



Tē Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Need to Know series

Assurance Update



Agenda

Recently Applicable Standards

- Quality management and independence changes
- Objectivity amendments

Recent approvals

- Capital Raising
- NZ IAS 1 amendments to audit and review reports
- Definition of a Public Interest Entity

Open for comment

- GHG assurance
- Audit of Service Performance information
- Audit Evidence
- Strategy and Work plan



Recently Applicable Standards



Applicable now



Quality management

- Firm level
- Engagement level
- Amendments across all assurance standards

Applicable 15 Dec 2022 or Periods beginning on or after 15 Dec 2022

Ethics and Independence

[PES 1 » XRB](#)

Applicable on 15 Dec 2022

Amendments

- Fees
- Non-assurance services
- **Objectivity**
- Quality management

Objectivity amendments



Code of Ethics Section 325 (new)

Apply conceptual framework in relation to objectivity of the EQR

Cooling off period of 2 years before an engagement partner can act as EQR

Recent approvals



Capital Raising



Overview

[SAE 3450](#)

- Voluntary engagement
- Deals with assurance over different types of Financial Information
- Apply 3450 in conjunction with base standard
- Applicable from December 2023

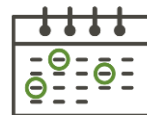
NZ IAS 1 amendments

Only applies to audits & reviews over financial statements prepared in accordance with NZ IFRS.

Current report illustration (e.g.: ISA (NZ) 700 (Revised))

Opinion

We have audited the financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.



New report illustration only applicable for financial statements prepared in accordance with NZIFRS (e.g.: ISA (NZ) 700 (Revised))

Opinion

We have audited the financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

Applicable for reporting periods beginning on or after 1 Jan. 2023

Definition of a Public Interest Entity



Amendments to Code of Ethics

- [Revisions to the definition of public interest entity](#) (PIE)
- periods beginning on or after 15 December 2024
- relates to Independence in PES 1

NZ PIEs

- FMC entities with a higher level of public accountability
- Large for-profit public sector entities
- Large public benefit entities

} Transparency

Open for comment



Open for comment

Domestic consultations

- NZ AS 1 (Revised) The Audit of Service Performance Information (17 March)
- Proposed assurance engagement over GHG Emissions Disclosures (24 March)

IAASB consultations

- Audit Evidence (15 March)
- *Narrow scope amendments to include group audits within the audit standard for less complex entities (18 April)*
- Strategy and work plan 2024-2027 (11 April)

Look out for our Walk-through Webcasts to give you an overview of what these exposure drafts are all about.

Assurance Engagements over GHG Emissions Disclosures

Exposure Draft



Proposed standard

Consultation Document



Explains the approach and key questions

FAQs

Assurance Engagements over GHG Emissions Disclosures

Consultation closes 24 March 2023

Assurance Engagements over GHG Emissions Disclosures



The Amendment to the Financial Markets Conduct Act (<https://legislation.govt.nz/act/public/2021/0039/latest/whole.html>) requires "CREs" to prepare climate statements

October 2021

Climate statements must include GHG emission disclosures

January 2023

GHG emission disclosures need to be assured in accordance with XRB standards

October 2024

What has to be assured and by who



GHG information in climate statements includes:

- GHG emissions (metric tonnes of CO₂e classified as: scope 1, scope 2, scope 3)
- Methodologies how GHG emissions were calculated, what assumptions were used
- Additional details, for example what is excluded from the calculations and why

Assurance practitioner:

