



## **EXTERNAL REPORTING BOARD STANDARD Au1**

### **Application of Auditing and Assurance Standards (Legislative Update)**

#### **Effective for assurance engagements or related services beginning on or after 1 October 2020.**

This Standard was issued on 23 July 2020 by the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 20 August.

In finalising this Standard, the External Reporting Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Standard has been issued to reflect amendments made to the Financial Reporting Act 2013, to include standards for related services within the mandate of the External Reporting Board.

This Standard, when effective, will supersede XRB Au1 *Application of Auditing and Assurance Standards*.

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## EXTERNAL REPORTING BOARD STANDARD Au1

**APPLICATION OF AUDITING AND ASSURANCE STANDARDS***Issued by the External Reporting Board***CONTENTS**


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## **Introduction**

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

- IN 1 This Standard codifies the standards that assurance practitioners are to apply when conducting an assurance engagement or related service 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, or related services, standards applicable to different engagements.

## Objective

1. The objective of this Standard is to codify the standards that assurance practitioners are to apply when conducting an assurance engagement or related service 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 or related services 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 practitioner 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 or related service is of appropriate quality.

## Definitions

4. For the purposes of this Standard the following term has the meaning attributed below:
  - (a) Assurance Practitioner – a person or an organisation, whether in public practice, industry, commerce or the public sector, appointed or engaged to undertake assurance engagements or related services.
  - (b) Related services – services to perform agreed-upon procedures or other non-assurance work that may ordinarily be carried out by an audit or assurance practitioner.

## Application of Standards

5. Assurance practitioners shall apply the professional and ethical standards listed in Appendix 1 in preparing for and conducting all assurance engagements or related services.
6. Assurance practitioners shall apply International Standards on Auditing (New Zealand) listed in Appendix 2 in conducting audits of historical financial information.
7. Assurance practitioners shall apply Review Engagement Standards listed in Appendix 3 in conducting review engagements.
8. Assurance practitioners shall apply Other Assurance Engagement Standards listed in Appendix 4 in conducting other assurance engagements.
9. Assurance practitioners shall apply Related Services Standards listed in Appendix 5 in conducting agreed upon procedures to information and other related services engagements as specified by the New Zealand Auditing and Assurance Standards Board.
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 or related services beginning on or after 1 October 2020.

**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 or related services.

PES 1                      International Code of Ethics for Assurance Practitioners  
(including International Independence Standards) (New  
Zealand)

PES 3 (Amended)      Quality Control for Firms that Perform Audits and  
Reviews of Financial Statements, and Other Assurance  
Engagements

## 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<br>(Revised) | Consideration of Laws and Regulations in an Audit of Financial Statements   |
| ISA (NZ) 260<br>(Revised) | 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<br>(Revised) | 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<br>(Revised) | Auditing Accounting Estimates and Related Disclosures   |
| ISA (NZ) 550              | Related Parties   |
| ISA (NZ) 560              | Subsequent events   |
| ISA (NZ) 570<br>(Revised) | 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<br>(Revised 2013) | Using the Work of Internal Auditors  |
| ISA (NZ) 620                   | Using the Work of an Auditor’s Expert  |
| ISA (NZ) 700<br>(Revised)      | Forming an Opinion and Reporting on Financial Statements   |
| ISA (NZ) 701                   | Communicating Key Audit Matters in the Independent Auditor’s Report  |
| ISA (NZ) 705<br>(Revised)      | Modifications to the Opinion in the Independent Auditor’s Report   |
| ISA (NZ) 706<br>(Revised)      | 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<br>(Revised)      | The Auditor’s Responsibilities Relating to Other Information   |
| ISA (NZ) 800<br>(Revised)      | Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks                   |
| ISA (NZ) 805<br>(Revised)      | Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement |
| ISA (NZ) 810<br>(Revised)      | Engagements to Report on Summary Financial Statements  |

## **New Zealand Auditing Standards**

*This appendix is an integral part of the Standard*

This appendix lists the New Zealand Auditing Standards to be applied in conjunction with the International Standards on Auditing (New Zealand) in conducting an audit of general purpose financial reports which comprise the financial statements and service performance information.

