



NZ AUDITING  
AND ASSURANCE  
STANDARDS BOARD

## **INTERNATIONAL STANDARD ON AUDITING (NEW ZEALAND) 580**

### **Written Representations (ISA (NZ) 580)**

**This compilation was prepared in September 2015 and incorporates amendments up to and including September 2015.**

**Effective for audits of historical financial statements for periods beginning on or after 1 September, 2011.**

This Standard was issued by the External Reporting Board pursuant to section 24(1)(b) of the Financial Reporting Act 1993. This Standard is a disallowable instrument for the purposes of the Legislation Act 2012.

COPYRIGHT

© External Reporting Board (“XRB”) 2011

This XRB standard contains copyright material and reproduces, with the permission of the International Federation of Accountants (IFAC), parts of the corresponding international standard issued by the International Auditing and Assurance Standards Board (“IAASB”), and published by IFAC. Reproduction within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: [enquiries@xrb.govt.nz](mailto:enquiries@xrb.govt.nz)

All existing rights (including copyrights) in this material outside of New Zealand are reserved by IFAC, with the exception of the right to reproduce for the purposes of personal use or other fair dealing. Further information can be obtained from IFAC at [www.ifac.org](http://www.ifac.org) or by writing to [permissions@ifac.org](mailto:permissions@ifac.org)

ISBN 978-1-927174-24-1

## INTERNATIONAL STANDARD ON AUDITING (NEW ZEALAND) 580

**WRITTEN REPRESENTATIONS***Issued by the New Zealand Auditing and Assurance Standards Board***CONTENTS**

	Paragraph
<b>History of Amendments</b>	
<b>Introduction</b>	
Scope of this ISA (NZ) .....	1-2
Written Representations as Audit Evidence .....	3-4
Effective Date .....	5
<b>Objectives</b> .....	6
<b>Definitions</b> .....	7-8
<b>Requirements</b>	
Written Representations Requested from Those Charged with Governance.....	9
Written Representations about the Responsibilities of Those Charged with Governance	10-12
Other Written Representations.....	13
Date of and Period(s) Covered by Written Representations .....	14
Form of Written Representations.....	15
Doubt as to the Reliability of Written Representations and Requested Written Representations Not Provided.....	16-20
<b>Application and Other Explanatory Material</b>	
Written Representations as Audit Evidence .....	A1
Written Representations Requested from Those Charged with Governance.....	A2-A6
Written Representations about Management’s Responsibilities.....	A7-A9
Other Written Representations.....	A10-A13
Communicating a Threshold Amount.....	A14
Date of and Period(s) Covered by Written Representations .....	A15-A18
Form of Written Representations.....	A19-A21
Communication with Those Charged with Governance.....	A22
Doubt as to the Reliability of Written Representations and Requested Written Representations Not Provided.....	A23-A27

Appendix 1: List of ISAs (NZ) Containing Requirements for Written Representations

Appendix 2: Illustrative Representation Letter

Accompanying Attachment: Conformity to the International Standards on Auditing

---

**International Standard on Auditing (New Zealand) (ISA (NZ)) 580, “Written Representations” is to be read in the context of the Framework for Assurance Engagements and in conjunction with ISA (NZ) 200, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand).”**

## History of Amendments

### Table of pronouncements – ISA (NZ) 580 *Written Representations*

This table lists the pronouncements establishing and amending ISA (NZ) 580.

<b>Pronouncements</b>	<b>Date approved</b>	<b>Effective date</b>
International Standard on Auditing (New Zealand) 580	July 2011	This ISA (NZ) is effective for audits of historical financial statements for periods beginning on or after 1 September, 2011
Amendments to the International Standards on Auditing (New Zealand) to Promote Improved Audit Quality	September 2013	Effective for audits of financial statements for periods ending on or after 31 December 2014
Use of management and those charged with governance	December 2013	Effective for audits of financial statements for periods beginning on or after 1 July 2014
Amendments to the International Standards on Auditing (New Zealand) to Describe the Responsibilities of Those Charged with Governance	Sept 2015	Effective for audits of financial statements for periods ending on or after 15 December 2016. Early adoption is permitted.

