

AG ISA (NZ) 210

The Auditor-General's Statement on the Terms of Audit Engagements



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Introduction

At a glance

The standard expands on the [underlying standard ISA \(NZ\) 210 \(XRB website\)](#) in that you need to:

- use the OAG template engagement letter;
- contact the OAG if the head of the public entity's governing body refuses to acknowledge the terms of the audit engagement; and
- contact the OAG if there are significant risks in carrying out an annual audit that might ordinarily lead to the audit engagement being declined.

Scope of this Statement

1. This Auditor-General's Auditing Statement:
 - (a) establishes the Auditor-General's requirements in relation to [ISA \(NZ\) 210 Agreeing the Terms of Audit Engagements](#) (ISA (NZ) 210);¹
 - (b) provides guidance to reflect the public sector perspective on terms of audit engagements; and
 - (c) provides an Audit Engagement Letter template for Appointed Auditors to use, and adapt as necessary, when communicating the terms of the audit engagement to public entities.

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) 210 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 April 2023.

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".

Objective

4. The objectives of the Appointed Auditor in terms of this statement are to:
 - (a) meet the objective of the auditor as described in ISA (NZ) 210 by confirming that there is a common understanding of the terms of the audit engagement between the Appointed Auditor and those charged with governance; and
 - (b) prepare the audit engagement letter in terms of the additional requirements of this statement and signing the letter in terms of this statement;

Definitions

5. For the purpose of this Auditor-General's Auditing Statement, the defined terms listed below have the following meanings:

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, and who are supported by other members of the audit team. Where an Auditor-General's Statement or Standard expressly intends that a requirement be fulfilled by the Appointed Auditor personally, the requirement will indicate that the Appointed Auditor shall personally satisfy the requirement.

Audit Engagement Agreement

means the agreement between the Auditor-General, the Appointed Auditor, and the Audit Service Provider that records the appointment of the Appointed Auditor.

Audit Engagement Letter

means the letter sent by the Appointed Auditor to the public entity on behalf of the Auditor-General that communicates the terms of the audit engagement. The letter is not a contract nor is it an audit proposal, and a public entity or the Appointed Auditor cannot negotiate or vary the terms of the audit engagement.

Requirements

Audit Engagement Letters to be issued to all public entities or public entity groups

6. The Audit Engagement Letter shall be signed by the Appointed Auditor on behalf of the Auditor-General.
7. The Appointed Auditor shall ensure that each public entity in a group is covered by an applicable Audit Engagement Letter. This may mean that an Audit Engagement Letter is issued to each public entity or, if appropriate, to each public entity group that is audited on behalf of the Auditor-General ([Ref: Para. A1-A2](#)).
8. The Audit Engagement Letter shall be issued to the head of the public entity's governing body, which for the purposes of this Statement includes management and those charged with governance (for example, the chairperson, Mayor, or chief executive of a government department) in keeping with the definition in paragraph 5 of ISA (NZ) 210.
9. The Audit Engagement Letter shall require the head of the public entity's governing body to formally acknowledge the terms of the audit engagement in writing. If the head of the public entity's governing body refuses to acknowledge the terms of the audit engagement, the Appointed Auditor shall refer the matter to the OAG. In this situation, the Auditor-General or a representative of the OAG will discuss the terms of the engagement directly with the public entity.

When to issue an Audit Engagement Letter

10. In addition to the requirements of paragraph 13 of ISA (NZ) 210, which specifies the circumstances when an Audit Engagement Letter should be issued for recurring audits, the Appointed Auditor shall issue a new Audit Engagement Letter immediately after a new audit engagement agreement has been entered into or when an existing audit engagement agreement has been renegotiated (which is usually at least once every three years for an audit contract).

Using standard Audit Engagement Letter templates

11. The Appointed Auditor shall use the standard Audit Engagement Letter template unless directed otherwise by the OAG ([Ref: Para. A3-A4](#)).

Appointed Auditors shall not enter certain types of contracts with a public entity

12. The Appointed Auditor or the Audit Service Provider shall not enter into a contract with a public entity that limits:
- (a) the scope of the annual audit;
 - (b) the duties of the Appointed Auditor or the Audit Service Provider under the Audit Engagement Agreement; or
 - (c) the powers, duties, and functions of the Auditor-General under the Act, as delegated to the Appointed Auditor [\(Ref: Para. A5\)](#).

Appointed Auditors shall not limit their liability to a public entity

13. The Appointed Auditor or the Audit Service Provider shall not limit their liability to a public entity, either by means of the Audit Engagement Letter or by a separate contract [\(Ref: Para. A6\)](#).

