

AG ISA (NZ) 220 (Revised)

The Auditor-General's Statement on
Quality Management for an Audit of
Financial Statements



CONTROLLER AND AUDITOR-GENERAL

Tumuaki o te Mana Arotake

AG ISA (NZ) 220 (Revised)

The Auditor-General's Statement on Quality Management for an Audit of Financial Statements

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Introduction

At a glance

The standard expands on the [underlying standard ISA \(NZ\) 220 \(Revised\) \(XRB website\)](#) when the Auditor-General or the Deputy Auditor-General sign the audit report. The standard:

- specifies the responsibilities of the Appointed Auditor; and
- explains the role of the Auditor-General or the Deputy Auditor-General.

Scope of this Statement

1. This Auditor-General's Auditing Statement (the Statement) applies to annual audits when the Auditor-General decides that the Auditor-General or the Deputy Auditor-General will sign the audit report. In particular, this Statement reinforces the responsibility of the Appointed Auditor to meet the professional requirements placed on the engagement partner under ISA (NZ) 220 (Revised): *Quality Management for an Audit of Financial Statements* (ISA (NZ) 220 (Revised)).

Application

2. Compliance with this Statement is mandatory for Appointed Auditors who carry out annual audits on behalf of the Auditor-General. This Statement requires compliance with ISA (NZ) 220 (Revised) and the additional requirements included in this Statement.
3. This Statement applies to audits of financial statements and/or performance information commencing on or after 1 July 2024.

Objectives

4. The objective of the Appointed Auditor is to manage quality at the engagement level to obtain reasonable assurance that quality has been achieved such that:
 - (a) The Appointed Auditor has fulfilled the auditor's responsibilities, and has conducted the audit, in accordance with professional standards and applicable legal and regulatory requirements; and
 - (b) The auditor's report issued is appropriate in the circumstances.

Definition

5. For the purpose of this Auditor-General's Auditing Statement, the defined term listed below has the following meaning:

Appointed Auditor

means the person or persons appointed by the Auditor-General to carry out the annual audit or other engagement on behalf of the Auditor-General.

Requirements

Responsibilities of the Appointed Auditor where the Auditor-General or the Deputy Auditor-General sign the audit report arising from an annual audit

6. The Auditor-General reserves the right for the Auditor-General, or the Deputy Auditor-General, to sign the audit report arising from an annual audit. Where this is the case, the Auditor-General shall give due notice to the Appointed Auditor.
7. Even when the Auditor-General or Deputy Auditor-General sign the audit report, the Appointed Auditor will continue to be the engagement partner and shall meet the professional responsibilities required of the engagement partner under ISA (NZ) 220 (Revised). (Ref: Paras. A1-A5).

Application and other explanatory material

Responsibilities of the Appointed Auditor where the Auditor-General or the Deputy Auditor-General sign the audit report arising from an annual audit (Ref: Para. 6)

- A1. The Appointed Auditor, on receiving due notice from the Auditor-General, will consult with the Auditor-General or the Deputy Auditor-General and agree on the appropriate level of involvement of the Auditor-General or the Deputy Auditor-General in the audit. The level of the Auditor-General's or the Deputy Auditor-General's involvement will be determined in the context of the audit, including matters such as:
- Level of public interest;
 - Audit complexity;
 - Adequacy of entity governance arrangements.

- A2.** The appropriate level of involvement of the Auditor-General or the Deputy Auditor-General in the audit is a matter for professional judgement and may include:
- Agreeing on a timetable or process to keep the Auditor-General or the Deputy Auditor-General informed of key matters concerning the audit;
 - Agreeing, where appropriate, which documents are to be read and signed by the Auditor-General or the Deputy Auditor-General, in addition to the audit report;
 - Inviting the Auditor-General or the Deputy Auditor-General to key planning and closing meetings and other relevant team events (for example, meetings to discuss significant issues pertaining to the audit).
 - Involving the Auditor-General or the Deputy Auditor-General in discussions about the treatment of significant, complex, or contentious accounting issues, or matters involving significant judgements.
 - Inviting the Auditor-General or the Deputy Auditor-General to key meetings with management and those charged with governance of the entity.
- A3.** The Appointed Auditor will communicate matters relevant to the audit in writing to the Auditor-General or the Deputy Auditor-General for the purpose of providing the basis for the auditor’s report that is proposed to be issued. This communication may be in the form of an overall summary memorandum describing the work performed and the results thereof, or a number of individual documents. Irrespective of the form of the communication, the matters covered will include, but not be limited to, the following information and assurances:
- Confirmation that the audit has been completed and that the audit file has been reviewed and all issues resolved.
 - Confirmation that relevant ethical requirements, including those related to independence, have been fulfilled.
 - How matters affecting the overall audit strategy and audit plan have been addressed.
 - Significant matters arising on the audit and, in particular, consultation and conclusions on matters that were difficult or contentious.
 - Results of the procedures performed by the engagement team on significant risks, and other areas where significant judgements were involved.
 - Notification that the Engagement Quality Review (where appropriate) has been completed.
 - The significance and disposition of corrected and uncorrected misstatements identified during the engagement.
 - Representations that the annual report (that includes the audited information) has been reviewed by the Appointed Auditor.
 - Confirmation that the audited information complies in all material respects with financial reporting standards.
 - Confirmation that the signed representation letter from those charged with governance has been reviewed by the Appointed Auditor.

- Confirmation that sufficient appropriate audit evidence has been obtained to support the conclusions reached, and that provide the basis for the auditor’s report that is proposed to be issued.
- Recommended draft audit report.
- Significant matters communicated or expected to be communicated to management and those charged with governance or regulatory authorities.
- Information about instances of non-compliance with laws or regulations.
- Issues with sector wide implications, or other sensitive issues which may be of interest to Parliament.

Role of the Auditor-General or the Deputy Auditor-General where the Appointed Auditor does not sign the audit report

- A4. The Auditor-General or the Deputy Auditor-General is entitled to rely on the Appointed Auditor to comply with their professional responsibilities as the engagement partner in accordance with ISA (NZ) 220 (Revised).
- A5. The Auditor-General or the Deputy Auditor-General will:
- (a) Determine their level of involvement in the audit, in consultation with the Appointed Auditor, in accordance with paragraphs A1. and A2.
 - (b) Review the Appointed Auditor’s communication provided to the Auditor-General or the Deputy Auditor-General, in accordance with paragraph A3.; and
 - (c) Ensure that any questions they have about the audit are answered to their satisfaction.