<b>Table of Amended Paragraphs in ISA (NZ) 580</b>		
<b>Paragraph affected</b>	<b>How affected</b>	<b>By...[date]</b>
NZA20.1	Amended	Amendments to the International Standards on Auditing (New Zealand) to Promote Improved Audit Quality [September 2013]
Various	Amended	Use of management and those charged with governance [Dec 2013]
NZ1.1, Appendix 2	Amended	Amendments to the International Standards on Auditing (New Zealand) to Describe the Responsibilities of Those Charged with Governance [Sept 2015]

## Introduction

### Scope of this ISA (NZ)

1. This International Standard on Auditing (New Zealand) (ISA (NZ)) deals with the auditor's responsibility to obtain written representations from management and, where appropriate, those charged with governance in an audit of financial statements.
- NZ1.1 In New Zealand, those charged with governance generally have responsibility for ensuring an entity meets its legal obligations in relation to the preparation of the financial statements. In these cases the process of financial reporting is usually delegated to management, but the responsibility for such matters remains with those charged with governance. In applying this standard the auditor shall apply professional judgement, using knowledge of the legal requirements and corporate governance practices of New Zealand as well as the particular engagement circumstances, to determine whether the requirements of this standard apply to management or those charged with governance or both.
2. Appendix 1 lists other ISAs (NZ) containing subject matter-specific requirements for written representations. The specific requirements for written representations of other ISAs (NZ) do not limit the application of this ISA (NZ).

### Written Representations as Audit Evidence

3. Audit evidence is the information used by the auditor in arriving at the conclusions on which the auditor's opinion is based.<sup>1</sup> Written representations are necessary information that the auditor requires in connection with the audit of the entity's financial statements. Accordingly, similar to responses to enquiries, written representations are audit evidence. (Ref: Para. A1)
4. Although written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own about any of the matters with which they deal. Furthermore, the fact that management has provided reliable written representations does not affect the nature or extent of other audit evidence that the auditor obtains about the fulfillment of management's responsibilities, or about specific assertions.

### Effective Date

5. This ISA (NZ) is effective for audits of financial statements for periods beginning on or after 1 September, 2009.

### Objectives

6. The objectives of the auditor are:
  - (a) To obtain written representations from management and, where appropriate, those charged with governance that they believe that they have fulfilled their responsibility for the preparation of the financial statements and for the completeness of the information provided to the auditor;

---

<sup>1</sup> ISA (NZ) 500, "Audit Evidence," paragraph 5(c).

- (b) To support other audit evidence relevant to the financial statements or specific assertions in the financial statements by means of written representations if determined necessary by the auditor or required by other ISAs (NZ); and
- (c) To respond appropriately to written representations provided by management and, where appropriate, those charged with governance or if management or, where appropriate, those charged with governance do not provide the written representations requested by the auditor.

## Definitions

7. For purposes of the ISAs (NZ), the following term has the meaning attributed below:  
 Written representation – A written statement by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include financial statements, the assertions therein, or supporting books and records.
8. For purposes of this ISA (NZ), references to “management” should be read as “management and, where appropriate, those charged with governance.” Furthermore, in the case of a fair presentation framework, management is responsible for the preparation and *fair* presentation of the financial statements in accordance with the applicable financial reporting framework; or the preparation of financial statements *that give a true and fair view* in accordance with the applicable financial reporting framework.

## Requirements

### Written Representations Requested from Those Charged with Governance

9. [Amended by the NZAuASB].
- NZ9.1 The auditor shall request written representations from those charged with governance with appropriate responsibilities for the financial statements and knowledge of the matters concerned. (Ref: Para. A2-A6)

### Written Representations about the Responsibilities of Those Charged with Governance

#### *Preparation of the Financial Statements*

10. [Amended by the NZAuASB].
- NZ10.1 The auditor shall request those charged with governance to provide a written representation that they have fulfilled their responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation, as set out in the terms of the audit engagement.<sup>2</sup> (Ref: Para. A7-A9, A14, A22)

---

<sup>2</sup> ISA (NZ) 210, “Agreeing the Terms of Audit Engagements,” paragraph 6(b)(i).

*Information Provided and Completeness of Transactions*

11. [Amended by the NZAuASB].

