Professional Standards Board Developments (18 February)

[Note: The information in this PSB Update is provided for guidance only. Decisions reported may be revised or modified at future PSB meetings.]

The Professional Standards Board (PSB) met on 13 February. The highlights of the meeting are summarised below.

Work Programme

The PSB reviewed and approved the updated work programme. This can be viewed on the Institute's website (www.nzica.com) at: Standards and Policy/ Professional Standards.

Work Programme Projects

ISAs (NZ)

The PSB considered and approved the following ISAs (NZ) for submission to the Council for approval:

- ED/ISA (NZ) 200, "Overall Objective of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)"
- ED/ISA (NZ) 220, "Quality Control for an Audit of Financial Statements"
- ED/ISA (NZ) 320, "Materiality in Planning and Performing an Audit"
- ED/ISA (NZ) 450, "Evaluation of Misstatements Identified During the Audit"
- ED/ISA (NZ) 500, "Audit Evidence"
- ED/ISA (NZ) 501, "Audit Evidence – Specific Considerations for Selected Items"'
- ED/ISA (NZ) 505, "External Confirmations"
- ED/ISA (NZ) 520, "Analytical Procedures"
- ED/ISA (NZ) 530, "Audit Sampling"
- ED/ISA (NZ) 610, "Using the Work of Internal Auditors"
- ED/ISA (NZ) 620, "Using the Work of an Auditor's Expert".

Exposure Drafts of ISAs (NZ)

The PSB considered and approved the final two batches of exposure drafts of ISAs (NZ) for release once the final ISAs are approved by the Public Interest Oversight Body and issued by the IAASB:

Reporting Related Standards

- ISA (NZ) 700, "Forming an Opinion and Reporting on Financial Statements"
- ISA (NZ) 705, "Modifications to the Opinion in the Independent Auditor's Report"
- ISA (NZ) 706, "Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report"
- ISA (NZ) 800, "Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks"
- ISA (NZ) 805, "Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement"
- ISA (NZ) 810, "Engagements to Report on Summary Financial Statements".

The 700 series of Standards do contain some important differences to AS-702: *The Audit Report on an Attest Audit* and will necessitate changes to the wording and format of the audit report. The Invitation to Comment has more detail on these changes and will be released along with the exposure drafts.

Others

- ISA (NZ) 210, "Agreeing the Terms of Audit Engagements"
- ISA (NZ) 265, "Communicating Deficiencies in Internal Control to Those Charged with Governance"

- ISA (NZ) 402, "Audit Considerations Relating to an Entity Using a Service Organisation"
- ISA (NZ) 510, "Initial Audit Engagements – Opening Balances"
- ISA (NZ) 710, "Comparative Information – Corresponding Figures and Comparative Financial Statements".

It is proposed that both these batches of ISAs (NZ) will be effective for audits of financial statements for periods beginning on or after 1 October, 2009.

Once effective, auditors who perform audits in accordance with ISAs (NZ) will be able to assert compliance with International Standards on Auditing (ISAs).

Readers will note that the ISAs (NZ) will apply before the clarified ISAs (which are effective for audits of financial statements for periods beginning on or after 15 December 2009). The reason for this is that the first batch of clarified ISAs released in December 2006 included the 'Risk' Standards – ISAs 315 and 330. ISAs 315 and 330 (originally released at the end of 2004) had not previously been incorporated into our New Zealand Standards, as we were aware that the clarified versions were in process. It was therefore considered necessary to adopt these as soon as possible. Since then, New Zealand has adopted the clarified ISAs as they have been released by the IAASB.

Financial Advisory Engagements Standard

The PSB received an update on feedback received from the consultation meetings held to date. A meeting has been scheduled with staff from NZX to discuss possible issues for members already regulated by the NZX Participant Rules.

Auditors Reporting under the Electoral Finance Act 2007

The PSB received an update on the communication with members who have been appointed as auditor of the political parties.

Liaison Activity

Trans Tasman Accounting and Auditing Standards Advisory Group

The PSB noted the minutes of the December TTAASAG meeting.

International Involvement

Auditing and Assurance Standards Board (AUASB) - Australia

The PSB received a report on the Chair's attendance at the AUASB consultation meeting in December.

Next Meeting

The next PSB meeting will be on 15 April.

Exposure Drafts on issue at 28 February

PSB Exposure Drafts (please forward comments to psd@nzica.com)	**Response Date**
ED/ES, "Engagements to Provide Financial Advice and Related Services"	16 March 2009
ED/SAE, "3100 Compliance Engagements"	20 March 2009
IAASB Exposure Drafts	
No Exposure Drafts on issue at present	
IESBA Exposure Drafts	
No Exposure Drafts on issue at present	

Interested parties who wish to receive electronic notification of releases of PSB Exposure Drafts, Consultation Papers or other PSB pronouncements, and of IAASB and IESBA pronouncements, should forward their email address to the Institute by emailing psd@nzica.com.