What to do if there are risks that may ordinarily lead to an audit engagement being declined

14. Other than annual audits carried out under section 19 of the Public Audit Act 2001 (the Act), the Auditor-General cannot decline to carry out an annual audit, so the Appointed Auditor shall immediately contact the OAG if there are indications of significant risks in carrying out an annual audit that ordinarily may have led to that audit engagement being declined.

Application and other explanatory material

Audit Engagement Letters to be issued to all public entities or public entity groups [\(Ref: Para. 8\)](#)

- A1. Where a public entity controls one or more other public entities, and all public entities in the “group” are under the common control of one governing body, it may be appropriate to issue a single Audit Engagement Letter for the public entity “group”. Alternatively, where a public entity is under the immediate control of a governing body that is different to the governing body of the parent public entity, it is normal practice to issue an Audit Engagement Letter to the governing body of the subsidiary public entity.²
- A2. Where a public entity is jointly controlled by two or more other public entities, but no single public entity is able to exercise control in its own right, it may be appropriate to issue an Audit Engagement Letter to the governing body of the jointly controlled public entity.

Using standard Audit Engagement Letter templates [\(Ref: Para. 12\)](#)

- A3. [Appendix 1](#) contains a standard Audit Engagement Letter.
- A4. The wording of the standard Audit Engagement Letter template may be varied where considered appropriate to correctly reflect the circumstances of the engagement.

Appointed Auditors shall not enter into certain types of contracts with a public entity [\(Ref: Para. 13\)](#)

- A5. The Audit Engagement Letter communicates the terms of the audit engagement, as determined under statute, to a public entity. A public entity or an Appointed Auditor cannot negotiate or vary the terms of the audit engagement. The Appointed Auditor and/or the Audit Service Provider may separately agree with a public entity matters such as the timing of the audit, billing arrangements, and so on.

Appointed Auditors shall not limit their liability to a public entity [\(Ref: Para. 14\)](#)

- A6. As the Auditor-General does not limit liability for annual audits, there is no basis for an Appointed Auditor or Audit Service Provider (in their capacity as the Auditor-General’s agent) to do so.

² The Companies Act 1993 and the Crown Entities Act 2004 allow for group reporting only. Where group only financial statements are prepared and audited, it will be sufficient to issue one Audit Engagement Letter for the group.

Appendix 1 – Standard public entity Audit Engagement Letter³

[Firm's letterhead]

[Date]

The Chairperson

[Governing body]

[Name of public entity]

[Address]

Dear [chairperson]

Audit Engagement Letter

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including [name of public entity], under section 14 of the Public Audit Act 2001 (the Act).⁴The Auditor-General has appointed me, [name of Appointed Auditor], using the staff and resources of [name of Auditing Firm], under section 32 and 33 of the Act, to carry out the annual audits of the [name of public entity]'s financial statements [and performance information]. We will be carrying out these annual audits on the Auditor-General's behalf, for the years ending [DD MM 20XX to DD MM 20XX].

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the [governing body] and me, as the Appointed Auditor, for the financial statements [and performance information].

The objectives of the annual audit are:

- to provide an independent opinion on the [governing body]'s financial statements [and performance information]; and
- to report on other matters that come to our attention as part of the annual audit. Typically, those matters will relate to issues of financial management and accountability.

We will carry out the audit 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

³ Appendix 1 is an Audit Engagement Letter for a public entity whose financial statements [and performance information] is required to be prepared in accordance with a fair presentation framework. Some changes to this letter will be required where the financial statements [and performance information] are prepared in accordance with a compliance presentation framework.

⁴ Replace the first sentence of the Audit Engagement Letter with the following sentence, only if the audit is carried out under section 19 of the Public Audit Act 2001:

“This audit engagement letter is sent to you on behalf of the Auditor-General. The Auditor-General has accepted the request of [name of entity] to be its auditor under section 19 of the Public Audit Act 2001 (the Act).”

