



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

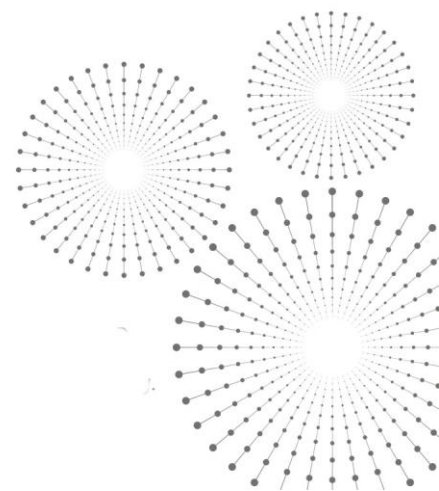
NZAuASB Exposure Draft 2022-1

Annual Improvements and Conforming Amendments to the Domestic Assurance Standards

(NZAuASB ED 2022-1)

Invitation to Comment

February 2022



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Information for respondents

Invitation to Comment

The New Zealand Auditing and Assurance Standards Board (NZAuASB)¹ is seeking comments on the specific matters raised in this Invitation to Comment. We will consider all responses before finalising Annual Improvements and Conforming Amendments to the Domestic Assurance Standards.

If you want to comment, please supplement your opinions with detailed comments, whether supportive or critical of the proposals, as both supportive and critical comments are essential to a balanced view.

Comments are most useful if they indicate the specific paragraph to which they relate, contain a clear rationale and, where applicable, provide a suggestion for an alternative. Feel free to provide comments only for those questions, or issues, that are relevant to you.

Comments should be submitted electronically using our 'Open for Comment' page at

<https://www.xrb.govt.nz/consultations/assurance-standards-in-development/nzauasb-exposure-draft-2022-1/>

The closing date for submissions is **15 March 2022**.

Publication of submissions, the Official Information Act and the Privacy Act

We intend publishing all submissions on the XRB website (xrb.govt.nz) unless the submission may be defamatory. If you have any objection to publication of your submission, we will not publish it on the internet. However, it will remain subject to the Official Information Act 1982 and, therefore, it may be released in part or full. The Privacy Act 1993 also applies.

If you have any objection to the release of any information contained in your submission, we would appreciate you identifying the parts of your submission to be withheld, and the grounds under the Official Information Act 1982 for doing so (e.g., that it would be likely to unfairly prejudice the commercial position of the person providing the information).

¹ The NZAuASB is a sub-Board of the External Reporting Board (XRB Board) and is responsible for setting auditing and assurance standards.

List of abbreviations

The following abbreviations are used in this Invitation to Comment.

ED	Exposure Draft
ISA (NZ)	International Standard on Auditing (New Zealand)
ITC	Invitation to comment
IAASB	International Auditing and Assurance Standards Board
IESBA	International Ethics Standards Board for Accountants
NZAuASB	New Zealand Auditing and Assurance Standards Board
SAE	Standard on Assurance Engagements
NZ SRE	New Zealand Standard on Review Engagements
QM	Quality Management
XRB	External Reporting Board

Questions for respondents

The NZAuASB is interested in hearing from constituents as to whether they agree with the limited proposed annual improvements and conforming amendments to the domestic assurance standards. Respondents are asked to consider the following specific questions and to respond to the NZAuASB by 15 March 2022:

- Question 1 Do you agree with the NZAuASB's proposed annual improvements and conforming amendments to the domestic assurance standards as described in the exposure draft? If not, please explain why not, and what alternative do you propose.
- Question 2. Do you agree with the proposed effective date? If not, please explain why not, and what alternative do you propose?

1. Introduction

1.1 Background

1. This ED proposes annual improvements and conforming and consequential amendments to the Domestic Assurance Standards² in response to the new and revised Quality Management (QM) standards³.
2. The NZAuASB's Domestic Assurance Standards include references to quality management in various ways, ranging from simple references to the title of the standard, i.e., Professional and Ethical Standard (PES) 3⁴, references to the standard, or to terminology drawn from PES 3.
3. The External Reporting Board (XRB) has issued new and revised QM standards in July 2021, based on the international equivalent standards. As a result, the NZAuASB is proposing conforming and consequential amendments to address inconsistencies between the Domestic Assurance Standards with the new and revised QM standards. The purpose of making the amendments is solely to avoid conflicts with the QM standards and to ensure that the Domestic Assurance Standards can continue to be applied together with the QM standards.
4. The ED also includes annual improvements to the Domestic Assurance Standards for consistency with other standards. This includes updating the references to ISA (NZ) 315 (Revised) *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment* and the XRB Au1 *Application of Auditing and Assurance Standards*.
5. The conforming amendments to ISAs (NZ) and Other Pronouncements arising from the QM Standards were issued with the QM standard in July 2021. In January 2022, the IAASB issued the conforming and consequential amendments to the IAASB's other standards as a result of the new and revised QM Standards. The IESBA has approved the conforming amendments to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code) with the final pronouncement expected to be released by April 2022. These conforming amendments have previously been exposed in New Zealand in conjunction with the international exposure drafts. The NZAuASB expects to finalise and issue all the remaining conforming amendments resulting from the QM standards by June 2022.

1.2 Purpose of this Invitation to Comment

6. The purpose of this Invitation to Comment (ITC) is to seek feedback from stakeholders on Exposure Draft (ED) *Annual Improvements and Conforming Amendments to the Domestic Assurance Standards*.

² The NZAuASB's Domestic Assurance Standards comprise the Standard on Assurance Engagements (SAEs) and the New Zealand Standard on Review Engagements (NZ SREs) which are either not issued internationally or which are not being updated internationally.

