

AG ISA (NZ) 200
THE AUDITOR-GENERAL'S STATEMENT ON
OVERALL OBJECTIVES OF THE INDEPENDENT AUDITOR AND THE
CONDUCT OF AN AUDIT IN ACCORDANCE WITH INTERNATIONAL
STANDARDS ON AUDITING (NEW ZEALAND)

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Introduction

Scope of this Statement

1. This Auditor-General's Auditing Statement:
 - (a) establishes the Auditor-General's objectives and requirements in relation to ISA (NZ) 200: *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)* (ISA (NZ) 200);¹ and
 - (b) provides additional guidance to reflect the public sector perspective.

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) 200, except to the extent that this Statement provides otherwise. Where a conflict between this Statement and ISA (NZ) 200 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 beginning on or after 1 April 2017.

Overall Objectives of the Appointed Auditor

4. In conducting an annual audit on behalf of the Auditor-General, the overall objectives of the Appointed Auditor are:

Forming an opinion and reporting on the financial and performance information

- (a) to obtain reasonable assurance about whether the information that has been audited as a whole is free from material misstatement, whether due to fraud or error, thereby enabling the Appointed Auditor to express an opinion on that information.
- (b) to report in a management letter to the entity on the information that has been audited in paragraph 4(a), and where relevant, any observations and significant matters arising from the audit – including suggested improvements to financial and other management systems;

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".

Identifying and reporting to the OAG any other issues of concern to the Auditor-General

- (c) to identify any other issues of concern to the Auditor-General that may not have been separately reported as part of the work carried out in paragraph 4(a); and
 - (d) to report on any other issues of concern to the Auditor-General, to the OAG, or to other parties as directed by the OAG.
5. Collectively, Appointed Auditors and their staff are the “eyes and ears” of the Auditor-General. Appointed Auditors assume a dual role of:
- (a) Expressing an opinion on an entity’s financial statements and performance information; and
 - (b) Maintaining an awareness of matters of financial management and accountability that may not impact on their audit report but, nonetheless, may be of concern to the Auditor-General.

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); and
 - (b) in the Auditor-General’s Glossary of Terms.

Requirements

Overall objectives

7. Appointed Auditors shall carry out the annual audit to achieve the overall objectives in paragraph 4 above.
8. Appointed Auditors shall comply with the Auditor-General’s statements and specific standards listed in Appendix 1.

Application and other explanatory material

The Auditor-General's auditing standards that apply to annual audits

- A1 The Auditor-General has prepared statements and specific standards that apply to annual audits for the purpose of reflecting the public sector perspective, in addition to the standards issued by the External Reporting Board (the XRB) that also apply to annual audits.
- A2 Collectively, the standards issued by the XRB, together with the Auditor-General's statements and specific standards, are called the Auditor-General's Auditing Standards.
- A3 Appendix 1 outlines the Auditor-General's statements that apply to annual audits and the equivalent XRB standards. In addition, Appendix 1 also identifies the Auditor-General's specific standards that apply to annual audits.

Appendix 1 –Auditing Standards that apply to annual audits

Auditing standards that apply to annual audits		
Applicable XRB standards	Applicable Auditor-General's Statement	Name of Statement or Standard
NZAuASB Glossary of Terms (EG Au4)	AG Glossary of Terms	Glossary of terms
PES 1 (Revised)	AG PES 1 (Revised)	Code of Ethics for Assurance Practitioners
PES 3 (Amended)	AG PES 3 (Amended)	Quality control
ISA (NZ) 200	AG ISA (NZ) 200	Overall objective of the independent auditor and the conduct of an audit in accordance with International Standards on Auditing (New Zealand)
ISA (NZ) 210	AG ISA (NZ) 210	The terms of audit engagements
ISA (NZ) 220	-	Quality control for an audit of financial statements
ISA (NZ) 230	-	Audit documentation
ISA (NZ) 240	AG ISA (NZ) 240	The auditor's responsibilities relating to fraud in an annual audit
ISA (NZ) 250	AG ISA (NZ) 250	Consideration of laws and regulations
ISA (NZ) 260 (Revised)	AG ISA (NZ) 260 (Revised)	Communication with those charged with governance
ISA (NZ) 265	-	Communicating deficiencies in internal control
ISA (NZ) 300	AG ISA (NZ) 300	Planning the annual audit
ISA (NZ) 315 (Revised)	AG ISA (NZ) 315 (Revised)	Identifying and assessing the risks of material misstatement through understanding the entity and its environment
ISA (NZ) 320	AG ISA (NZ) 320	Materiality in planning and performing an annual audit
ISA (NZ) 330	AG ISA (NZ) 330	The auditor's responses to assessed risks
ISA (NZ) 402	-	Audit considerations relating to an entity using a service organisation
ISA (NZ) 450	AG ISA (NZ) 450	Evaluation of misstatements identified during the annual audit
ISA (NZ) 500	-	Audit evidence
ISA (NZ) 501	-	Audit evidence - specific considerations for selected items
ISA (NZ) 505	-	External confirmations
ISA (NZ) 510	-	Initial audit engagements - opening balances
ISA (NZ) 520	-	Analytical procedures
ISA (NZ) 530	-	Audit sampling
ISA (NZ) 540	-	Auditing accounting estimates
ISA (NZ) 550	-	Related parties
ISA (NZ) 560	-	Subsequent events
ISA (NZ) 570 (Revised)	AG ISA (NZ) 570 (Revised)	Going concern
ISA (NZ) 580	AG ISA (NZ) 580	Written representations
ISA (NZ) 600	AG ISA (NZ) 600	Special considerations - audits of group financial and performance information (including the work of component auditors)
ISA (NZ) 610 (Revised 2013)	-	Using the work of internal auditors
ISA (NZ) 620	-	Using the work of an expert
ISA (NZ) 700 (Revised)	AG ISA (NZ) 700 (Revised)	Forming an opinion and reporting on financial and

Auditing standards that apply to annual audits		
Applicable XRB standards	Applicable Auditor-General's Statement	Name of Statement or Standard
		performance information
ISA (NZ) 701	AG ISA (NZ) 701	Communicating key audit matters in the independent auditor's report
ISA (NZ) 705 (Revised)	AG ISA (NZ) 705 (Revised)	Modifications to the opinion in the independent auditor's report
ISA (NZ) 706 (Revised)	AG ISA (NZ) 706 (Revised)	Emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report
ISA (NZ) 710	-	Comparative information
ISA (NZ) 720 (Revised)	-	The auditor's responsibilities relating to other information
ISA (NZ) 800 (Revised)	-	Audits of financial statements prepared in accordance with special purpose frameworks
ISA (NZ) 805 (Revised)	-	Audits of single financial statements and specific elements, accounts or items of a financial statement
ISA (NZ) 810 (Revised)	AG ISA (NZ) 810 (Revised)	Engagements to report on summary financial and performance information

The Auditor-General's Specific Standards that apply to annual audits	
AG-1	Reporting to the OAG
AG-2	The appropriation audit and the controller function
AG-3	The auditor's approach to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence
AG-4	The audit of performance reports