups
- Website link: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/>

# Auditor's responsibilities - Example

<b>General Purpose Financial Report (not a Group)</b> <span style="float: right;">∨</span>		
Does NOT include Service Performance Information <span style="float: right;">&gt;</span>		
Includes Service Performance Information <span style="float: right;">∨</span>		
Applicable standard	NZ AS 1	NZ AS 1 (Revised)
<b>KAMS are reported</b>	<p><a href="#">Audit Report 12</a></p> <p>For audits of entities that are not FMC reporting entities considered to have a higher level of public accountability.</p> <p>Where GPFR includes service performance information.</p> <p>Where the auditor voluntarily reports KAMs.</p> <p>Where NZ AS 1 applies.</p>	<p><a href="#">Audit Report 12-1</a></p> <p>For audits of entities that are not FMC reporting entities considered to have a higher level of public accountability.</p> <p>Where the GPFR includes service performance information.</p> <p>Where the auditor voluntarily reports KAMs.</p> <p>Where NZ AS 1 (Revised) applies.</p>

Use this link in auditor's report:  
<https://www.xrb.govt.nz/audit-report-12-1/>

# Submitting Modified Assurance Reports

## 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)

## Assurance practitioners required to file modified assurance reports over GHG disclosures and climate statements to the XRB:

- Under section 461ZHB of the Financial Markets Conduct Act 2013

## To submit to the XRB, simply:

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

The screenshot shows the XRB website's 'Submitting Modified Audit Reports' page. The page is titled 'Submitting Modified Audit Reports' and features a navigation menu with options like 'Home', 'About Us', 'Contact Us', 'Help', 'Privacy Policy', and 'Terms of Service'. The main content area is divided into sections: 'Auditors of this reporting entity', 'Assurance practitioners', and 'Need to submit a Modified Audit Report?'. The 'Assurance practitioners' section includes a form with fields for 'Name of your firm', 'Name of your contact', 'Email address of contact', 'Phone number of contact', 'Fax number of contact', 'Website of contact', 'Date of last report', and 'Date of this report'. The 'Need to submit a Modified Audit Report?' section includes a form with fields for 'Reason for modification', 'Name of your firm', 'Name of your contact', 'Email address of contact', 'Phone number of contact', 'Fax number of contact', 'Website of contact', 'Date of last report', and 'Date of this report'. The 'Auditors of this reporting entity' section includes a form with fields for 'Name of your firm', 'Name of your contact', 'Email address of contact', 'Phone number of contact', 'Fax number of contact', 'Website of contact', 'Date of last report', and 'Date of this report'. The page also features a sidebar with a 'Reports' section and a 'Submit' button at the bottom.

A large orange speech bubble with a white outline, containing the word 'Questions' in white text.

# Questions

A solid orange circle containing the text 'Follow' in white.

Follow



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A solid dark grey circle containing the text 'Subscribe' in white.

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