(collectively, the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the [name of public entity]'s financial statements [and performance information] are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

Your responsibilities

Our audit will be carried out on the basis that the [governing body] acknowledges that it has responsibility for:

- preparing the financial statements [and performance information] in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as is determined necessary to enable the preparation of financial statements [and performance information] that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements [and performance information], such as records, documentation, and other information;
 - all other information, in addition to the financial statements [and performance information], to be included in the annual report;
 - additional information that we may request from the [name of public entity] for the purpose of the audit;
 - unrestricted access to [governing body] members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.⁵

The [governing body]'s responsibilities extend to all resources, activities, and entities under its control. We expect that the [governing body] will ensure that:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations, including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;

⁵ If an audit report is going to be issued on the public entity's summary financial and summary performance information, the following text shall be included as a separate paragraph in accordance with the requirements of paragraph 6(b) in ISA (NZ) 810:

In addition, the [governing body] is responsible:

- for the preparation of the summary financial statements [and summary performance information];
- for making the audited summary financial statements [and summary performance information] readily available to the intended users of that information; and
- for including our audit report on the summary financial statements [and summary performance information] in any document that contains that information and that indicates that we have reported on that information.

- it has met Parliament’s and the public’s expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the [governing body] and/or the individuals within the [name of public entity] with delegated authority to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The [governing body] has certain responsibilities relating to the preparation of the financial statements [and performance information] and in respect of financial management and accountability matters. These specific responsibilities are set out in Annex 1. Annex 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the [governing body] to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The [governing body] should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of [name of public entity]:

- present fairly, in all material respects:
 - its financial position as at [DD MM 20XX]; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with [the applicable financial reporting framework].

We are also responsible for forming an independent opinion on whether the [performance information] of [name of public entity]:

- presents fairly, in all material respects, the performance for the year ended [DD MM 20XX], [including:
 - its performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
- complies with generally accepted accounting practice in New Zealand].⁶

⁶ The expression of an opinion on the performance information will vary depending on the nature of the public entity. Appointed Auditors should refer to the standard audit report on the OAG Portal for the appropriate wording.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements [and performance information]. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements [and performance information], whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements [and performance information].

We do not examine every transaction, nor do we guarantee the complete accuracy of the financial statements [and performance information]. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [governing body]'s internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements [and performance information] that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the [governing body] and the [entity type] have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the [governing body] obtained and applied the resources of the [entity type] in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the [governing body] and the [entity type] have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

It is essential that the audit team and [name of auditing firm] remain both economically and attitudinally independent of [name of public entity] (the [entity type]); including being independent of management personnel and members of the [governing body]. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the [name of auditing firm].

To protect our independence, specific limitations are placed on us in accepting engagements with the [governing body] other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements

must be the subject of a separate written arrangement between the [governing body] and myself or [name of auditing firm].

Reporting

We will issue an independent audit report that will be attached to the financial statements [and performance information]. This report contains our opinion on the fair presentation of the financial statements [and performance information] and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.⁷

[Our audit report will communicate key audit matters in accordance with ISA (NZ) 701: Communicating key audit matters in the independent auditor's report. Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements [and performance information] for the current year.]⁸

We will also issue a management letter that will be sent to the [governing body]. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the [governing body]. Typically, those matters will relate to issues of financial management and accountability. We may also provide other management letters to the [name of public entity] from time to time. We will inform the [governing body] of any other management letters we have issued.

[The management letter is the basis of a letter sent to the Minister and a briefing report sent to the select committee about the results of our audit.]⁹

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

⁷ If an audit report is going to be issued on the public entity's summary financial and performance information, then the following text should be included at the end of this paragraph:

"In addition, we will issue an audit report that will be attached to the summary financial statements [and summary performance information]. This audit report will contain an opinion that provides the same level of assurance as the audit report on the full financial statements [and full performance information]."

⁸ Include for those entities where there is either a requirement for the audit report to include key audit matters or where the entity has requested key audit matters to be included in the audit report.

⁹ Only include this sentence for entities where a Ministerial letter will be sent.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours faithfully/sincerely

[Signature of Appointed Auditor]

[Name of Appointed Auditor]

[Title of Appointed Auditor]

On behalf of the Auditor-General

I acknowledge the terms of this engagement and that I have the required authority on behalf of the [governing body].

Signature:

Name:

Title: Date:

Annex 1 – Respective specific responsibilities of the [governing body] and the Appointed Auditor

Responsibilities for the financial statements [and performance information]

Responsibilities of the [governing body]

You are required by legislation to prepare financial statements [and performance information] in accordance with legal requirements and financial reporting standards.

You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements [and performance information].

You are required by legislation to prepare the financial statements [and performance information] and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements [and performance information] ready for audit and in enough time to enable the audit to be completed. “Ready for audit” means that the financial statements [and performance information] have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.

Responsibilities of the Appointed Auditor

We are responsible for carrying out an annual audit on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:

- present fairly, in all material respects:
- the financial position as at [DD MM 20XX]; and
- the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with [the applicable financial reporting framework].

