

AG ISA (NZ) 810 (REVISED)
THE AUDITOR-GENERAL'S STATEMENT ON
ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL AND
PERFORMANCE INFORMATION

Contents

	Page
Introduction	3 - 5401
Scope of this Statement	3 - 5401
Application	3 - 5401
Objectives	3 - 5401
Definitions	3 - 5402
Requirements	3 - 5402
Procedures on the summary financial and performance information to be carried out as part of the annual audit on behalf of the Auditor-General	3 - 5402
Use of template audit reports issued by the OAG	3 - 5402
Signing of summary audit reports	3 - 5403
Modifications to summary audit reports	3 - 5403
Reporting to the OAG	3 - 5403
Application and other explanatory material	3 - 5403
Signing of summary audit reports	3 - 5403
Appendix 1 – Model summary audit report for a public entity applying a fair presentation framework	3 - 5404

Introduction

Scope of this Statement

1. This Auditor-General's Auditing Statement:
 - (a) establishes the Auditor-General's requirements in relation to ISA (NZ) 810 (Revised): *Engagements to Report on Summary Financial Statements* (ISA (NZ) 810);¹ and
 - (b) provides additional requirements and guidance to reflect the public sector perspective and covers all summaries of financial and performance information that are audited on behalf of the Auditor-General.

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 all of the requirements of ISA (NZ) 810, except to the extent that this Statement provides otherwise. Where a conflict between this Statement and ISA (NZ) 810 exists, the requirements of this Statement shall prevail.
3. This Statement applies to audits of financial statements and/or performance information which has been prepared for reporting periods ending on or after 15 December 2015.
4. The Auditor-General will determine the standard format and wording for public entity audit reports issued on summary financial and performance information. In doing so, the Auditor-General will be cognisant of the objectives and requirements of ISA (NZ) 810 (Revised) to ensure appropriate reporting for readers. A model summary audit report is included in this statement and may also be included in other directives issued by the OAG from time to time.

Objectives

5. The objectives of the Appointed Auditor are to:
 - (a) form an opinion on the summary financial and performance information based on an evaluation of the conclusions drawn from the evidence obtained; and
 - (b) clearly express that opinion through a written report that also describes the basis for that opinion.

¹ The ISA (NZ) auditing standards are scoped so that they apply to audits of "historical financial information. However, for the purposes of the Auditor-General's auditing standards and statements, all references to "historical financial information" should be read as the audit of "historical financial and historical performance information".

Definitions

6. For the purpose of this Auditor-General's Auditing Statement, the defined terms have the meanings attributed:

- (a) in the Glossary of Terms issued by the New Zealand Auditing and Assurance Standards Board (the NZAuASB glossary) of the External Reporting Board (although where a term with a specific meaning in the New Zealand public sector differs from the NZAuASB glossary, the New Zealand public sector definition shall prevail);
- (b) in the Auditor-General's Glossary of Terms; and
- (c) in the following term.

Summary financial and performance information	means the financial and performance information that is derived from the full financial and performance information contained in the annual report of a public entity, but that contains less detail than the annual report while still providing a structured representation consistent with that provided in the annual report.
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Requirements

Procedures on the summary financial and performance information to be carried out as part of the annual audit on behalf of the Auditor-General

7. The Appointed Auditor shall carry out audit procedures on the summary financial and performance information as part of the annual audit, and the summary audit report shall be signed "on behalf of the Auditor-General".

Use of template audit reports issued by the OAG

8. The Appointed Auditor shall use audit report templates issued by the OAG as the basis for all audit reports issued on summary financial and performance information. A template is contained in Appendix 1. Other directions may be issued by the OAG from time to time.

9. The Appointed Auditor shall consult with the OAG on any significant departures from any audit report template, or other direction, issued by the OAG.

Signing of summary audit reports

10. All summary audit reports, except those where the Auditor-General directs otherwise, shall be personally signed by the Appointed Auditor. However, the Auditor-General reserves the right to sign any summary audit report after giving due notice to the Appointed Auditor. (See paragraph A1)

Modifications to summary audit reports

11. The Appointed Auditor shall consult with the Accounting and Auditing Policy team before issuing a summary audit report if the Appointed Auditor *seriously considers* issuing a summary audit report when they conclude that the summary financial and performance information:
 - (a) has not been derived from the full financial and performance information; and/or
 - (b) is not consistent, in all material respects, with the full financial and performance information, in accordance with FRS-43: *Summary Financial Statements*, or PBE FRS-43: *Summary Financial Statements*, as appropriate.
12. The Accounting and Auditing Policy team will request the Appointed Auditor to prepare a submission to the Auditor-General's Opinions Review Committee (the ORC) for the circumstances in paragraph 11 above, unless there is clear precedent supporting the issue of the proposed audit report.

