



*Te Kāwai Ārahi Pūrongo Mōwaho*  
**EXTERNAL REPORTING BOARD**

## **ANNUAL IMPROVEMENTS AND CONFORMING AND CONSEQUENTIAL AMENDMENTS TO DOMESTIC ASSURANCE STANDARDS**

This Standard was issued on 5 May 2022 by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board pursuant to section 12(b) of the Financial Reporting Act 2013.

This Standard is secondary legislation for the purposes of the Legislation Act 2019, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 2 June 2022.

An auditor that is required to apply this Standard is required to apply the Standard in accordance with the effective date which is set out in Part C. However, early adoption is permitted.

In finalising this Standard, the New Zealand Auditing and Assurance Standards 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 the conforming and consequential amendments necessary as a result of the new and revised quality management standards and to make other minor amendments to domestic assurance standards.

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Note: The footnote numbers and some paragraphs numbers within these amendments do not align with the actual footnote and paragraph numbers of the standards that will be amended, and reference should be made to those compiled standards.

## **A: INTRODUCTION**

This Standard contains annual improvements and conforming and consequential amendments to domestic assurance standards as a result of the new and revised quality management standards. A tabular presentation format has been used to show the annual improvements and conforming and consequential amendments to the standards. Underline and strikethrough are used to indicate proposed changes.

The annual improvements and conforming and consequential amendments affect the following standards and are arranged in the following manner:

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**B: ANNUAL IMPROVEMENTS AND CONFORMING AND CONSEQUENTIAL AMENDMENTS TO DOMESTIC ASSURANCE STANDARDS**

Ref.	Amendments to the Standards
SAE 3100 (Revised)	<i>Assurance Engagements on Compliance</i>
SAE 3100 (Revised), under Contents	Quality Control <del>Control</del> <u>Management</u>
SAE 3100 (Revised), paragraph 8	An assurance engagement performed in accordance with ISAE (NZ) 3000 ( <del>Revised</del> ) 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 demanding<sup>1</sup>. It also requires the lead assurance practitioner<sup>2</sup> to be a member of a firm that applies Professional and Ethical Standard 3 (<del>Amended</del>)<sup>3</sup> or requirements in law or regulation, that are at least as demanding related to assurance engagements.</p> <p><sup>2</sup> The term “lead assurance practitioner” is referred to in Professional and Ethical Standard 1 (<del>Revised</del>) and Professional and Ethical Standard 3 (<del>Amended</del>) as the “engagement partner”.</p>
SAE 3100 (Revised), paragraph 17 (1)	<p><b>Definitions</b></p> <p>Firm—A sole assurance practitioner, partnership or corporation or other entity of <del>individual assurance practitioners, or public sector equivalent</del>. “Firm” should be read as referring to its public sector equivalents where relevant.</p>
SAE 3100 (Revised), paragraph 28	<p><b>Quality Control <del>Control</del> <u>Management</u></b></p> <p>The assurance practitioner shall implement quality <del>control</del> <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>

Ref.	Amendments to the Standards									
SAE 3100 (Revised), paragraph A7	<p><b>Acceptance and Continuance</b></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)<sup>30</sup> by persons who are to perform the engagement, include matters such as the following: ...</p>									
SAE 3100 (Revised), paragraph A65	<p>Professional and Ethical Standard 1<sup>36</sup>, 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 <del>(Revised)</del>.</p> <p><sup>36</sup> See Professional and Ethical Standard 1 <del>(Revised)</del>, Section <del>225</del> <u>260</u>, Responding to Non-Compliance with Laws and Regulations</p>									
SAE 3100 (Revised), Appendix 4	<p><i>Extract of table in Appendix 4.</i></p> <p><b>STANDARDS APPLICABLE TO EXAMPLE ENGAGEMENTS ON COMPLIANCE</b></p> <table border="1" data-bbox="549 1079 1426 1727"> <tbody> <tr> <td data-bbox="549 1079 762 1393"></td> <td data-bbox="762 1079 1066 1393"></td> <td data-bbox="1066 1079 1426 1393"> <p><b><u>APPLICABLE NZAuASB STANDARDS FOR ASSURANCE ENGAGEMENTS OR RELATED SERVICES</u></b>  <b><u>NON-ASSURANCE STANDARDS</u></b></p> </td> </tr> <tr> <td data-bbox="549 1393 762 1525"></td> <td data-bbox="762 1393 1066 1525"></td> <td data-bbox="1066 1393 1426 1525"> <p><b>ISRS (NZ) 4400 Agreed upon Procedures Engagements<sup>38</sup></b></p> </td> </tr> <tr> <td data-bbox="549 1525 762 1727"> <p><b>Subject Matter of Compliance Assurance Engagement</b></p> </td> <td data-bbox="762 1525 1066 1727"> <p>4. Procedures restricted to those specified by engaging party</p> </td> <td data-bbox="1066 1525 1426 1727"> <p style="text-align: center;">✓</p> </td> </tr> </tbody> </table> <p><sup>38</sup> <del>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.</del></p>			<p><b><u>APPLICABLE NZAuASB STANDARDS FOR ASSURANCE ENGAGEMENTS OR RELATED SERVICES</u></b>  <b><u>NON-ASSURANCE STANDARDS</u></b></p>			<p><b>ISRS (NZ) 4400 Agreed upon Procedures Engagements<sup>38</sup></b></p>	<p><b>Subject Matter of Compliance Assurance Engagement</b></p>	<p>4. Procedures restricted to those specified by engaging party</p>	<p style="text-align: center;">✓</p>
		<p><b><u>APPLICABLE NZAuASB STANDARDS FOR ASSURANCE ENGAGEMENTS OR RELATED SERVICES</u></b>  <b><u>NON-ASSURANCE STANDARDS</u></b></p>								
		<p><b>ISRS (NZ) 4400 Agreed upon Procedures Engagements<sup>38</sup></b></p>								
<p><b>Subject Matter of Compliance Assurance Engagement</b></p>	<p>4. Procedures restricted to those specified by engaging party</p>	<p style="text-align: center;">✓</p>								