³ Professional and Ethical Standard (PES) 3, *Quality Management for Firms that Performs Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; PES 4, *Engagement Quality Reviews*; and International Standard on Auditing (New Zealand) 220, *Quality Management for an Audit of Financial Statements*

⁴ Professional and Ethical Standard (PES) 3, *Quality Management for Firms that Performs Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

7. These conforming amendments have a narrow scope and do not involve reconsideration of the objectives, requirements and application material of the Domestic Assurance Standards.
8. The proposed annual improvements and conforming amendments comprise updates to references and other terminology to align with PES 3, PES 4 and other standards. An example of these changes is that the Domestic Assurance Standards include references to the firm's quality control. New terminology in PES 3 refers to 'quality management'. The proposed changes update the terminology in the Domestic Assurance Standards to the new terminology.
9. A tabular presentation format has been used to show the extant text, and the proposed amendments to the Domestic Assurance Standards. Only the paragraphs that have amendments or provide context to the amendments are provided.

1.3 Timeline and next steps

10. Submissions on ED NZAuASB 2022-1 are due by 15 March 2022. Information on how to make a submission is provided on page 4 of this ITC.
11. The NZAuASB will consider the submissions received immediately after the consultation period ends. Subject to that feedback, the NZAuASB plans to issue Annual Improvements and Conforming Amendments to the Domestic Assurance Standards in June 2022.

1.4 Proposed effective date

12. To align with the effective date of the revised QM standards, the NZAuASB proposes that the conforming amendments to take effect for:
 - (a) Assurance engagements beginning on or after 15 December 2022; and
 - (b) Review of financial statements for periods beginning on or after 15 December 2022.



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EXTERNAL REPORTING BOARD

NZAuASB Exposure Draft 2022-1

Annual Improvements and Conforming Amendments to the Domestic Assurance Standards

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A: Introduction

B: Annual Improvements and Conforming Amendments to the Domestic Assurance Standards

C: Effective Date

A: INTRODUCTION

This document sets out the proposed conforming and consequential amendments to the Domestic Assurance Standards⁵ issued by the NZAuASB due to the new and revised Quality Management (QM) standards⁶. A tabular presentation format has been used to show the extant text and the proposed conforming and consequential amendments to the Domestic Assurance Standards. Underline and strikethrough are used to indicate proposed changes.

⁵ The Domestic Assurance Standards comprise the Standard on Assurance Engagements (SAEs) and the New Zealand Standard on Review Engagements (NZ SREs).

⁶ Professional and Ethical Standard (PES) 3, *Quality Management for Firms that Performs Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; PES 4, *Engagement Quality Reviews*; and International Standard on Auditing (New Zealand) 220, *Quality Management for an Audit of Financial Statements*

B: Annual Improvements and Conforming Amendments to the Domestic Assurance Standards

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
Ref	Extant Wording	Notes	Proposed Change
SAE 3100 (Revised)	<i>Assurance Engagements on Compliance</i>		
SAE 3100 (Revised), under Contents	Quality Control		Quality Control Control <u>Management</u>
SAE 3100 (Revised), paragraph 8	An assurance engagement performed in accordance with ISAE (NZ) 3000 measures or evaluates the underlying subject matter against suitable criteria. In a compliance engagement the assurance practitioner determines whether compliance requirements have been met by evaluating the subject matter against the compliance requirements, using the criteria. The criteria may be the compliance requirements, or a subset thereof. A table explaining the terminology applied in this SAE is contained in Appendix 2.		An assurance engagement performed in accordance with ISAE (NZ) 3000 (<u>Revised</u>) measures or evaluates the underlying subject matter against suitable criteria. In a compliance engagement the assurance practitioner determines whether compliance requirements have been met by evaluating the subject matter against the compliance requirements, using the criteria. The criteria may be the compliance requirements, or a subset thereof. A table explaining the terminology applied in this SAE is contained in Appendix 2.
SAE 3100 (Revised), paragraph 9	<p>Compliance with ISAE (NZ) 3000 (Revised) requires, among other things, compliance with the provisions of Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> or other professional requirements, or requirements in law or regulation, that are at least as demanding¹. It also requires the lead assurance practitioner² to be a member of a firm that applies Professional and Ethical Standard 3 (Amended)³ or requirements in law or regulation, that are at least as demanding related to assurance engagements.</p> <p>² The term “lead assurance practitioner” is referred to in Professional and Ethical Standard 1 (Revised) and Professional and Ethical Standard 3 (Amended) as the “engagement partner”.</p>		<p>Compliance with ISAE (NZ) 3000 (Revised) requires, among other things, compliance with the provisions of Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> or other professional requirements, or requirements in law or regulation, that are at least as demanding¹. It also requires the lead assurance practitioner² to be a member of a firm that applies Professional and Ethical Standard 3 (Amended)³ or requirements in law or regulation, that are at least as demanding related to assurance engagements.</p> <p>² The term “lead assurance practitioner” is referred to in Professional and Ethical Standard 1 (Revised) and Professional and Ethical Standard 3 (Amended) as the “engagement partner”.</p>