Reporting to the OAG

13. The Appointed Auditor shall forward to the OAG a copy of all summary audit reports issued, in keeping with the requirements set out in AG-1: *Reporting to the OAG*.

Application and other explanatory material

Signing of summary audit reports (See paragraph 10)

- A1. The Auditor-General or designated representative may sign a summary audit report instead of the Appointed Auditor if the Appointed Auditor is unwilling to sign the summary audit report because they have been directed to use particular wording with which they disagree.

Appendix 1 – Model summary audit report for a public entity applying a fair presentation framework

The following summary audit report is for an entity, which is not a FMC reporting entity (under the Financial Markets Conduct Act 2013), that is required to report performance information in a statement of performance.

Title and addressee section of the summary audit report	ISA (NZ) 810 (Revised) requirements and corresponding OAG policies
<p>[Firm's letterhead]</p>	<p>The audit report shall be printed on the letterhead of the auditing firm.</p>
<p>INDEPENDENT AUDITOR'S REPORT</p>	<p>Paragraph NZ16.1(a) of ISA (NZ) 810 (Revised) requires a title clearly indicating it as the report of an independent auditor.</p>
<p>TO THE READERS OF [NAME OF ENTITY]'S SUMMARY FINANCIAL STATEMENTS AND SUMMARY STATEMENT OF PERFORMANCE FOR THE YEAR ENDED [XX MM 20XX]</p>	<p>Paragraph NZ16.1(b) of ISA (NZ) 810 (Revised) requires the auditor's report to have an addressee.</p> <p>Unless an exemption has been specifically provided for by the OAG, all audit reports issued by the Auditor-General shall be addressed to the "readers" because public entities are accountable to a wide constituency and the Auditor-General has broad responsibilities to report to this constituency. Individual exceptions may include situations where there is a minority private sector interest in the entity. For example, where the entity is a joint venture and one of the partners is from the private sector, then the audit report shall be addressed to the "joint venturers".</p> <p>Where an audit report is addressed to a party other than to "the readers", the audit report will normally include the following wording:</p> <p>TO THE [SHAREHOLDERS/JOINT VENTURERS/PARTNERS] OF [NAME OF ENTITY]</p>

Opinion section of the summary audit report	ISA (NZ) 810 (Revised) requirements and corresponding OAG policies
<p>Opinion</p> <p>The summary financial statements and the summary statement of performance of the [name of entity] on pages [...] to [...], that comprise² the summary [statement of financial position] as at [XX MM 20XX], the [summary statement of comprehensive income, summary statement of changes in equity, summary statement of cash flows, and the summary statement of performance] for the year ended on that date, and related notes, are derived from the full financial statements and the full statement of performance for the year ended [XX MM 20XX] that we have audited.</p> <p>In our opinion, the summary financial statements and the summary statement of performance are consistent, in all material respects, with the full financial statements and the full statement of performance for the year ended [XX MM 20XX], in accordance with [FRS-43: Summary Financial Statements/PBE FRS-43: Summary Financial Statements] issued by the New Zealand Accounting Standards Board.</p>	<p>Paragraph NZ16.1(c) of ISA (NZ) 810 (Revised) requires the identification of the summary financial statements on which the auditor is reporting, including the title of each statement included in the summary financial statements.</p> <p>Paragraph NZ16.1(e) of ISA (NZ) 810 (Revised) requires a clear expression of an opinion.</p>

² Ensure that the names that are used in the financial statements and performance information are replicated in the audit report.