Ref.	Amendments to the Standards
SAE 3100 (Revised), Appendix 5, Example 1	<p><b>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]</b></p> <p>...</p> <p><i>[Our Independence and Quality <del>Control</del> Management]</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—<del>(Amended)</del>, <i>Quality <del>Control</del> Management for Firms that Perform Audits <del>and</del> or Reviews of Financial Statements, <del>and</del> or Other Assurance or Related Services Engagements</i> in undertaking this assurance engagement.</p>
SAE 3100 (Revised), Appendix 5, Example 2	<p><b>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]</b></p> <p>...</p> <p><i>[Our Independence and Quality <del>Control</del> Management]</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 <del>Control</del> Management for Firms that Perform Audits <del>and</del> or Reviews of Financial Statements, <del>and</del> or Other Assurance or Related Services Engagements</i> in undertaking this assurance engagement.</p>
SAE 3100 (Revised), Appendix 5, Example 3	<p><b>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]</b></p> <p>...</p> <p><i>[Our Independence and Quality <del>Control</del> Management]</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 <del>Control</del> Management for Firms that Perform Audits <del>and</del> or Reviews of Financial Statements, <del>and</del> or Other Assurance or Related Services Engagements</i> in undertaking this assurance engagement.</p>
SAE 3100 (Revised), Appendix 6, Example 1	<p><b>Example 1: Limited Assurance Report on ABC’s compliance with the [compliance requirements] as evaluated against the [suitable criteria] (Direct engagement)</b></p> <p>...</p> <p><i>Our Independence and Quality <del>Control</del> Management</i></p> <p>We have complied with the <del>relevant</del> independence and other ethical requirements of Professional Ethical Standard 1 <i>International Code of</i></p>

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



Ref.	Amendments to the Standards
	<p><u><i>Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i></u> issued by the New Zealand Auditing and Assurance Standards Board, which is <del>relating to assurance engagements, which include independence and other requirements</del> founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p><del>In accordance with the</del> <u>The firm applies Professional and Ethical Standard 3-(Amended) [name of the firm]</u>, which requires the firm to <u>design, implement and operate</u> <del>maintains a comprehensive</del> system of quality <del>control</del> <u>management</u> including <del>documented</del> policies and <u>or</u> procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>
<b>SAE 3150</b>	<b><i>Assurance Engagements on Controls</i></b>
SAE 3150, under Contents	<u>Quality Control Management</u>
SAE 3150, Paragraph 1	<p>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 International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3402<sup>1</sup> is applicable.<sup>2</sup> (Ref: Para. A1)</p> <p><sup>2</sup> The assurance practitioner applies ISA (NZ) 315 (<u>Revised 2019</u>) <u>Identifying and Assessing the Risks of Material Misstatement</u> <del>through Understanding the Entity and Its Environment</del> 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>, <del>as revised in July 2014</del>, 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) (New Zealand)</i> 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 practitioner<sup>8</sup> 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><sup>8</sup> The term “lead assurance practitioner” is referred to in Professional and Ethical Standard 1-(Revised) and Professional and Ethical Standard 3 <u><i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i></u> <del><i>Quality Control for Firms that</i></del></p>

Ref.	Amendments to the Standards
	<i>Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements (Amended)</i> as the “engagement partner”.
SAE 3150, paragraph 17 (l)	<p><b>Definitions</b></p> <p>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.</p>
SAE 3150, paragraph 28	<p><b>Quality Control Management</b></p> <p>The assurance practitioner shall implement quality control management procedures as required by ISAE (NZ) 3000 (Revised).</p>
SAE 3150, paragraph 88 (k)	<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 requirements in law and regulation, that are at least as demanding;</p>
SAE 3150, paragraph A12	<p><b>Acceptance and Continuance</b></p> <p><i>Competence and Capabilities to Perform the Engagement</i></p> <p>Relevant competence and capabilities, including having sufficient time to perform the compliance engagement, as required by ISAE (NZ) 3000 (Revised)<sup>42</sup> by persons who are to perform the engagement, include matters such as the following: ...</p>
SAE 3150, paragraph A151	<p>For application material on preparing and maintaining documentation refer to ISAE (NZ) 3000 (Revised)<sup>51</sup>.</p> <p><sup>51</sup> ISAE (NZ) 3000 (Revised), paragraph A493200-A2007.</p>
SAE 3150, Appendix 8, Example 1	<p><b>Example 1: Limited Assurance Report on Design and Description of the Entity’s Controls as at a Specified Date</b></p> <p>...</p> <p><i>[Our Independence and Quality-Control Management]</i></p> <p>We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board, 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 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> <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,</p>