We are also responsible for forming an independent opinion on whether the [performance information]:

- presents fairly, in all material respects, the performance for the year ended [DD MM 20XX], [including:
 - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
- complies with generally accepted accounting practice in New Zealand]

We will also read the other information accompanying the financial statements [and performance information] and consider whether there are material inconsistencies with the audited financial statements [and performance information].

Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements [and performance information] do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements [and performance information].

If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by those charged with governance;
- [the appropriateness of the content and measures in any performance information;]
- the adequacy of the disclosures in the financial statements [and performance information]; and
- the overall presentation of the financial statements [and performance information].

We will ask you for written confirmation of representations made about the financial statements [and performance information]. In particular, we will seek confirmation that:

- the adoption of the going concern basis of accounting is appropriate;
- all material transactions have been recorded and are reflected in the financial statements [and performance information];
- all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and
- uncorrected misstatements noted during the audit are immaterial to the financial statements [and performance information].

Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.

We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements [and performance information], or for some other reason beyond our control, as soon as possible after that.

The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.

Responsibilities for the accounting records

Responsibilities of the [governing body]

You are responsible for maintaining accounting and other records that:

- correctly record and explain the transactions of the public entity;
- enable you to monitor the resources, activities, and entities under your control;
- enable the public entity's financial position to be determined with reasonable accuracy at any time;
- adequately record the methods, significant assumptions, and data that will be used to make and support the accounting estimates that will enable you to achieve recognition, measurement, or disclosure requirements as determined in the applicable financial reporting framework;
- enable you to prepare financial statements [and performance information] that comply with legislation (and that allow the financial statements [and performance information] to be readily and properly audited); and
- are in keeping with the requirements of the Commissioner of Inland Revenue.

Responsibilities of the Appointed Auditor

We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements [and performance information].

If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements [and performance information] and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.

Responsibilities for accounting and internal control systems

Responsibilities of the [governing body]

You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the public entity), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and, where applicable, performance information reporting.

Responsibilities of the Appointed Auditor

The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements [and performance information].

We will report to you separately on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.

Responsibilities for preventing and detecting fraud and error

Responsibilities of the [governing body]

The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the public entity), supported by written policies and procedures.

We expect you to formally address the matter of fraud and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.

We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you, or individuals with the [name of public entity] with delegated authority, to immediately inform us of any suspected fraud where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved.

Responsibilities of the Appointed Auditor

We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements [and performance information].

We will review the accounting and internal control systems only to the extent required to allow us to express an opinion on the financial statements [and performance information], but we will:

- obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and
- report to you any significant weaknesses in internal control that come to our notice.

We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.

As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.

If we become aware of the possible existence of fraud, whether through applying audit procedures, from advice from you or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud

to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.

Responsibilities for compliance with laws and regulations

Responsibilities of the **[governing body]**

You are responsible for ensuring that the public entity has systems, policies, and procedures (appropriate to the size of the public entity) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the public entity are complied with. Such systems, policies, and procedures should be documented.

Responsibilities of the Appointed Auditor

We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:

- the relevance of the law or regulation to the audit;
- our assessment of the risk of non-compliance;
- the impact of non-compliance for the addressee of the audit report

The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.

We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.

Responsibilities to establish and maintain appropriate standards of conduct and personal integrity

Responsibilities of the **[governing body]**

You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a Code of Conduct and, where applicable, support the Code of Conduct with policies and procedures.

The expected standards of conduct and personal integrity should be determined by reference to accepted Codes of Conduct that apply to the public sector.

Responsibilities of the Appointed Auditor

We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the public entity may not have acted in accordance with the standards of conduct and personal integrity expected of them.

The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.

The Auditor-General, on receiving a report from us, may, at their discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.

Responsibilities for conflicts of interest and related parties

Responsibilities of the [governing body]

You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.

You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements [and performance information] in accordance with generally accepted accounting practice.

Responsibilities of the Appointed Auditor

To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements [and performance information].

Responsibilities for publishing the audited financial statements on a website

Responsibilities of the [governing body]

You are responsible for the electronic presentation of the financial statements [and performance information] on the public entity's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.

If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.

Responsibilities of the Appointed Auditor

Examining the controls over the electronic presentation of audited financial statements [and performance information], and the associated audit report, on your website is beyond the scope of the annual audit.

Annex 2 – Health and safety of audit staff

The Auditor-General and Audit Service Providers take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a work environment for our audit staff that is without risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.