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
Ref	Extant Wording	Notes	Proposed Change
SAE 3100 (Revised), paragraph 17 (1)	<p>Definitions</p> <p>Firm—A sole assurance practitioner, partnership or corporation or other entity of individual assurance practitioners. “Firm” should be read as referring to its public sector equivalents where relevant.</p>	Wording amended to be consistent with definition in PES 3.	<p>Definitions</p> <p>Firm—A sole assurance practitioner, partnership or corporation or other entity of individual assurance practitioners, <u>or public sector equivalent</u>. “Firm” should be read as referring to its public sector equivalents where relevant.</p>
SAE 3100 (Revised), paragraph 28	<p>Quality Control</p> <p>The assurance practitioner shall implement quality control procedures as required by ISAE (NZ) 3000 (Revised).</p>		<p>Quality ControlManagement</p> <p>The assurance practitioner shall implement quality control<u>management</u> procedures as required by ISAE (NZ) 3000 (Revised).</p>
SAE 3100 (Revised), paragraph 56 (1)	<p><i>Assurance Report Content</i></p> <p>A statement that the firm of which the assurance practitioner is a member applies <i>Professional and Ethical Standard 3 (Amended)</i>, or other professional requirements, or requirements in law and regulation, that are at least as demanding as <i>Professional and Ethical Standard 3 (Amended)</i>. If the assurance practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements in law and regulation, applied that are at least as demanding as <i>Professional and Ethical Standard 3 (Amended)</i>;</p>		<p><i>Assurance Report Content</i></p> <p>A statement that the firm of which the assurance practitioner is a member applies <i>Professional and Ethical Standard 3 (Amended)</i>, or other professional requirements, or requirements in law and regulation, that are at least as demanding as <i>Professional and Ethical Standard 3 (Amended)</i>. If the assurance practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements in law and regulation, applied that are at least as demanding as <i>Professional and Ethical Standard 3 (Amended)</i>;</p>
SAE 3100 (Revised), paragraph A7	<p>Acceptance and Continuance</p> <p><i>Competence and Capabilities to Perform the Engagement</i></p> <p>Relevant competence and capabilities to perform the compliance engagement, as required by ISAE (NZ) 3000 (Revised)³⁰ by persons who are to perform the engagement, include matters such as the following: ...</p>		<p>Acceptance and Continuance</p> <p><i>Competence and Capabilities to Perform the Engagement</i></p> <p>Relevant competence and capabilities, <u>including having sufficient time</u> to perform the compliance engagement, as required by ISAE (NZ) 3000 (Revised)³⁰ by persons who are to perform the engagement, include matters such as the following: ...</p>

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
Ref	Extant Wording	Notes	Proposed Change
SAE 3100 (Revised), paragraph A65	<p>Professional and Ethical Standard 1³⁶, sets out the approach to be taken by an assurance practitioner who encounters or is made aware of matter(s) of non-compliance or suspected matter(s) of non-compliance with laws or regulations, In these circumstances, the assurance practitioner shall consider the appropriate response to the identified matter(s) of non-compliance with laws and regulations in accordance with Professional and Ethical Standard 1 (Revised).</p> <p>³⁶ See Professional and Ethical Standard 1 (Revised), Section 225, Responding to Non-Compliance with Laws and Regulations</p>		<p>Professional and Ethical Standard 1³⁶, sets out the approach to be taken by an assurance practitioner who encounters or is made aware of matter(s) of non-compliance or suspected matter(s) of non-compliance with laws or regulations. In these circumstances, the assurance practitioner shall consider the appropriate response to the identified matter(s) of non-compliance with laws and regulations in accordance with Professional and Ethical Standard 1 (Revised).</p> <p>³⁶ See Professional and Ethical Standard 1 (Revised), Section 225<u>260</u>, Responding to Non-Compliance with Laws and Regulations</p>

Domestic Assurance Standards			Proposed changes to the Domestic Assurance Standards																				
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SAE 3100 (Revised), Appendix 4	<p><i>Extract of table in Appendix 4</i></p> <p>STANDARDS APPLICABLE TO EXAMPLE ENGAGEMENTS ON COMPLIANCE</p> <table border="1"> <tr> <td></td> <td></td> <td>NON-ASSURANCE STANDARDS</td> </tr> <tr> <td></td> <td></td> <td>Agreed upon Procedures³⁸</td> </tr> <tr> <td>Subject Matter of Compliance Assurance Engagement</td> <td>4. Procedures restricted to those specified by engaging party</td> <td style="text-align: center;">✓</td> </tr> </table> <p>³⁸ The External Reporting Board’s legislative mandate is restricted to standards relating for use in assurance engagements required by statute. Other types of engagements, including compilations and agreed-upon procedures, fall outside of the Board’s authority.</p>				NON-ASSURANCE STANDARDS			Agreed upon Procedures³⁸	Subject Matter of Compliance Assurance Engagement	4. Procedures restricted to those specified by engaging party	✓		<p><i>Extract of table in Appendix 4.</i></p> <p>STANDARDS APPLICABLE TO EXAMPLE ENGAGEMENTS ON COMPLIANCE</p> <table border="1"> <tr> <td></td> <td></td> <td><u>APPLICABLE NZAuASB STANDARDS FOR ASSURANCE ENGAGEMENTS OR RELATED SERVICES NON-ASSURANCE STANDARDS</u></td> </tr> <tr> <td></td> <td></td> <td>ISRS (NZ) 4400 Agreed upon Procedures Engagements³⁸</td> </tr> <tr> <td>Subject Matter of Compliance Assurance Engagement</td> <td>4. Procedures restricted to those specified by engaging party</td> <td style="text-align: center;">✓</td> </tr> </table> <p>³⁸ The External Reporting Board’s legislative mandate is restricted to standards relating for use in assurance engagements required by statute. Other types of engagements, including compilations and agreed-upon procedures, fall outside of the Board’s authority.</p>				<u>APPLICABLE NZAuASB STANDARDS FOR ASSURANCE ENGAGEMENTS OR RELATED SERVICES NON-ASSURANCE STANDARDS</u>			ISRS (NZ) 4400 Agreed upon Procedures Engagements³⁸	Subject Matter of Compliance Assurance Engagement	4. Procedures restricted to those specified by engaging party	✓
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Subject Matter of Compliance Assurance Engagement	4. Procedures restricted to those specified by engaging party	✓																					
SAE 3100 (Revised), Appendix 5, Example 1	<p>Example 1: Engagement Letter for an Attestation Engagement for Limited Assurance on ABC’s Statement of compliance with the [compliance requirements] as evaluated against the [suitable criteria]</p> <p>...</p> <p><i>[Our Independence and Quality Control]</i></p>			<p>Example 1: Engagement Letter for an Attestation Engagement for Limited Assurance on ABC’s Statement of compliance with the [compliance requirements] as evaluated against the [suitable criteria]</p> <p>...</p> <p><i>[Our Independence and Quality Control Management]</i></p>																			

