



*Te Kāwai Ārahi Pūrongo Mōwaho*

**EXTERNAL REPORTING BOARD STANDARD Au1**

**Application of Auditing and Assurance Standards**

**Issued September 2012**

**Effective for assurance engagements beginning on or after 15 September 2012.**

Issued by the External Reporting Board pursuant to section 24(1)(b) of the Financial Reporting Act 1993. This Standard is a Regulation for the purpose of the Regulations (Disallowance) Act 1989.

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## EXTERNAL REPORTING BOARD STANDARD Au1

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## HISTORY OF AMENDMENTS

### Table of Pronouncements – XRB Au1 *Application of Auditing and Assurance Standards*

This table lists the pronouncements establishing and amending XRB Au1.

<b>Pronouncements</b>	<b>Date approved</b>	<b>Early operative date</b>	<b>Effective date</b>
External Reporting Board Standard Au1 <i>Application of Auditing and Assurance Standards</i>	July 2011	-	Audits or reviews of historical financial statements for periods beginning on or after 1 September 2011.
Amendments to XRB Au1 <i>Application of Auditing and Assurance Standards</i>	August 2011	-	Other assurance engagements beginning on or after 1 November 2011.
Amendments to XRB Au1 <i>Application of Auditing and Assurance Standards</i> to recognise International Auditing Practice Notes (New Zealand)	August 2012	-	Assurance engagements beginning on or after 15 September 2012.
Issue ISAE (NZ) 3420 <i>Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus</i>	August 2012	-	Assurance engagements beginning on or after 15 September 2012.
Issue IAPN (NZ) 1000 <i>Special Considerations in Auditing Financial Instruments</i>	August 2012	-	Assurance engagements beginning on or after 15 September 2012.

### Table of Amended Paragraphs in XRB Au1

<b>Paragraph affected</b>	<b>How affected</b>	<b>By...[date]</b>
Paragraph 8	Inserted	Amendments to XRB Au1 <i>Application of Auditing and Assurance Standards</i> [Aug 2011]
Paragraph 10	Inserted	Amendments to XRB Au1 <i>Application of Auditing and Assurance Standards</i> [Aug 2011]
Appendix 4	Inserted	Amendments to XRB Au1 <i>Application of Auditing and Assurance Standards</i>

		[Aug 2011]
Appendix 6	Inserted	Amendments to XRB Au1 <i>Application of Auditing and Assurance Standards</i> [Aug 2011]
Paragraph 9	Amended	Inclusion of new type of guidance, International Auditing Practice Notes (New Zealand) [August 2012]
Appendix 5	Amended	Inclusion of new type of guidance, International Auditing Practice Notes (New Zealand) [August 2012]
Appendix 6	Amended	Inclusion of new type of guidance, International Auditing Practice Notes (New Zealand) [August 2012]
Appendix 4	Amended	Inclusion of ISAE (NZ) 3420 <i>Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus</i> [August 2012]

## **Introduction**

### **Reasons for issuing the Standard**

- IN 1 This Standard codifies the standards that assurance providers are to apply when conducting an assurance engagement in accordance with standards issued by the External Reporting Board or the New Zealand Auditing and Assurance Standards Board.
- IN 2 The appendices to this Standard list the auditing and assurance standards applicable to different assurance engagements.

## Objective

1. The objective of this Standard is to codify the standards that assurance providers are to apply when conducting an assurance engagement in accordance with standards issued by the External Reporting Board or the New Zealand Auditing and Assurance Standards Board.

## Scope

2. This Standard identifies the auditing and assurance standards that shall be applied when conducting different types of assurance engagements in accordance with standards issued by the External Reporting Board or the New Zealand Auditing and Assurance Standards Board.
3. Standards issued by the External Reporting Board or the New Zealand Auditing and Assurance Standards Board may be applied by an assurance provider even if there is no statutory requirement to do so. Even when applied voluntarily, all of the applicable standards should be applied to ensure that the assurance engagement is of appropriate quality.

## Definitions

4. For the purposes of this Standard the following term has the meaning attributed below:
  - (a) Assurance Provider – any person or organisation appointed or engaged to provide assurance services.

## Application of Standards

5. Assurance providers shall apply the professional and ethical standards listed in Appendix 1 in preparing for and conducting all assurance engagements.
6. Assurance providers shall apply International Standards on Auditing (New Zealand) listed in Appendix 2 in conducting audits of historical financial information.
7. Assurance providers shall apply Review Engagement Standards listed in Appendix 3 in conducting review engagements.
8. Assurance providers shall apply Other Assurance Engagement Standards listed in Appendix 4 in conducting other assurance engagements.
9. Audit Guidance Statements and International Auditing Practice Notes (New Zealand) listed in Appendix 5 are for the guidance of assurance providers in relevant circumstances but have no legal status. This non-authoritative material does not impose additional requirements on auditors beyond those included in the International Standards on Auditing (New Zealand), nor do they change the auditor's responsibility to comply with all International Standards on Auditing (New Zealand) relevant to the audit. They provide practical assistance to auditors. Depending on the nature of the topic(s) covered they may assist the auditor in:
  - Obtaining an understanding of the circumstances of the entity, and in making judgements about the identification and assessment of risks of material misstatement;

- Making judgements about how to respond to assessed risks, including judgements about procedures that may be appropriate in the circumstances; or
  - Addressing reporting considerations, including forming an opinion on the financial statements and communicating with those charged with governance.
10. A diagrammatic overview of the auditing and assurance standards and the engagements governed by the standards is included in Appendix 6.