NZ AS 1            The Audit of Service Performance Information

## 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.

|                          |   |
|--------------------------|---|
| ISRE (NZ) 2400           | Review of Historical Financial Statements Performed by an Assurance Practitioner who is Not the Auditor of the Entity |
| NZ SRE 2410<br>(Revised) | Review of Financial Statements Performed by the Independent Auditor of the Entity                                     |

## 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<br>(Revised) | Assurance Engagements other than Audits or Review of Historical Financial Information                          |
| ISAE (NZ) 3402              | Assurance Reports on Controls at a Service Organisation  |
| ISAE (NZ) 3410              | Assurance Engagements on Greenhouse Gas Statements   |
| ISAE (NZ) 3420              | Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus |
| SAE 3100 (Revised)          | Compliance Engagements   |
| SAE 3150                    | Assurance Engagements on Controls  |

## **Related Services Standards**

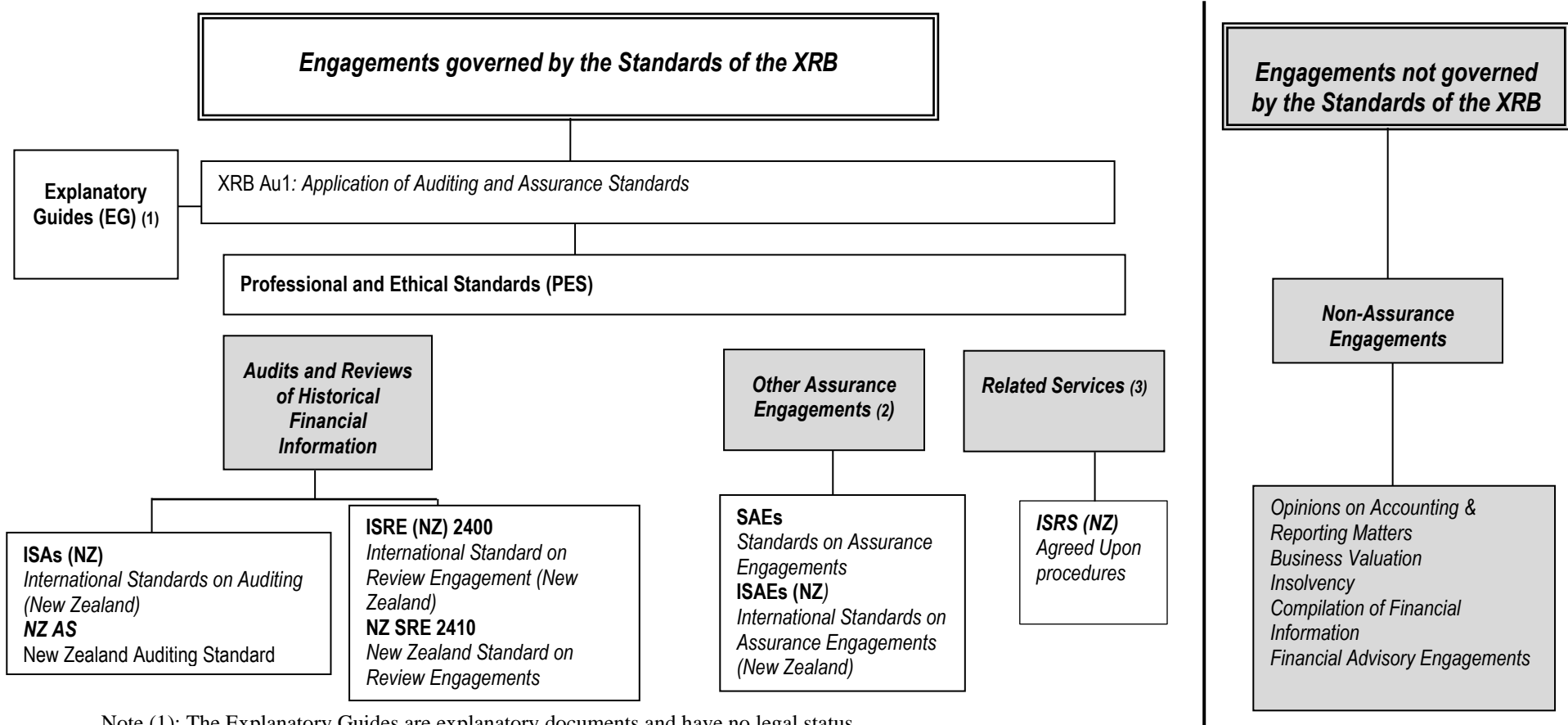
*This appendix is an integral part of the Standard.*

This appendix lists the Related Services Standards to be applied in conducting agreed upon procedures to information and other related services as specified by the New Zealand Auditing and Assurance Standards Board.

*[Intentionally left blank]*

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.

Note (3): The XRB’s legislative mandate includes related services, meaning services to perform agreed-upon procedures or other non-assurance work that may ordinarily be carried out by an audit or assurance practitioner.

## **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 practitioners 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 practitioners when conducting an assurance engagement or related services in accordance with standards issued by the External Reporting Board or the New Zealand Auditing and Assurance Standards Board.