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
Ref	Extant Wording	Notes	Proposed Change
	We will comply with the independence and other relevant ethical requirements relating to assurance engagements, and apply Professional and Ethical Standard 3 (Amended), <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i> in undertaking this assurance engagement.		We will comply with the independence and other relevant ethical requirements relating to assurance engagements, and apply Professional and Ethical Standard 3— (Amended) , <i>Quality ControlManagement for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance <u>or Related Services</u> Engagements</i> in undertaking this assurance engagement.
SAE 3100 (Revised), Appendix 5, Example 2	<p>Example 2: Engagement Letter for an Attestation Engagement for Reasonable Assurance on ABC’s Statement of compliance with the [compliance requirements] as evaluated against the [suitable criteria]</p> <p>...</p> <p><i>[Our Independence and Quality Control]</i></p> <p>We will comply with the independence and other relevant ethical requirements relating to assurance engagements, and apply Professional and Ethical Standard 3, <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i> in undertaking this assurance engagement.</p>		<p>Example 2: Engagement Letter for an Attestation Engagement for Reasonable Assurance on ABC’s Statement of compliance with the [compliance requirements] as evaluated against the [suitable criteria]</p> <p>...</p> <p><i>[Our Independence and Quality ControlManagement]</i></p> <p>We will comply with the independence and other relevant ethical requirements relating to assurance engagements, and apply Professional and Ethical Standard 3, <i>Quality ControlManagement for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance <u>or Related Services</u> Engagements</i> in undertaking this assurance engagement.</p>
SAE 3100 (Revised), Appendix 5, Example 3	<p>Example 3: Engagement Letter for a Direct Engagement for Reasonable Assurance on ABC’s compliance with the [compliance requirements] as evaluated against the [suitable criteria]</p> <p>...</p> <p><i>[Our Independence and Quality Control]</i></p>		<p>Example 3: Engagement Letter for a Direct Engagement for Reasonable Assurance on ABC’s compliance with the [compliance requirements] as evaluated against the [suitable criteria]</p> <p>...</p> <p><i>[Our Independence and Quality ControlManagement]</i></p>

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
Ref	Extant Wording	Notes	Proposed Change
	We will comply with the independence and other relevant ethical requirements relating to assurance engagements, and apply Professional and Ethical Standard 3, <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i> in undertaking this assurance engagement.		We will comply with the independence and other relevant ethical requirements relating to assurance engagements, and apply Professional and Ethical Standard 3, <i>Quality Control Management for Firms that Perform Audits and/or Reviews of Financial Statements, and/or Other Assurance or Related Services Engagements</i> in undertaking this assurance engagement.
SAE 3100 (Revised), Appendix 6, Example 1	<p>Example 1: Limited Assurance Report on ABC’s compliance with the [compliance requirements] as evaluated against the [suitable criteria] (Direct engagement)</p> <p>...</p> <p><i>Our Independence and Quality Control</i></p> <p>We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with the Professional and Ethical Standard 3 (Amended)⁴⁸ [name of the firm] maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p> <p>⁴⁸ Professional and Ethical Standard 3 (Amended) “<i>Quality Control for Firms that Perform Audits and Reviews of</i></p>	Wording amended to be consistent with international other assurance standards.	<p>Example 1: Limited Assurance Report on ABC’s compliance with the [compliance requirements] as evaluated against the [suitable criteria] (Direct engagement)</p> <p>...</p> <p><i>Our Independence and Quality Control Management</i></p> <p>We have complied with the relevant independence and other ethical requirements <u>of Professional Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is relating to assurance engagements, which include independence and other requirements</u> founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with the <u>The firm applies Professional and Ethical Standard 3 (Amended)⁴⁸ [name of the firm], which requires the firm to design, implement and operate</u> maintains a comprehensive system of quality control <u>management</u> including documented policies and/or procedures regarding</p>