- ✓ Independent
- ✓ Competent

Key features of the proposals



Engagement requirements

Require compliance with one of two international assurance standards

Include additional requirements as necessary



Ethics and independence

Include principles-based requirements

Professional and Ethical Standard 1 will not apply



Quality management

Include principles-based requirements

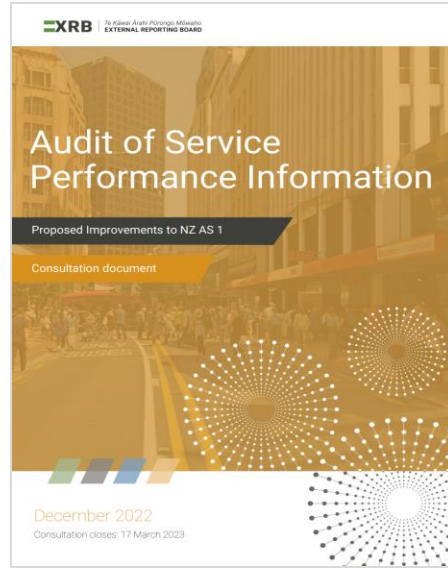
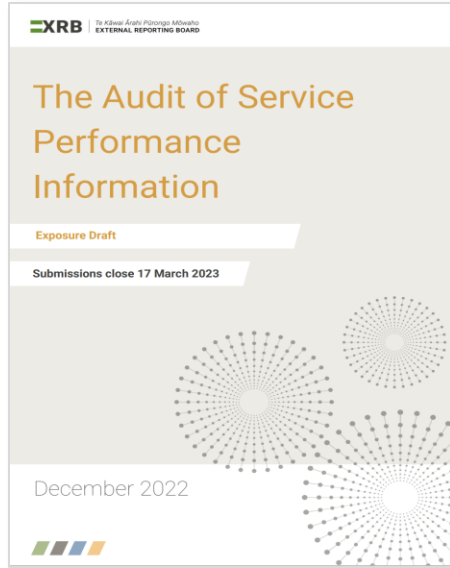
Professional and Ethical Standards 3 and 4 will not apply

Objectives and Drivers for XRB standard

- Climate Reporting increasingly driving capital allocation
- High-quality and independent assurance built on existing international standards
- All competent, independent assurance practitioners
- Sustainability assurance is evolving



