

Professional Standards Board Developments (6 July)

[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 25 June. The highlights of the meeting are summarised below.

Work Programme

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

Work Programme Projects

International Standards on Auditing (New Zealand) (ISAs (NZ))

The PSB approved the final batches of ISAs (NZ) for submission to Council. These Standards will apply for audits of financial statements beginning on or after 1 October, 2009. At that time all the ISAs (NZ) will be in effect and members applying the ISAs (NZ) will be able to claim compliance with International Standards on Auditing (ISAs). Of particular relevance in these final batches are the changes to the wording and format of the audit report that will be required by ISA (NZ) 700, "Forming an Opinion and Reporting on Financial Statements". Members who have elected to receive electronic communication from Professional Standards will be notified when Council has approved these Standards.

Compliance Engagements

The PSB approved SAE 3100, "Compliance Engagements" for submission to Council. This Standard was developed following recognition of the need for standards to regulate performance by members of engagements undertaken for compliance purposes, for example, engagements to report on an entity's compliance with requirements established in legislation or regulation. The PSB has recommended to Council that this Standard be effective for compliance engagements commencing on or after 1 January, 2010. Again, members who have subscribed to the professional standards email list will receive notification when this Standard has been approved by Council.

Financial Advisory Engagements Standard

The PSB noted the analysis of the submissions received on the exposure draft and the comments of the Working Group. The Standard will now be redrafted and the PSB is hoping to approve the final version of the Standard at its September meeting. Changes will be made to the application section of the Standard to make it clear that it only applies when a member is performing an *engagement* to provide financial advice. Further, the section on remuneration and independence will be redrafted to clarify the PSB's policy position that advisers may continue to receive commission as a consequence of a financial advisory engagement but that, in this situation, advisers may not hold themselves out as being independent.

Liaison Activity

External Stakeholders

The PSB noted the work being done by Professional Standards staff liaising with various regulators (Securities Commission, Reserve Bank, New Zealand Food Safety Authority, Ministry of Justice, NZX) in relation to assurance requirements written in legislation and regulation.

International Involvement

International Auditing and Assurance Standards Board (IAASB)

The PSB is a member, along with the relevant standard setting bodies from 12 other countries, of the IAASB's National Standard Setters Group. The Chair reported back to the PSB on his attendance at the annual meeting of that group held on the 23rd and 24th April.

International Ethics Standards Board for Accountants (IESBA)

The PSB is also a member, of the IESBA's National Standard Setters Group. The Chair of the PSB reported back on his attendance at the annual meeting of that group held on the 22nd April.

Trans Tasman Accounting and Auditing Standards Advisory Group (TTAASAG)

The Chair reported back on his attendance of the May meeting of the Group.

Next Meeting

The next PSB meeting will be on 10th September.

There are no PSB, IAASB, IESBA exposure drafts on issue at 30 June.

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.