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
Ref	Extant Wording	Notes	Proposed Change
	<i>Financial Statements, and Other Assurance Engagements (Amended)</i> ”.		compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. ⁴⁸ Professional and Ethical Standard 3— (Amended) —“ <i>Quality ControlManagement for Firms that Perform Audits and/or Reviews of Financial Statements, and/or Other Assurance <u>or</u> Related Services Engagements (Amended)</i> ”.
SAE 3100 (Revised), Appendix 6, Example 2	<p>Example 2: Reasonable Assurance Report on ABC’s compliance with the [compliance requirements] as evaluated against the [suitable criteria] (Direct engagement)</p> <p>...</p> <p><i>Our Independence and Quality Control</i></p> <p>We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with the Professional and Ethical Standard 3 (Amended) [name of the firm] maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>	Wording amended to be consistent with international other assurance standards.	<p>Example 2: Reasonable Assurance Report on ABC’s compliance with the [compliance requirements] as evaluated against the [suitable criteria] (Direct engagement)</p> <p>...</p> <p><i>Our Independence and Quality ControlManagement</i></p> <p>We have complied with the relevant <u>relevant</u> independence and other ethical requirements <u>of Professional Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is relating to assurance engagements,</u> which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with the <u>The firm applies Professional and Ethical Standard 3—(Amended) [name of the firm] , which requires the firm to design, implement and operate</u> maintains a comprehensive system of quality control <u>management</u> including documented policies and/or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
Ref	Extant Wording	Notes	Proposed Change
SAE 3100 (Revised), Appendix 6, Example 3	<p>Example 3: Reasonable Assurance Report on ABC’s Statement of Compliance with the [compliance requirements] as evaluated against the [suitable criteria] (Attestation engagement)</p> <p>...</p> <p><i>Our Independence and Quality Control</i></p> <p>We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with the Professional and Ethical Standard 3 (Amended) [name of the firm] maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>	<p>Wording amended to be consistent with international other assurance standards.</p>	<p>Example 3: Reasonable Assurance Report on ABC’s Statement of Compliance with the [compliance requirements] as evaluated against the [suitable criteria] (Attestation engagement)</p> <p>...</p> <p><i>Our Independence and Quality ControlManagement</i></p> <p>We have complied with the relevant independence and other ethical requirements <u>of Professional Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is relating to assurance engagements, which include independence and other requirements</u> founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with the <u>The firm applies Professional and Ethical Standard 3 (Amended) [name of the firm], which requires the firm to design, implement and operate</u> maintains a comprehensive system of quality control <u>management</u> including documented policies and/or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>
SAE 3150	<i>Assurance Engagement on Controls</i>		
SAE 3150, under Contents	Quality Control		Quality Control Management
SAE 3150, Paragraph 1	This Standard on Assurance Engagements (SAE) applies to assurance engagements to provide an assurance report on controls at an entity, except for		This Standard on Assurance Engagements (SAE) applies to assurance engagements to provide an assurance report on controls at an entity, except for engagements to which

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
Ref	Extant Wording	Notes	Proposed Change
	<p>engagements to which International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3402¹ is applicable.² (Ref: Para. A1)</p> <p>² The assurance practitioner applies ISA (NZ) 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment when obtaining an understanding of controls for the purposes of the audit of a financial statement, standards on review engagements when obtaining an understanding of controls for the purposes of the review of a financial statement or ISAE (NZ) 3000 (Revised) <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>, as revised in July 2014, and any subject matter specific standard when understanding controls for the purposes of an assurance engagement on subject matters other than historical financial information.</p>		<p>International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3402¹ is applicable. ² (Ref: Para. A1)</p> <p>² The assurance practitioner applies ISA (NZ) 315 (<u>Revised 2019</u>) Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment when obtaining an understanding of controls for the purposes of the audit of a financial statement, standards on review engagements when obtaining an understanding of controls for the purposes of the review of a financial statement or ISAE (NZ) 3000 (Revised) <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>, as revised in July 2014, and any subject matter specific standard when understanding controls for the purposes of an assurance engagement on subject matters other than historical financial information.</p>
SAE 3150, Paragraph 9	<p>Compliance with ISAE (NZ) 3000 (Revised) requires, among other things, that the assurance practitioner complies with the provisions of Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards)</i> (New Zealand) related to assurance engagements or other professional requirements, or requirements in law or regulation, that are at least as demanding. It also requires the lead assurance practitioner⁸ to be a member of a firm that applies Professional and Ethical Standard 3 (Amended) or requirements in law or regulation, that are at least as demanding related to assurance engagements.</p> <p>⁸ The term “lead assurance practitioner” is referred to in Professional and Ethical Standard 1 (Revised) and Professional and Ethical Standard 3 <i>Quality Control</i></p>		<p>Compliance with ISAE (NZ) 3000 (Revised) requires, among other things, that the assurance practitioner complies with the provisions of Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards)</i> (New Zealand) related to assurance engagements or other professional requirements, or requirements in law or regulation, that are at least as demanding. It also requires the lead assurance practitioner⁸ to be a member of a firm that applies Professional and Ethical Standard 3 (Amended) or requirements in law or regulation, that are at least as demanding related to assurance engagements.</p> <p>⁸ The term “lead assurance practitioner” is referred to in Professional and Ethical Standard 1 (Revised) and Professional and Ethical Standard 3 <i>Quality Management for Firms that Perform Audits or Reviews of Financial</i></p>