Audit of Service Performance Information



Comments due by **17 March 2023**

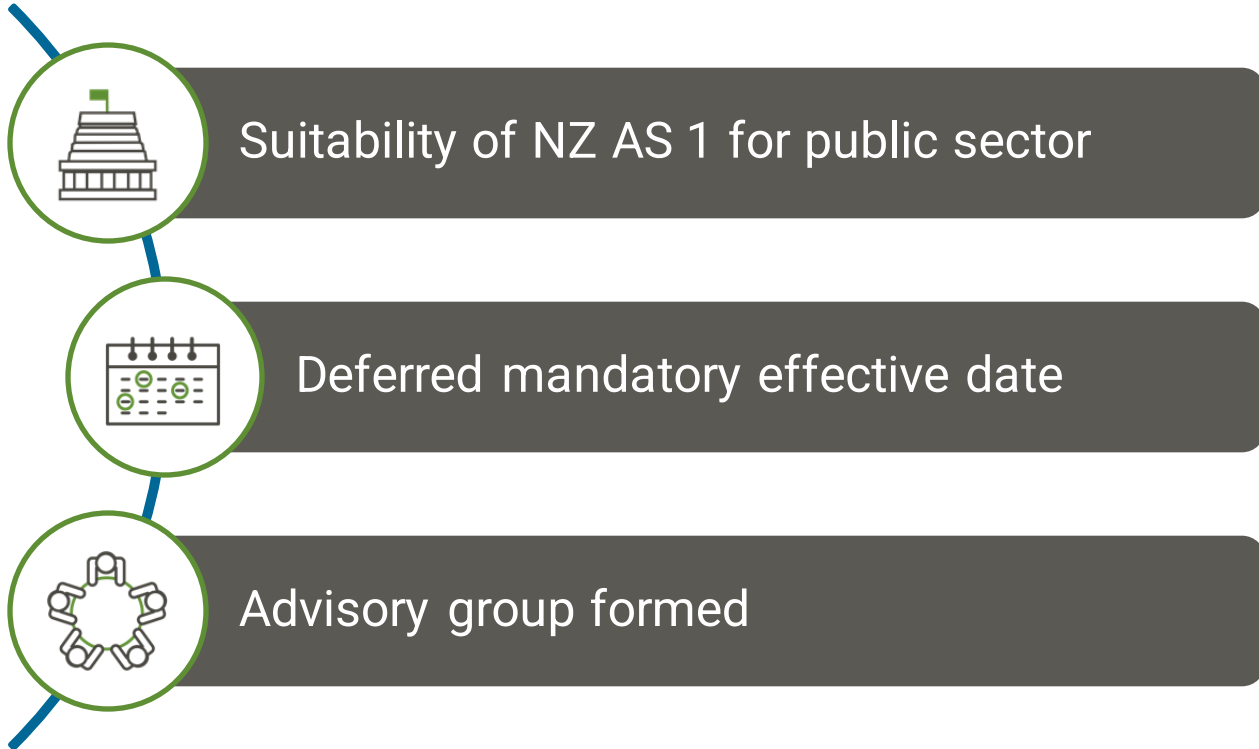
Reporting Requirements



PBE FRS 48 *Service Performance Reporting* now applicable for Tier 1 and Tier 2 public benefit entities

Tier 3 and Tier 4 consultation public benefit entities





Why a revised standard?



The Audit of Service Performance Information




Proposed Changes

-  Greater alignment with the financial reporting standards
-  Use of simplified language and examples
-  Sector-specific guidance
-  No added compliance costs

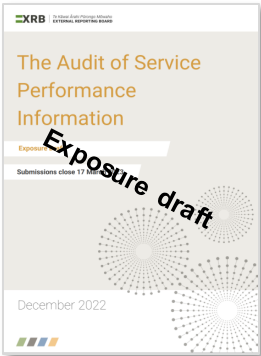
Application Date



Mandatory application date deferred



NZ AS 1 (Revised) for periods beginning on or after 1 January 2024



Consultation

Which to apply until 1 January 2024



1. Voluntarily apply extant NZ AS 1

2. If your client is a **not-for-profit entity**:

apply ISAE (NZ) 3000 (Revised) *Assurance engagements Other than Audits or Reviews of Historical Financial Information*

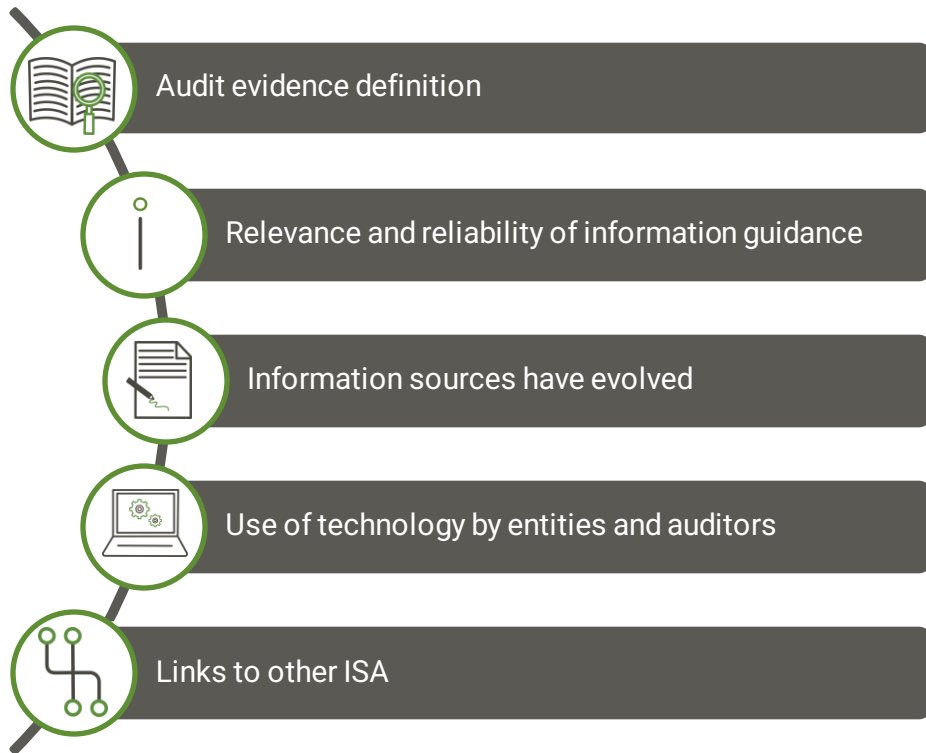
[EER Assurance Guidance » XRB](#) [Explanatory Guide \(EG Au9\) » XRB](#)