NZ11.1 The auditor shall request those charged with governance to provide a written representation that:

- (a) They have provided the auditor with all relevant information and access as agreed in the terms of the audit engagement;<sup>3</sup> and
- (b) All transactions have been recorded and are reflected in the financial statements.  
(Ref: Para. A7-A9, A14, A22)

*Description of the Responsibilities of Those Charged with Governance in the Written Representations*

12. [Amended by the NZAuASB].

NZ12.1 The responsibilities of those charged with governance shall be described in the written representations required by paragraphs 10 and 11 in the manner in which these responsibilities are described in the terms of the audit engagement.

**Other Written Representations**

13. Other ISAs (NZ) require the auditor to request written representations. If, in addition to such required representations, the auditor determines that it is necessary to obtain one or more written representations to support other audit evidence relevant to the financial statements or one or more specific assertions in the financial statements, the auditor shall request such other written representations. (Ref: Para. A10-A13, A14, A22)

**Date of and Period(s) Covered by Written Representations**

14. The date of the written representations shall be as near as practicable to, but not after, the date of the auditor's report on the financial statements. The written representations shall be for all financial statements and period(s) referred to in the auditor's report.  
(Ref: Para. A15-A18)

**Form of Written Representations**

15. The written representations shall be in the form of a representation letter addressed to the auditor. If law or regulation requires management to make written public statements about its responsibilities, and the auditor determines that such statements provide some or all of the representations required by paragraphs 10 or 11, the relevant matters covered by such statements need not be included in the representation letter. (Ref: Para. A19-A21)

**Doubt as to the Reliability of Written Representations and Requested Written Representations Not Provided***Doubt as to the Reliability of Written Representations*

16. If the auditor has concerns about the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, the auditor shall

---

<sup>3</sup> ISA (NZ) 210, paragraph 6(b)(iii).



determine the effect that such concerns may have on the reliability of representations (oral or written) and audit evidence in general. (Ref: Para. A24-A25)

17. In particular, if written representations are inconsistent with other audit evidence, the auditor shall perform audit procedures to attempt to resolve the matter. If the matter remains unresolved, the auditor shall reconsider the assessment of the competence, integrity, ethical values or diligence of management, or of its commitment to or enforcement of these, and shall determine the effect that this may have on the reliability of representations (oral or written) and audit evidence in general. (Ref: Para. A23)
18. If the auditor concludes that the written representations are not reliable, the auditor shall take appropriate action, including determining the possible effect on the opinion in the auditor's report in accordance with ISA (NZ) 705,<sup>4</sup> having regard to the requirement in paragraph 20 of this ISA (NZ).

#### *Requested Written Representations Not Provided*

19. If management does not provide one or more of the requested written representations, the auditor shall:
  - (a) Discuss the matter with management;
  - (b) Re-evaluate the integrity of management and evaluate the effect that this may have on the reliability of representations (oral or written) and audit evidence in general; and
  - (c) Take appropriate actions, including determining the possible effect on the opinion in the auditor's report in accordance with ISA (NZ) 705, having regard to the requirement in paragraph 20 of this ISA (NZ).

#### *Written Representations about the Responsibilities of Those Charged with Governance*

20. [Amended by the NZAuASB].
- NZ20. The auditor shall disclaim an opinion on the financial statements in accordance with ISA (NZ) 705 if:
- (a) The auditor concludes that there is sufficient doubt about the integrity of those charged with governance such that the written representations required by paragraphs 10 and 11 are not reliable; or
  - (b) Those charged with governance do not provide the written representations required by paragraphs 10 and 11. (Ref: Para. A26-A27)

\*\*\*

## **Application and Other Explanatory Material**

### **Written Representations as Audit Evidence** (Ref: Para. 3)

- A1. Written representations are an important source of audit evidence. If management modifies or does not provide the requested written representations, it may alert the auditor to the possibility that one or more significant issues may exist. Further, a

---

<sup>4</sup> ISA (NZ) 705, "Modifications to the Opinion in the Independent Auditor's Report."

request for written, rather than oral, representations in many cases may prompt management to consider such matters more rigorously, thereby enhancing the quality of the representations.

### **Written Representations Requested from Those Charged with Governance** (Ref: Para. 9)

A2.1 [Amended by the NZAuASB].