<p>“Limitations” section of the summary audit report</p>	<p>ISA (NZ) 810 (Revised) requirements and corresponding OAG policies</p>
<p>Summary Financial Statements and Summary Statement of Performance</p> <p>The summary financial statements and the summary statement of performance do not contain all the disclosures required by generally accepted practice in New Zealand. Reading the summary financial statements and the summary statement of performance and the auditor’s report thereon, therefore, is not a substitute for reading the full financial statements and the full statement of performance and the auditor’s report thereon.</p> <p>The summary financial statements and the summary statement of performance do not reflect the effects of events that occurred subsequent to the date of our auditor’s report on the full financial statements and the full statement of performance.</p>	<p>Paragraph NZ16.1(f) of ISA (NZ) 810 (Revised) requires a statement indicating that the summary financial statements do not contain all the disclosures required by the financial reporting framework applied in the preparation of the audited financial statements, and that reading the summary financial statements and the auditor’s report thereon is not a substitute for reading the audited financial statements and the auditor’s report thereon.</p> <p>Paragraph NZ16.1(g) of ISA (NZ) 810 (Revised) states that the auditor’s report on the summary financial statements may be dated later than the date of the auditor’s report on the audited financial statements. In such cases, the auditor’s report on the summary financial statements shall state that the summary financial statements and audited financial statements do not reflect the effects of events that occurred subsequent to the date of the auditor’s report on the audited financial statements.</p>
<p>Reference to the full financial statements and the full statement of performance, and report thereon section of the summary audit report</p>	<p>ISA (NZ) 810 (Revised) requirements and corresponding OAG policies</p>
<p>The full financial statements and the full statement of performance and our audit report thereon</p> <p>We expressed an unmodified audit opinion on the full financial statements and the full statement of performance for the year ended [XX MM 20XX] in our auditor’s report dated [XX MM 20XX].</p>	<p>Paragraph NZ 16.1(d) of ISA (NZ) 810 (Revised) requires identification of the audited financial statements.</p>

<p>[Governing body]’s responsibilities section of the summary audit report</p> <p>[Governing body]’s responsibility for the summary financial statements and the summary statement of performance</p> <p>The [Governing body] is responsible on behalf of the [name of entity] for the preparation of the summary financial statements and the summary statement of performance in accordance with [FRS-43: Summary Financial Statements/PBE FRS-43: Summary Financial Statements].</p>	<p>ISA (NZ) 810 (Revised) requirements and corresponding OAG policies</p> <p>Paragraph NZ16.1(i) of ISA (NZ) 810 (Revised) requires a description of those charged with governance’s responsibility for the summary financial statements, explaining that those charged with governance are responsible for the preparation of the summary financial statements in accordance with the applied criteria.</p>
<p>Auditor’s responsibilities section of the summary audit report</p> <p>Auditor’s responsibility</p> <p>Our responsibility is to express an opinion on whether the summary financial statements and the summary statement of performance are consistent, in all material respects, with the full audited financial statements and statement of performance of [name of entity], based on our procedures, which were carried out in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.</p> <p>Other than in our capacity as auditor, we have no relationship with, or interests in [name of entity].</p>	<p>ISA (NZ) 810 (Revised) requirements and corresponding OAG policies</p> <p>Paragraph NZ16.1(j) of ISA (NZ) 810 (Revised) requires a statement that the auditor is responsible for expressing an opinion, based on the auditor’s procedures conducted in accordance with ISA (NZ) 810 (Revised), on whether the summary financial statements are consistent, in all material respects, with [or are a fair summary of] the audited financial statements.</p> <p>Paragraph NZ16.2 of ISA (NZ) 810 (Revised) requires a statement as to the existence of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in, the entity.</p>

Signature section of the summary audit report	ISA (NZ) 810 (Revised) requirements and corresponding OAG policies
<p>[Signature of Appointed Auditor] [Name of Appointed Auditor], [Name of Auditing Firm] On behalf of the Auditor-General [City], New Zealand [Date]</p>	<p>Paragraph NZ16.1(k) of ISA (NZ) 810 (Revised) requires the auditor's signature. The Auditor-General requires the signature of the Appointed Auditor. If the Appointed Auditor wants to include the signature of the audit firm this can be included alongside the signature of the Appointed Auditor as follows:</p> <p>[Signature of Appointed Auditor] [Name of Appointed Auditor] On behalf of the Auditor-General [City], New Zealand [Date]</p> <p>[Signature of Auditing Firm] [Name of Auditing Firm]</p> <p>Paragraph NZ16.1(l) of ISA (NZ) 810 (Revised) requires the auditor's address. Paragraph NZ16.1(m) of ISA (NZ) 810 (Revised) requires the date of the auditor's report.</p>