### **Effective Date**

11. This Standard is effective for assurance engagements beginning on or after 15 September 2012.



## Appendix 1

### Professional and Ethical Standards

*This appendix is an integral part of the Standard.*

This appendix lists the Professional and Ethical Standards to be applied in preparing for and conducting all assurance engagements.

PES 1	Ethical Standards for Assurance Providers
PES 2	Independence in Assurance Engagements
PES 3	Quality Control

## Appendix 2

### International Standards on Auditing (New Zealand)

*This appendix is an integral part of the Standard.*

This appendix lists the International Standards on Auditing (New Zealand) to be applied in conducting audits of historical financial information.

ISA (NZ) 200	Overall Objective of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)
ISA (NZ) 210	Agreeing the Terms of Audit Engagements
ISA (NZ) 220	Quality Control for an Audit of Financial Statements
ISA (NZ) 230	Audit Documentation
ISA (NZ) 240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
ISA (NZ) 250	Consideration of Laws and Regulations in an Audit of Financial Statements
ISA (NZ) 260	Communication with Those Charged with Governance
ISA (NZ) 265	Communicating Deficiencies in Internal Control to those Charged with Governance and Management
ISA (NZ) 300	Planning an Audit of Financial Statements
ISA (NZ) 315	Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment
ISA (NZ) 320	Materiality in Planning and Performing an Audit
ISA (NZ) 330	The Auditor's Responses to Assessed Risks
ISA (NZ) 402	Audit Considerations Relating to an Entity Using a Service Organisation
ISA (NZ) 450	Evaluation of Misstatements Identified During the Audit
ISA (NZ) 500	Audit Evidence
ISA (NZ) 501	Audit Evidence – Specific Considerations for Selected Items
ISA (NZ) 505	External Confirmations
ISA (NZ) 510	Initial Audit Engagements – Opening Balances
ISA (NZ) 520	Analytical Procedures
ISA (NZ) 530	Audit Sampling
ISA (NZ) 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
ISA (NZ) 550	Related Parties
ISA (NZ) 560	Subsequent events
ISA (NZ) 570	Going Concern
ISA (NZ) 580	Written Representations

ISA (NZ) 600	Special Considerations – Audits of Group Financial Statements (including the Work of Component Auditors)
ISA (NZ) 610	Using the Work of Internal Auditors
ISA (NZ) 620	Using the Work of an Auditor’s Expert
ISA (NZ) 700	Forming an Opinion and Reporting on Financial Statements
ISA (NZ) 705	Modifications to the Opinion in the Independent Auditor’s Report
ISA (NZ) 706	Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor’s Report
ISA (NZ) 710	Comparative Information – Corresponding Figures and Comparative Financial Statements
ISA (NZ) 720	The Auditor’s Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements
ISA (NZ) 800	Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
ISA (NZ) 805	Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
ISA (NZ) 810	Engagements to Report on Summary Financial Statements

## Appendix 3

### Review Engagement Standards

*This appendix is an integral part of the Standard.*

This appendix lists the Review Engagement Standards to be applied in conducting review engagements.

RS-1                      Statement of Review Engagement Standards

**Appendix 4****Other Assurance Engagement Standards**

*This appendix is an integral part of the Standard.*

This appendix lists the Other Engagement Standards to be applied in conducting other assurance engagements.

ISAE (NZ) 3000	Assurance Engagements other than Audits or Review of Historical Financial Information
ISAE (NZ) 3402	Assurance Reports on Controls at a Service Organisation
ISAE (NZ) 3420	Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus
SAE 3100	Compliance Engagements