NZA2.1 Written representations are requested from those responsible for the preparation of the financial statements. Those individuals may vary depending on the governance structure of the entity, and relevant law or regulation; however, those charged with governance (rather than management) are often the responsible party. In some circumstances, however, other parties, such as management, are also responsible for the preparation of the financial statements. Written representations may therefore be requested from the entity's chief executive officer and chief financial officer, or other equivalent persons in entities that do not use such titles.

A3. Due to its responsibility for the preparation of the financial statements, and its responsibilities for the conduct of the entity's business, management would be expected to have sufficient knowledge of the process followed by the entity in preparing and presenting the financial statements and the assertions therein on which to base the written representations.

A4. In some cases, however, management may decide to make enquiries of others who participate in preparing and presenting the financial statements and assertions therein, including individuals who have specialised knowledge relating to the matters about which written representations are requested. Such individuals may include:

- An actuary responsible for actuarially determined accounting measurements.
- Staff engineers who may have responsibility for and specialised knowledge about environmental liability measurements.
- Internal counsel who may provide information essential to provisions for legal claims.

A5. In some cases, management may include in the written representations qualifying language to the effect that representations are made to the best of its knowledge and belief. It is reasonable for the auditor to accept such wording if the auditor is satisfied that the representations are being made by those with appropriate responsibilities and knowledge of the matters included in the representations.

A6. To reinforce the need for management to make informed representations, the auditor may request that management include in the written representations confirmation that it has made such enquiries as it considered appropriate to place it in the position to be able to make the requested written representations. It is not expected that such enquiries would usually require a formal internal process beyond those already established by the entity.

### **Written Representations about Management's Responsibilities** (Ref: Para. 10-11)

A7. Audit evidence obtained during the audit that management has fulfilled the responsibilities referred to in paragraphs 10 and 11 is not sufficient without obtaining confirmation from management that it believes that it has fulfilled those responsibilities. This is because the auditor is not able to judge solely on other audit

evidence whether management has prepared and presented the financial statements and provided information to the auditor on the basis of the agreed acknowledgement and understanding of its responsibilities. For example, the auditor could not conclude that management has provided the auditor with all relevant information agreed in the terms of the audit engagement without asking it whether, and receiving confirmation that, such information has been provided.

A8. The written representations required by paragraphs 10 and 11 draw on the agreed acknowledgement and understanding of management of its responsibilities in the terms of the audit engagement by requesting confirmation that it has fulfilled them. The auditor may also ask management to reconfirm its acknowledgement and understanding of those responsibilities in written representations. This is common in certain jurisdictions, but in any event may be particularly appropriate when:

- Those who signed the terms of the audit engagement on behalf of the entity no longer have the relevant responsibilities;
- The terms of the audit engagement were prepared in a previous year;
- There is any indication that management misunderstands those responsibilities; or
- Changes in circumstances make it appropriate to do so.

Consistent with the requirement of ISA (NZ) 210,<sup>5</sup> such reconfirmation of management's acknowledgement and understanding of its responsibilities is not made subject to the best of management's knowledge and belief (as discussed in paragraph A5 of this ISA (NZ)).

#### *Considerations Specific to Public Sector Entities*

A9. The mandates for audits of the financial statements of public sector entities may be broader than those of other entities. As a result, the premise, relating to management's responsibilities, on which an audit of the financial statements of a public sector entity is conducted may give rise to additional written representations. These may include written representations confirming that transactions and events have been carried out in accordance with law, regulation or other authority.

#### **Other Written Representations** (Ref: Para. 13)

##### *Additional Written Representations about the Financial Statements*

A10. In addition to the written representation required by paragraph 10, the auditor may consider it necessary to request other written representations about the financial statements. Such written representations may supplement, but do not form part of, the written representation required by paragraph 10. They may include representations about the following:

- Whether the selection and application of accounting policies are appropriate; and

---

<sup>5</sup> ISA (NZ) 210, paragraph 6(b).

- Whether matters such as the following, where relevant under the applicable financial reporting framework, have been recognised, measured, presented or disclosed in accordance with that framework:
  - Plans or intentions that may affect the carrying value or classification of assets and liabilities;
  - Liabilities, both actual and contingent;
  - Title to, or control over assets, the liens or encumbrances on assets, and assets pledged as collateral; and
  - Aspects of laws, regulations and contractual agreements that may affect the financial statements, including non-compliance.