Ref.	Amendments to the Standards
	<p><del>[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.</del></p>
<p>SAE 3150, Appendix 8, Example 2</p>	<p><b>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</b></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, <del>which include independence and other requirements</del> <u>which is</u> founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p><del>In accordance with</del> <u>The firm applies Professional and Ethical Standard 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements 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, <del>[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.</del></p>
<p>SAE 3150, Appendix 8, Example 3</p>	<p><b>Example 3: Reasonable Assurance Report on the Design and Implementation of the Entity’s Controls as at a Specified Date</b></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, <del>which include independence and other requirements</del> <u>which is</u> founded on fundamental principles of integrity, objectivity,</p>

Ref.	Amendments to the Standards
	<p>professional competence and due care, confidentiality and professional behaviour.</p> <p><del>In accordance with</del> <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> <del>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</del> or other professional requirements, or requirements in law or regulation, that are at least as demanding, <del>[name of firm] maintains,</del> <u>which requires the firm to design, implement and operate a comprehensive system of quality control management including documented policies and or procedures</u> regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>
SAE 3150, Appendix 8, Example 4	<p><b>Example 4: Reasonable Assurance Report on the Design and Operating Effectiveness of the Entity’s Controls throughout the Period</b></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</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, <del>which include independence and other requirements</del> <u>which is</u> founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <p><del>In accordance with</del> <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> <del>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</del> or other professional requirements, or requirements in law or regulation, that are at least as demanding, <del>[name of firm] maintains,</del> <u>which requires the firm to design, implement and operate a comprehensive system of quality control management including documented policies and or procedures</u> regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>
NZ SRE 2410 (Revised)	<b><i>Review of Financial Statements Performed by the Independent Auditor of the Entity</i></b>
NZ SRE 2410 (Revised), paragraph 9	The auditor shall implement quality <del>control</del> <u>management</u> procedures that are applicable to the individual engagement. (Ref: Para. A6)

Ref.	Amendments to the Standards
NZ SRE 2410 (Revised), paragraph 10	<p>The auditor shall comply with the engagement quality <del>control</del> <u>management</u> requirements of ISA (NZ) 220 (Revised)<sup>1</sup> when performing a review engagement in accordance with this NZ SRE 2410 (Revised).</p> <p><sup>1</sup> ISA (NZ) 220 (Revised), Quality <del>Control</del> <u>Management</u> for an Audit of Financial Statements.</p>
NZ SRE 2410 (Revised), paragraph 14	<p>Understanding the Entity and its Environment, <u>the Applicable Financial Reporting Framework and the Entity's Including its System of Internal Control</u></p> <p>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:</p>
NZ SRE 2410 (Revised), paragraph 15	<p>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 including its</u> internal control, as it relates to the preparation of both the annual and interim or other financial statements. (Ref: Para. A13)</p>
NZ SRE 2410 (Revised), paragraph A4	<p>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 including its</u> 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 including its</u> 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).</p>
NZ SRE 2410 (Revised), paragraph A6	<p>The elements of quality <del>control</del> <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, <del>assignment of engagement teams</del> <u>engagement</u></p>

Ref.	Amendments to the Standards
	<p><del>resources, engagement performance, and monitoring and remediation.</del>  <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</i>, or requirements that are at least as demanding, applies to firms in respect of the firm’s engagement to review financial statements.</u> (Ref: Para. 9)</p>
<p>NZ SRE 2410 (Revised), paragraph A9</p>	<p><b>Procedures for a Review of the Financial Statements</b></p> <p>Understanding the Entity and its Environment, <u>the Applicable Financial Reporting Framework and the Entity’s <del>Including its System</del> of Internal Control</u></p> <p>Under ISA (NZ) 315 (Revised 2019) <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, <u>the applicable financial reporting framework and the entity’s system of <del>including its</del> internal control</u>, 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 <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)</p>
<p>NZ SRE 2410 (Revised), paragraph A10</p>	<p>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 <del>including its</del> internal control</u>, 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)</p>
<p>NZ SRE 2410 (Revised), paragraph A11</p>	<p>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 <del>including its</del> internal control</u>, ordinarily include the following:</p> <p>...</p> <p>(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;</p>
<p>NZ SRE 2410 (Revised), paragraph A19</p>	<p>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 matters and applying analytical and other review</p>

Ref.	Amendments to the Standards
	<p>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</u> <del>including its</del> 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)</p>
<p>NZ SRE 2410 (Revised), paragraph A20</p>	<p>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 (Revised) <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i> provides guidance.</p>
<p>NZ SRE 2410 (Revised), paragraph A21</p>	<p>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> <del>including its</del> 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)</p>

### C: EFFECTIVE DATE

This Standard is effective for:

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