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	<i>for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements (Amended)</i> as the “engagement partner”.		<i>Statements, or Other Assurance or Related Services Engagements</i> <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements (Amended)</i> as the “engagement partner”.
SAE 3150, paragraph 17 (l)	Definitions Firm—A sole assurance practitioner, partnership or corporation or other entity of individual assurance practitioners. “Firm” should be read as referring to its public sector equivalents where relevant.	Wording amended to be consistent with definition in PES 3.	Definitions Firm—A sole assurance practitioner, partnership or corporation or other entity of individual assurance practitioners, or public sector equivalent . “Firm” should be read as referring to its public sector equivalents where relevant .
SAE 3150, paragraph 28	Quality Control The assurance practitioner shall implement quality control procedures as required by ISAE (NZ) 3000 (Revised).		Quality Control Management The assurance practitioner shall implement quality control <u>management</u> procedures as required by ISAE (NZ) 3000 (Revised).
SAE 3150, paragraph 88 (k)	<i>Assurance Report Content</i> A statement that the firm of which the assurance practitioner is a member applies <i>Professional and Ethical Standard 3 (Amended)</i> or requirements in law and regulation, that are at least as demanding;		<i>Assurance Report Content</i> A statement that the firm of which the assurance practitioner is a member applies <i>Professional and Ethical Standard 3 (Amended)</i> or requirements in law and regulation, that are at least as demanding;
SAE 3150, paragraph A12	Acceptance and Continuance <i>Competence and Capabilities to Perform the Engagement</i> Relevant competence and capabilities to perform the controls engagement, as required by ISAE (NZ) 3000 (Revised) ⁴² by persons who are to perform the engagement, include matters such as the following: ...		Acceptance and Continuance <i>Competence and Capabilities to Perform the Engagement</i> Relevant competence and capabilities, <u>including having sufficient time</u> to perform the compliance engagement, as required by ISAE (NZ) 3000 (Revised) ⁴² by persons who are to perform the engagement, include matters such as the following: ...
SAE 3150, paragraph A151	For application material on preparing and maintaining documentation refer to ISAE (NZ) 3000 (Revised) ⁵¹ .		For application material on preparing and maintaining documentation refer to ISAE (NZ) 3000 (Revised) ⁵¹ .

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	51 ISAE (NZ) 3000 (Revised), paragraph A193-A200.		51 ISAE (NZ) 3000 (Revised), paragraph A193 <u>200</u> -A200 <u>7</u> .
SAE 3150, Appendix 8, Example 1	<p>Example 1: Limited Assurance Report on Design and Description of the Entity’s Controls as at a Specified Date</p> <p>...</p> <p><i>[Our Independence and Quality Control]</i></p> <p>We have complied with the Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> or other professional ethical requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with Professional and Ethical Standard 3 (Amended) <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i> or other professional requirements, or requirements in law or regulation, that are at least as demanding, [name of firm] maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>	Wording amended to be consistent with international other assurance standards.	<p>Example 1: Limited Assurance Report on Design and Description of the Entity’s Controls as at a Specified Date</p> <p>...</p> <p><i>[Our Independence and Quality-ControlManagement]</i></p> <p>We have complied with the <u>independence and other ethical requirements of</u> Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> <u>issued by the New Zealand Auditing and Assurance Standards Board,</u> or other professional ethical requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements <u>which is</u> founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with <u>The firm applies</u> Professional and Ethical Standard 3 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (Amended)</i> Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements or other professional requirements, or requirements in law or regulation, that are at least as demanding, [name of firm] maintains, <u>which requires the firm to design, implement and operate a comprehensive</u> system of quality control <u>management</u> including documented policies and/or</p>

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			procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
SAE 3150, Appendix 8, Example 2	<p>Example 2: Reasonable Assurance Report on the Design, Description, and Operating Effectiveness of the Entity’s Controls throughout the Period Independent Assurance Practitioner’s Report</p> <p>...</p> <p><i>[Our Independence and Quality Control]</i></p> <p>We have complied with the Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> or other professional ethical requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with Professional and Ethical Standard 3 <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i> or other professional requirements, or requirements in law or regulation, that are at least as demanding, [name of firm] maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>	Wording amended to be consistent with international other assurance standards.	<p>Example 2: Reasonable Assurance Report on the Design, Description, and Operating Effectiveness of the Entity’s Controls throughout the Period Independent Assurance Practitioner’s Report</p> <p>...</p> <p><i>[Our Independence and Quality Control Management]</i></p> <p>We have complied with the <u>independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board,</u> or other professional ethical requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with <u>The firm applies Professional and Ethical Standard 3 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i> Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</u> or other professional requirements, or requirements in law or regulation, that are at least as demanding, [name of firm] maintains, <u>which requires the firm to design, implement and</u></p>

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			operate a comprehensive system of quality control <u>management</u> including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
SAE 3150, Appendix 8, Example 3	<p>Example 3: Reasonable Assurance Report on the Design and Implementation of the Entity’s Controls as at a Specified Date</p> <p>...</p> <p><i>[Our Independence and Quality Control]</i></p> <p>We have complied with the Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> or other professional ethical requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with Professional and Ethical Standard 3 (Amended) <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i> or other professional requirements, or requirements in law or regulation, that are at least as demanding, [name of firm] maintains a comprehensive system of quality control including documented policies and procedures regarding</p>	Wording amended to be consistent with international other assurance standards.	<p>Example 3: Reasonable Assurance Report on the Design and Implementation of the Entity’s Controls as at a Specified Date</p> <p>...</p> <p><i>[Our Independence and Quality ControlManagement]</i></p> <p>We have complied with the <u>independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board,</u> or other professional ethical requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with <u>The firm applies Professional and Ethical Standard 3 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (Amended)</i></u> <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i> or other professional requirements, or requirements in law or</p>

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	compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.		regulation, that are at least as demanding, [name of firm] maintains, which requires the firm to design, implement and operate a comprehensive system of quality control management including documented—policies and/or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
SAE 3150, Appendix 8, Example 4	<p>Example 4: Reasonable Assurance Report on the Design and Operating Effectiveness of the Entity’s Controls throughout the Period</p> <p>...</p> <p><i>[Our Independence and Quality Control]</i></p> <p>We have complied with the Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> or other professional ethical requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with Professional and Ethical Standard 3 (Amended) <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i> or other professional requirements, or requirements in law or regulation, that are at least as demanding, [name of firm] maintains a</p>	Wording amended to be consistent with international other assurance standards.	<p>Example 4: Reasonable Assurance Report on the Design and Operating Effectiveness of the Entity’s Controls throughout the Period</p> <p>...</p> <p><i>[Our Independence and Quality-ControlManagement]</i></p> <p>We have complied with the <u>independence and other ethical requirements of</u> Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> <u>issued by the New Zealand Auditing and Assurance Standards Board,</u> or other professional ethical requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements<u>which is</u> founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p>In accordance with <u>The firm applies</u> Professional and Ethical Standard 3 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (Amended)</i> Quality Control for Firms that Perform Audits and Reviews</p>