*Additional Written Representations about Information Provided to the Auditor*

A11. In addition to the written representation required by paragraph 11, the auditor may consider it necessary to request management to provide a written representation that it has communicated to the auditor all deficiencies in internal control of which management is aware.

*Written Representations about Specific Assertions*

A12. When obtaining evidence about, or evaluating judgements and intentions, the auditor may consider one or more of the following:

- The entity's past history in carrying out its stated intentions.
- The entity's reasons for choosing a particular course of action.
- The entity's ability to pursue a specific course of action.
- The existence or lack of any other information that might have been obtained during the course of the audit that may be inconsistent with management's judgement or intent.

A13. In addition, the auditor may consider it necessary to request management to provide written representations about specific assertions in the financial statements; in particular, to support an understanding that the auditor has obtained from other audit evidence of management's judgement or intent in relation to, or the completeness of, a specific assertion. For example, if the intent of management is important to the valuation basis for investments, it may not be possible to obtain sufficient appropriate audit evidence without a written representation from management about its intentions. Although such written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own for that assertion.

**Communicating a Threshold Amount** (Ref: Para. 10-11, 13)

A14. ISA (NZ) 450 requires the auditor to accumulate misstatements identified during the audit, other than those that are clearly trivial.<sup>6</sup> The auditor may determine a threshold above which misstatements cannot be regarded as clearly trivial. In the same way, the auditor may consider communicating to management a threshold for purposes of the requested written representations.

---

<sup>6</sup> ISA (NZ) 450, "Evaluation of Misstatements Identified during the Audit," paragraph 5.

**Date of and Period(s) Covered by Written Representations** (Ref: Para. 14)

- A15. Because written representations are necessary audit evidence, the auditor's opinion cannot be expressed, and the auditor's report cannot be dated, before the date of the written representations. Furthermore, because the auditor is concerned with events occurring up to the date of the auditor's report that may require adjustment to or disclosure in the financial statements, the written representations are dated as near as practicable to, but not after, the date of the auditor's report on the financial statements.
- A16. In some circumstances it may be appropriate for the auditor to obtain a written representation about a specific assertion in the financial statements during the course of the audit. Where this is the case, it may be necessary to request an updated written representation.
- A17. The written representations are for all periods referred to in the auditor's report because management needs to reaffirm that the written representations it previously made with respect to the prior periods remain appropriate. The auditor and management may agree to a form of written representation that updates written representations relating to the prior periods by addressing whether there are any changes to such written representations and, if so, what they are.
- A18. Situations may arise where current management were not present during all periods referred to in the auditor's report. Such persons may assert that they are not in a position to provide some or all of the written representations because they were not in place during the period. This fact, however, does not diminish such persons' responsibilities for the financial statements as a whole. Accordingly, the requirement for the auditor to request from them written representations that cover the whole of the relevant period(s) still applies.

**Form of Written Representation** (Ref: Para. 15)

- A19. Written representations are required to be included in a representation letter addressed to the auditor. In some jurisdictions, however, management may be required by law or regulation to make a written public statement about its responsibilities. Although such statement is a representation to the users of the financial statements, or to relevant authorities, the auditor may determine that it is an appropriate form of written representation in respect of some or all of the representations required by paragraphs 10 or 11. Consequently, the relevant matters covered by such statement need not be included in the representation letter. Factors that may affect the auditor's determination include:
- Whether the statement includes confirmation of the fulfillment of the responsibilities referred to in paragraphs 10 and 11.
  - Whether the statement has been given or approved by those from whom the auditor requests the relevant written representations.
  - Whether a copy of the statement is provided to the auditor as near as practicable to, but not after, the date of the auditor's report on the financial statements (see paragraph 14).
- A20. A formal statement of compliance with law or regulation, or of approval of the financial statements, would not contain sufficient information for the auditor to be

satisfied that all necessary representations have been consciously made. The expression of management's responsibilities in law or regulation is also not a substitute for the requested written representations.

NZA20.1 If the auditor intends to rely on some, or all, of the written representations made by management in a written public statement, the auditor ordinarily communicates their intention to place such reliance.

A21. Appendix 2 provides an illustrative example of a representation letter.