3. If your client is a **public sector entity**:

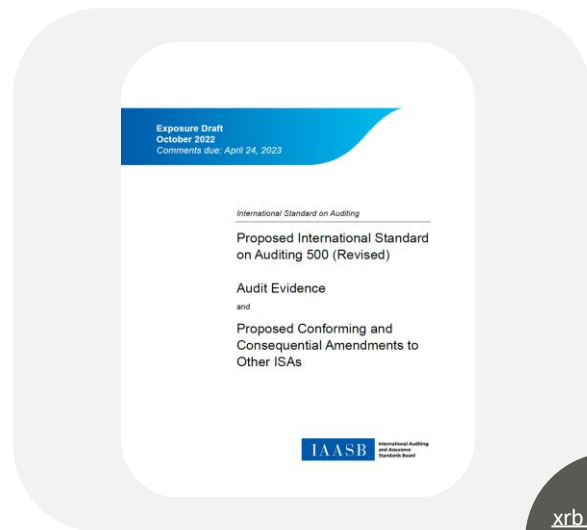
apply AG-4 *The Audit of Performance Reports*

Audit Evidence

Why the standard is being revised



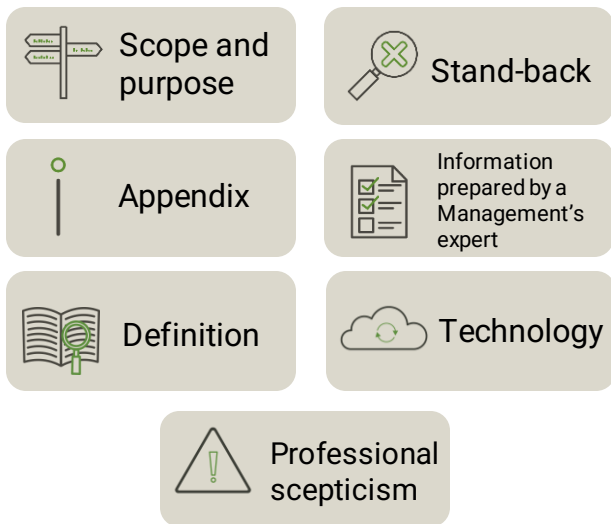
Open for comment



[xrb.govt.nz/
consultations](https://xrb.govt.nz/consultations)

Audit Evidence

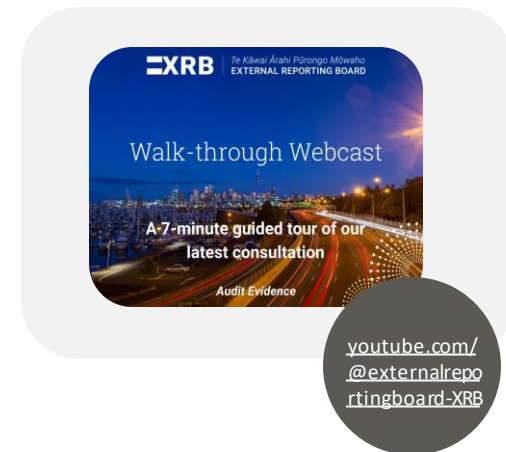
Key changes



Timetable



Webcast





[Proposed Strategy and Work Plan for 2024–2027 | IFAC \(iaasb.org\)](https://iaasb.org)

To serve the public interest by:

Developing the globally accepted and leading audit, assurance and related services standards enabling the performance of high-quality engagements that enhance trust in markets and evolve in a timely manner to meet rapidly changing public interest needs.

IAASB Strategy and Work Plan

*Poll – What is your top priority project?
(reasons can be provided in the chat function)*

- *ISA 320 – Materiality*
- *ISA 330 – Responding to Assessed Risks of Material Misstatement*
- *ISA 500 series (501, 505, 520, 530) for the impact of technology*
- *ISA 620 – Using the Work of an Auditor’s expert*
- *ISA 720 – Auditor Responsibilities Relating to Other Information*
- *ISRE 2410 – Review of Interim Financial Information (by the auditor of the entity)*
- *Joint audits*

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Questions

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