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	comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.		of Financial Statements, and Other Assurance Engagements or other professional requirements, or requirements in law or regulation, that are at least as demanding, [name of firm] maintains, <u>which requires the firm to design, implement and operate a comprehensive system of quality control management including documented policies and/or</u> procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
NZ SRE 2410 (Revised)	<i>Review of Financial Statements Performed by the Independent Auditor of the Entity</i>		
NZ SRE 2410 (Revised), paragraph 9	The auditor shall implement quality control procedures that are applicable to the individual engagement. (Ref: Para. A6)		The auditor shall implement quality control <u>management</u> procedures that are applicable to the individual engagement. (Ref: Para. A6)
NZ SRE 2410 (Revised), paragraph 10	The auditor shall comply with the engagement quality control requirements of ISA (NZ) 220 ¹ when performing a review engagement in accordance with this NZ SRE 2410 (Revised). ¹ ISA (NZ) 220, Quality Control for an Audit of Financial Statements.		The auditor shall comply with the engagement quality control <u>management</u> requirements of ISA (NZ) 220 (Revised) ¹ when performing a review engagement in accordance with this NZ SRE 2410 (Revised). ¹ ISA (NZ) 220 (Revised), Quality Control <u>Management</u> for an Audit of Financial Statements.
NZ SRE 2410 (Revised), paragraph 14	Understanding the Entity and its Environment, Including its Internal Control The auditor shall obtain an understanding of the entity and its environment, including its internal control, as it relates to the preparation of both the annual and interim or other financial statements, sufficient to plan and conduct the engagement so as to be able to:		Understanding the Entity and its Environment, <u>the Applicable Financial Reporting Framework and the Entity's</u> Including its <u>System of Internal Control</u> The auditor shall obtain an understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity's system of including its</u> internal control, as it relates to the preparation of both the annual and interim or other financial statements, sufficient to plan and conduct the engagement so as to be able to:

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NZ SRE 2410 (Revised), paragraph 15	In order to plan and conduct a review of financial statements, a recently appointed auditor, who has not yet performed an audit of the annual financial statements in accordance with International Standards on Auditing (New Zealand), shall obtain an understanding of the entity and its environment, including its internal control, as it relates to the preparation of both the annual and interim or other financial statements. (Ref: Para. A13)		In order to plan and conduct a review of financial statements, a recently appointed auditor, who has not yet performed an audit of the annual financial statements in accordance with International Standards on Auditing (New Zealand), shall obtain an understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity's system of</u> including its internal control, as it relates to the preparation of both the annual and interim or other financial statements. (Ref: Para. A13)
NZ SRE 2410 (Revised), paragraph A4	Through performing the audit of the annual financial statements, the auditor obtains an understanding of the entity and its environment, including its internal control. When the auditor is engaged to review the financial statements, under paragraph 14, the auditor needs to update this understanding through enquiries made in the course of the review, to assist the auditor in focusing the enquiries to be made and the analytical and other review procedures to be applied. An assurance practitioner who is engaged to perform a review of the financial statements, and who is not the auditor of the entity, does not perform the review in accordance with NZ SRE 2410 (Revised)*, as the assurance practitioner ordinarily does not have the same understanding of the entity and its environment, including its internal control, as the auditor of the entity. Although other International Standards on Auditing (New Zealand) do not apply to review engagements, they include guidance which may be helpful to auditors performing reviews covered by this NZ SRE 2410 (Revised).		Through performing the audit of the annual financial statements, the auditor obtains an understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity's system of</u> including its internal control. When the auditor is engaged to review the financial statements, under paragraph 14, the auditor needs to update this understanding through enquiries made in the course of the review, to assist the auditor in focusing the enquiries to be made and the analytical and other review procedures to be applied. An assurance practitioner who is engaged to perform a review of the financial statements, and who is not the auditor of the entity, does not perform the review in accordance with NZ SRE 2410 (Revised)*, as the assurance practitioner ordinarily does not have the same understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity's system of</u> including its internal control, as the auditor of the entity. Although other International Standards on Auditing (New Zealand) do not apply to review engagements, they include guidance which may be helpful to auditors performing reviews covered by this NZ SRE 2410 (Revised).