### **Communication with Those Charged with Governance** (Ref: Para. 10-11, 13)

A22. ISA (NZ) 260 requires the auditor to communicate with those charged with governance the written representations which the auditor has requested from management.<sup>7</sup>

### **Doubt as to the Reliability of Written Representations and Requested Written Representations Not Provided**

*Doubt as to the Reliability of Written Representations* (Ref: Para. 16-17)

A23. In the case of identified inconsistencies between one or more written representations and audit evidence obtained from another source, the auditor may consider whether the risk assessment remains appropriate and, if not, revise the risk assessment and determine the nature, timing and extent of further audit procedures to respond to the assessed risks.

A24. Concerns about the competence, integrity, ethical values or diligence of management or about its commitment to or enforcement of these may cause the auditor to conclude that the risk of management misrepresentation in the financial statements is such that an audit cannot be conducted. In such a case, the auditor may consider withdrawing from the engagement, where withdrawal is possible under applicable law or regulation, unless those charged with governance put in place appropriate corrective measures. Such measures, however, may not be sufficient to enable the auditor to issue an unmodified audit opinion.

A25. ISA (NZ) 230 requires the auditor to document significant matters arising during the audit, the conclusions reached thereon, and significant professional judgements made in reaching those conclusions.<sup>8</sup> The auditor may have identified significant issues relating to the competence, integrity, ethical values or diligence of management or about its commitment to or enforcement of these, but concluded that the written representations are nevertheless reliable. In such a case, this significant matter is documented in accordance with ISA (NZ) 230.

*Written Representations about Management's Responsibilities* (Ref: Para. 20)

A26. As explained in paragraph A7, the auditor is not able to judge solely on other audit evidence whether management has fulfilled the responsibilities referred to in paragraphs 10 and 11. Therefore, if as described in paragraph 20(a), the auditor concludes that the written representations about these matters are unreliable, or if management does not provide those written representations, the auditor is unable to

<sup>7</sup> ISA (NZ) 260, "Communication with Those Charged with Governance," paragraph 16(c)(ii).

<sup>8</sup> ISA (NZ) 230, "Audit Documentation," paragraphs 8(c) and 10.

obtain sufficient appropriate audit evidence. The possible effects on the financial statements of such inability are not confined to specific elements, accounts or items of the financial statements and are hence pervasive. ISA (NZ) 705 requires the auditor to disclaim an opinion on the financial statements in such circumstances.<sup>9</sup>

A27. A written representation that has been modified from that requested by the auditor does not necessarily mean that management did not provide the written representation. However, the underlying reason for such modification may affect the opinion in the auditor's report. For example:

- The written representation about management's fulfillment of its responsibility for the preparation of the financial statements may state that management believes that, except for material non-compliance with a particular requirement of the applicable financial reporting framework, the financial statements are prepared in accordance with that framework. The requirement in paragraph 20 does not apply because the auditor concluded that management has provided reliable written representations. However, the auditor is required to consider the effect of the non-compliance on the opinion in the auditor's report in accordance with ISA (NZ) 705.
- The written representation about the responsibility of management to provide the auditor with all relevant information agreed in the terms of the audit engagement may state that management believes that, except for information destroyed in a fire, it has provided the auditor with such information. The requirement in paragraph 20 does not apply because the auditor concluded that management has provided reliable written representations. However, the auditor is required to consider the effects of the pervasiveness of the information destroyed in the fire on the financial statements and the effect thereof on the opinion in the auditor's report in accordance with ISA (NZ) 705.

---

<sup>9</sup> ISA (NZ) 705, paragraph 9.

**Appendix 1**

(Ref: Para. 2)

**List of ISAs (NZ) Containing Requirements for Written Representations**

This appendix identifies paragraphs in other ISAs (NZ) in effect for audits of financial statements for periods beginning on or after 1 July 2011 that require subject-matter specific written representations. The list is not a substitute for considering the requirements and related application and other explanatory material in ISAs (NZ).