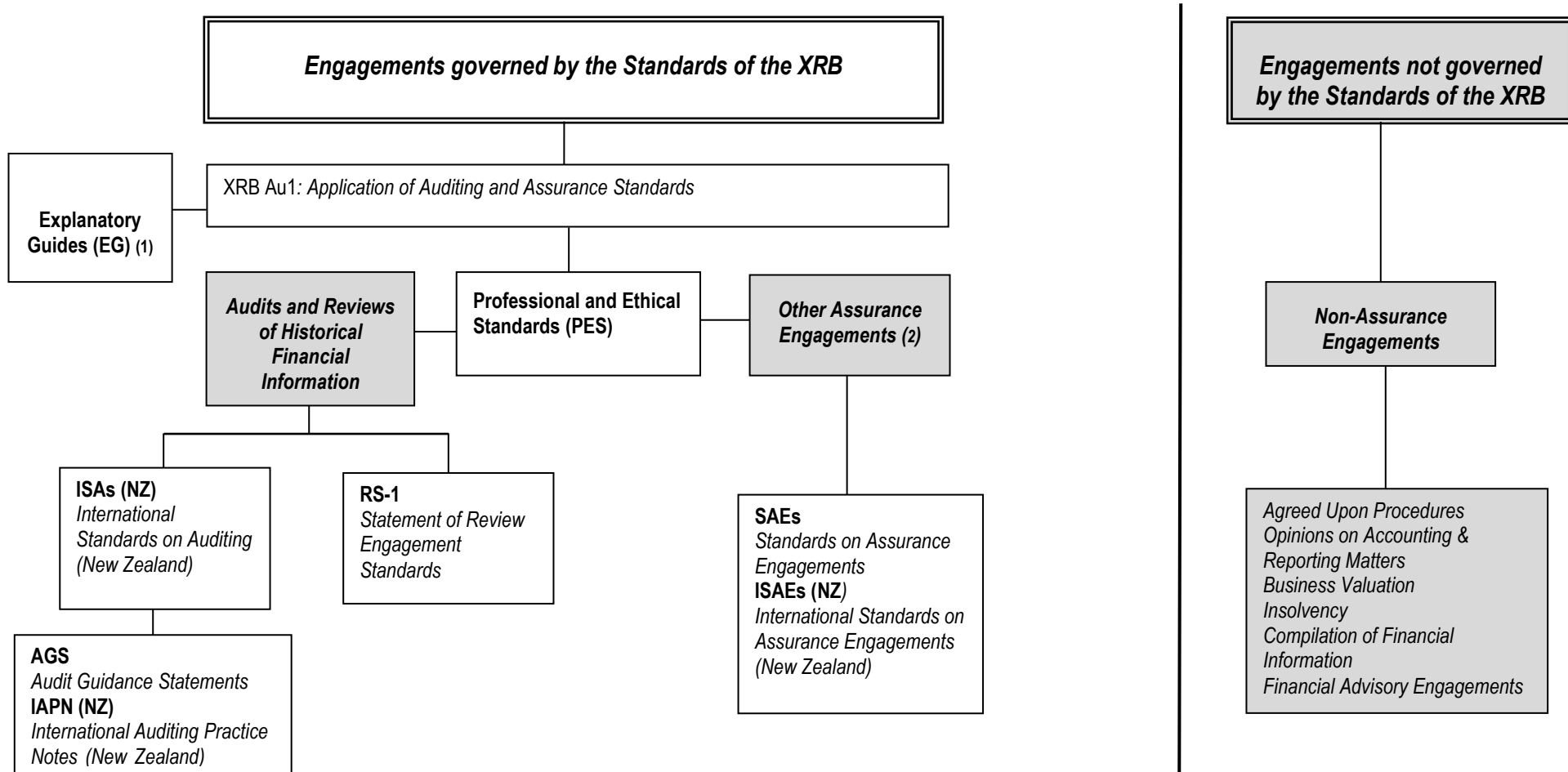
**Appendix 5****Audit Guidance Statements and International Auditing Practice Notes  
(New Zealand)**

This appendix lists the Audit Guidance Statements and International Auditing Practice Notes (New Zealand) for consideration by assurance providers in relevant circumstances. The Audit Guidance Statements and International Auditing Practice Notes provide guidance on interpreting and applying auditing standards and have no legal status. Audit Guidance Statements and International Auditing Practice Notes do not impose additional requirements on auditors beyond those included in the International Standards on Auditing (New Zealand), nor do they change the auditor's responsibility to comply with all International Standards on Auditing (New Zealand) relevant to the audit. Audit Guidance Statements and International Auditing Practice Notes provide practical assistance to auditors.

AGS-1003	Audit Issues Relating to the Electronic Presentation of Financial Reports
IAPN (NZ) 1000	Special Considerations in Auditing Financial Instruments

Appendix 6

Overview of the Auditing and Assurance Standards of the XRB, and the Engagements Governed by the Standards



Note (1): The Explanatory Guides are explanatory documents and have no legal status.

Note (2): The XRB’s legislative mandate is restricted to standards relating for use in assurance engagements required by statute. The Board may also issue standards relating to Other Assurance Engagements where there is no statutory requirement for assurance, provided the Minister of Commerce authorises the XRB to do so.

## **Basis for Conclusions on XRB Au1**

*This Basis for Conclusions accompanies, but is not part of, XRB Au1.*

### **Introduction**

BC1 This Basis for Conclusions outlines the rationale for the requirements in this Standard.

### **Auditing and assurance standards**

BC2 This Standard is issued to assist assurance providers in identifying the relevant auditing and assurance standards to be used in specific circumstances. It was issued to provide a comprehensive list of the auditing and assurance standards that are to be applied by assurance providers when conducting an assurance engagement in accordance with standards issued by the External Reporting Board or the New Zealand Auditing and Assurance Standards Board.