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NZ SRE 2410 (Revised), paragraph A6	The elements of quality control that are relevant to an individual engagement include leadership responsibilities for quality on the engagement, ethical requirements, acceptance and continuance of client relationships and specific engagements, assignment of engagement teams, engagement performance, and monitoring. (Ref: Para. 9)		The elements of quality control <u>management</u> that are relevant to an individual engagement include leadership responsibilities for <u>managing and achieving</u> quality on the engagement, <u>relevant</u> ethical requirements, acceptance and continuance of client relationships and specific engagements, assignment of engagement teams <u>engagement resources</u> , engagement performance, and monitoring <u>and remediation</u> . <u>The system of quality management, and policies or procedures are the responsibility of the firm. Professional and Ethical Standard 3 (PES 3) <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, or requirements that are at least as demanding, applies to firms in respect of the firm's engagement to review financial statements.</i></u> (Ref: Para. 9)
NZ SRE 2410 (Revised), paragraph A9	<p>Procedures for a Review of the Financial Statements</p> <p>Understanding the Entity and its Environment, Including its Internal Control</p> <p>Under ISA (NZ) 315 <i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i>, the auditor who has audited the entity's financial statements for one or more annual periods has obtained an understanding of the entity and its environment, including its internal control, as it relates to the preparation of the annual financial statements, that was sufficient to conduct the audit. In planning a review of the financial statements, the auditor needs to update this understanding. The auditor also needs to obtain a sufficient understanding of internal</p>		<p>Procedures for a Review of the Financial Statements</p> <p>Understanding the Entity and its Environment, <u>the Applicable Financial Reporting Framework and the Entity's</u> Including its<u>System of Internal Control</u></p> <p>Under ISA (NZ) 315 <u>(Revised 2019)</u> <i>Identifying and Assessing the Risks of Material Misstatement</i> through Understanding the Entity and Its Environment, the auditor who has audited the entity's financial statements for one or more annual periods has obtained an understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity's system of</u> including its internal control, as it relates to the preparation of the annual financial statements, that was sufficient to conduct the audit. In planning a review of the financial statements, the auditor</p>

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	control as it relates to the preparation of the financial statements subject to review, as it may differ from internal control as it relates to the preparation of the annual financial statements. (Ref: Para. 14)		needs to update this understanding. The auditor also needs to obtain a sufficient understanding of <u>the entity's system of internal control</u> as it relates to the preparation of the financial statements subject to review, as it may differ from internal control as it relates to the preparation of the annual financial statements. (Ref: Para. 14)
NZ SRE 2410 (Revised), paragraph A10	The auditor needs to use the understanding of the entity and its environment, including its internal control, to determine the enquiries to be made and the analytical and other review procedures to be applied, and to identify the particular events, transactions or assertions to which enquiries may be directed or analytical or other review procedures applied. (Ref: Para. 14)		The auditor needs to use the understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity's system of</u> including its internal control, to determine the enquiries to be made and the analytical and other review procedures to be applied, and to identify the particular events, transactions or assertions to which enquiries may be directed or analytical or other review procedures applied. (Ref: Para. 14)
NZ SRE 2410 (Revised), paragraph A11	The procedures performed by the auditor to update the understanding of the entity and its environment, including its internal control, ordinarily include the following: ... (j) enquiring of management about the effect of changes in the entity's business activities;		The procedures performed by the auditor to update the understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity's system of</u> including its internal control, ordinarily include the following: ... (j) enquiring of management <u>and of other appropriate individuals within the entity</u> about the effect of changes in the entity's business activities;
NZ SRE 2410 (Revised), paragraph A19	A review ordinarily does not require tests of the accounting records through inspection, observation or confirmation. Procedures for performing a review of the financial statements ordinarily are limited to making enquiries, primarily of persons responsible for financial		A review ordinarily does not require tests of the accounting records through inspection, observation or confirmation. Procedures for performing a review of the financial statements ordinarily are limited to making enquiries, primarily of persons responsible for financial and accounting

Domestic Assurance Standards		Proposed changes to the Domestic Assurance Standards	
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	and accounting matters and applying analytical and other review procedures, rather than corroborating information obtained concerning matters relating to the financial statements. The auditor’s understanding of the entity and its environment, including its internal control, the results of the risk assessments relating to the preceding audit and the auditor’s consideration of materiality as it relates to the financial statements, affects the nature and extent of the enquiries made, and analytical and other review procedures applied. (Ref: Para. 17)		matters and applying analytical and other review procedures, rather than corroborating information obtained concerning matters relating to the financial statements. The auditor’s understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity’s system of including its</u> internal control, the results of the risk assessments relating to the preceding audit and the auditor’s consideration of materiality as it relates to the financial statements, affects the nature and extent of the enquiries made, and analytical and other review procedures applied. (Ref: Para. 17)
NZ SRE 2410 (Revised), paragraph A20	The auditor ordinarily performs the following procedures: ... (xv) knowledge of any actual or suspected non-compliance with laws and regulations that could have a material effect on the financial statements. If the auditor becomes aware of any actual or suspected non compliance with laws and regulations ISA (NZ) 250 <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i> provides guidance.		The auditor ordinarily performs the following procedures: ... (xv) knowledge of any actual or suspected non-compliance with laws and regulations that could have a material effect on the financial statements. If the auditor becomes aware of any actual or suspected non-compliance with laws and regulations ISA (NZ) 250 <u>(Revised)</u> <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i> provides guidance.

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NZ SRE 2410 (Revised), paragraph A21	The auditor may perform many of the review procedures before or simultaneously with the entity’s preparation of the financial statements. For example, it may be practicable to update the understanding of the entity and its environment, including its internal control, and begin reading applicable minutes before the end of the period. Performing some of the review procedures earlier in the period also permits early identification and consideration of significant accounting matters affecting the financial statements. (Ref: Para. 17)		The auditor may perform many of the review procedures before or simultaneously with the entity’s preparation of the financial statements. For example, it may be practicable to update the understanding of the entity and its environment, <u>the applicable financial reporting framework and the entity’s system of</u> including its internal control, and begin reading applicable minutes before the end of the period. Performing some of the review procedures earlier in the period also permits early identification and consideration of significant accounting matters affecting the financial statements. (Ref: Para. 17)

C: EFFECTIVE DATE

To align with the effective date of the revised QM standards, the NZAuASB proposes that the conforming amendments take effect for:

- (a) Assurance engagements beginning on or after 15 December 2022; and
- (b) Review of financial statements for periods beginning on or after 15 December 2022.