- ISA (NZ) 240, “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statement” – paragraph 39
- ISA (NZ) 250, “Consideration of Laws and Regulations in an Audit of Financial Statements” – paragraph 16
- ISA (NZ) 450, “Evaluation of Misstatements Identified during the Audit” – paragraph 14
- ISA (NZ) 501, “Audit Evidence – Specific Considerations for Selected Items” – paragraph 12
- ISA (NZ) 540, “Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures” – paragraph 22
- ISA (NZ) 550, “Related Parties” – paragraph 26
- ISA (NZ) 560, “Subsequent Events” – paragraph 9
- ISA (NZ) 570, “Going Concern” – paragraph 16(e)
- ISA (NZ) 710, “Comparative Information – Corresponding Figures and Comparative Financial Statements” – paragraph 9



## Appendix 2

(Ref: Para. A21)

**Illustrative Representation Letter**

The following illustrative letter includes written representations that are required by this and other ISAs (NZ) in effect for audits of financial statements for periods beginning on or after 1 July 2011. It is assumed in this illustration that the applicable financial reporting framework is New Zealand Equivalents to International Financial Reporting Standards; the requirement of ISA (NZ) 570<sup>10</sup> to obtain a written representation is not relevant; and that there are no exceptions to the requested written representations. If there were exceptions, the representations would need to be modified to reflect the exceptions.

(Entity Letterhead)

(To Auditor)

(Date)

This representation letter is provided in connection with your audit of the financial statements of ABC Limited for the year ended December 31, 20XX<sup>11</sup> for the purpose of expressing an opinion as to whether the financial statements comply with New Zealand Equivalents to International Financial Reporting Standards and give a true and fair view of the financial position of ABC Limited as at December 31, 20XX and of the results of its operations and its cash flows for the year then ended.

We confirm that (, *to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves*):

*Financial Statements*

- We have fulfilled our responsibilities on behalf of the entity, as set out in the terms of the audit engagement dated [insert date], for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the financial position of ABC Limited as at December 31, 20XX<sup>12</sup> and of the results of its operations and its cash flows for the year then ended.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. (ISA (NZ) 540)
- Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements in accordance with the requirements of the applicable financial reporting framework. (ISA (NZ) 550)
- All events subsequent to the date of the financial statements which require adjustment or disclosure have been adjusted or disclosed. (ISA (NZ) 560)
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected

---

<sup>10</sup> ISA (NZ) 570, “Going Concern.”

<sup>11</sup> Where the auditor reports on more than one period, the auditor adjusts the date so that the letter pertains to all periods covered by the auditor’s report.

<sup>12</sup> Where the auditor reports on more than one period, the auditor adjusts the date so that the letter pertains to all periods covered by the auditor’s report.

misstatements is attached to the representation letter. (ISA (NZ) 450)

- [Any other matters that the auditor may consider appropriate (see paragraph A10 of this ISA (NZ)).]

*Information Provided*

- We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. (ISA (NZ) 240)
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements. (ISA (NZ) 240)
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. (ISA (NZ) 240)
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. (ISA (NZ) 250)
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. (ISA (NZ) 550)
- [Any other matters that the auditor may consider necessary (see paragraph A11 of this ISA (NZ)).]

---

Director

Director

**ACCOMPANYING ATTACHMENT: CONFORMITY TO THE INTERNATIONAL STANDARDS ON AUDITING**

This conformity statement accompanies but is not part of ISA (NZ) 580.

**Conformity with International Standards on Auditing**

This International Standard on Auditing (New Zealand) (ISA (NZ)) conforms to International Standard on Auditing ISA 580 *Written Representations*, issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this ISA (NZ) (and do not appear in the text of the equivalent ISA) are identified with the prefix “NZ”.

The following paragraph is additional in ISA (NZ) 580:

- In New Zealand, those charged with governance generally have responsibility for ensuring an entity meets its legal obligations in relation to the preparation of the financial statements. In these cases the process of financial reporting is usually delegated to management, but the responsibility for such matters remains with those charged with governance. In applying this standard the auditor shall apply professional judgement, using knowledge of the legal requirements and corporate governance practices of New Zealand as well as the particular engagement circumstances, to determine whether the requirements of this standard apply to management or those charged with governance or both. (Ref: Para. NZ1.1)

The ISAs require the auditor to obtain written representations from management. The ISAs (NZ) require the auditor to obtain written representations from those charged with governance. Paragraphs where references to “management” have been amended have been labelled as NZ paragraphs.

Compliance with this ISA (NZ) enables compliance with ISA 580.

**Comparison with Australian Auditing Standards**

In Australia the Australian Auditing and Assurance Standards Board (AUASB) has issued Australian Auditing Standard ASA 580 *Written Representations*.

ASA 580 conforms to ISA 580.