

Introduction of a New Zealand Public Practice Certificate

Frequently Asked Questions

CPA Australia has formulated these Frequently Asked Questions, following the changes which regulate New Zealand members engaged in offering Public Accounting Services in the same manner as Australian members. The new certification process will allow New Zealand members to utilise CPA Australia Branding for the first time.

1. Introduction of Public Practice Certification in New Zealand

What are the CPA Australia By-Law changes?

- 1.1 CPA Australia has amended the CPA Australia By-Laws to regulate the provision of Public Accounting Services in New Zealand to be consistent with Australia.

When do these changes commence?

- 1.2 The CPA Australia By-Law changes are effective from 1 January 2012. To support members embrace these changes who are currently in practice as a principal, transitional pathways are available and described further on in this document.

What are Public Accounting Services?

- 1.3 Public Accounting Services include accounting; bookkeeping; auditing & assurance services; taxation; insolvency & corporate reconstruction; financial planning; and financial reporting. Services not included in this definition are information technology, management consultancy and company secretarial services, unless such services are provided with the services listed above.

Why now?

- 1.4 The Trans-Tasman Agreement aims to develop a single economic market between Australia and NZ which will allow regulated occupations to operate seamlessly between each country. The CPA Australia Public Practice Program and practice management knowledge resources have been expanded to be applicable for members globally. The time is now right to allow New Zealand members in practice to capitalise on the use of their CPA designation and have the same access to branding and support as Australian practitioners the opportunity to expand on their CPA designation and leverage from the CPA branding, until now only available to Australian members.

The introduction of a PPC for New Zealand members is the beginning of a journey which will support and encourage members to embrace future opportunities.

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2. Public Practice Certification

I am a Principal/Partner in Public Practice in New Zealand. What do these changes mean for me?

- 2.1 All CPA Australia members who are Principals or Partners offering Public Accounting Services in New Zealand may apply for a Public Practice Certificate from 1 January 2011, however will be required to hold a Public Practice Certificate from 1 January 2013. Transitional arrangements will be provided for those already in practice.

Why must I hold a Public Practice Certificate?

- 2.2 The CPA designation should provide the same level of consumer protection in both New Zealand and Australia. By introducing consistent Public Practice certification processes across the Tasman we will provide high level consumer protection via member education, quality assurance – practice monitoring programs, professional indemnity insurance and sharing of global best practice management. This opportunity is member driven allowing members to build on their CPA designation by actively trading as a CPA Practice.

The changes recognise members who may already hold a NZICA Public Practice Certificate and provide support for new members wishing to enter practice by extending our member offer.

What if I refuse to obtain a Public Practice Certificate?

- 2.3 All New Zealand members offering Public Accounting Services as a Principal or Partner in practice will be given the opportunity to obtain a Public Practice Certificate within a specified time frame under the Transitional Arrangements. Subsequent to this time period, members who do not meet the new requirements may be in breach of CPA Australia's By-Laws. CPA Australia staff will actively work with individual members to support the transitional process.

What are the costs of the Public Practice Certificate?

- 2.4 The Public Practice Certificate has an annual fee, payable each year with your membership renewal notice. The fee covers administration and resources for Public Practitioners. Each year following renewal you will receive a Public Practice License certificate valid for the calendar year. In 2012 this fee will be NZD\$400 for 12 months.

Are there other obligations required if I hold a Public Practice Certificate?

- 2.5 Yes. Under CPA Australia By-Laws, CPA Australia Public Practitioners are required to:
- 2.5.1 Hold Professional Indemnity Insurance with a minimum limit of indemnity of NZ\$1,000,000. CPA Australia is looking to develop an association with a local provider of Professional Indemnity insurance in New Zealand that complies with CPA Australia requirements and competitively priced.
- 2.5.2 Comply with Professional Standards.



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- 2.5.3 Undertake a Quality Assurance Review every three to four years. Members cannot be reviewed for two years following the initial approval of their Public Practice Certificate. No fees are charged for the CPA Quality Assurance Program. For further details regarding the QA Review process, please contact your local office.

Am I able to conduct Audit Services under the CPA Australia Public Practice Certificate?

- 2.6 CPA Australia is a gazetted organisation under Section 199 of the Companies Act (NZ) in order to allow members to perform a range of audits, however the full capability to practice as an Auditor is not currently available to CPA Australia members. Practitioners who carry out statutory audits need to be regulated as a specialised professional by the New Zealand Institute of Chartered Accountants (NZICA). CPA Australia will be seeking to become recognised by the Financial Markets Authority to allow CPA Public Practitioners to provide these audit services in the future.

Does CPA Australia provide further guidance to assist members to understand licensing and registration requirements for members wishing to enter public practice?

- 2.7 Yes. CPA publishes an International Practice Management Guide which provides an overview of the requirements to practise as an accountant in Hong Kong, Malaysia, New Zealand and Singapore. The guide is developed as supplementary resource in the Practice Management distance learning program. The guide is available from the CPA Australia Website > What is Public Practice.
<http://www.cpaaustralia.com.au/cps/rde/xbcr/cpa-site/IPM-supplementary-booklet.pdf>

I already hold a NZICA Public Practice Certificate, do I need a CPA Public Practice Certificate?

- 2.8 The New Zealand Institute of Chartered Accountants is listed in the CPA Australia By-Laws under the List of Bodies of Accountants for Public Accounting Services and therefore the NZICA Public Practice Certificate is considered to be equivalent to that of CPA Australia.

Members who hold a current NZICA Public Practice Certificate are not required to hold a CPA Public Practice Certificate. New Zealand members already holding a NZICA Public Practice Certificate will be automatically eligible to be issued with a CPA Public Practice Certificate and embrace the opportunities of holding a CPA Public Practice Certificate and can benefit from the global CPA brand.

How do I obtain a Public Practice Certificate?

- 2.9 Transitional Arrangements are in place for members currently working in public practice, to assist them in obtaining a Public Practice Certificate for the initial stages of regulation in New Zealand. For further information regarding Transitional Arrangements, please see section 3 of this document.

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In order to be eligible for a Public Practice Certificate, once Transitional Arrangements are no longer available, members are required to:

- 2.9.1 Hold CPA or FCPA status.
- 2.9.2 Successfully complete the Public Practice Program, consisting of the Practice Management distance learning segment and the Public Practice Residential.
- 2.9.3 Have completed a Tax module from the CPA Program, Audit & Assurance subject from either the CPA program or an accredited University and a Company Law subject from a recognised New Zealand university.
- 2.9.4 Submit an application for Public Practice Certificate with relevant documentation to your local CPA Australia office.

3. Transitional Arrangements

3.1 The following Transitional Arrangements are available to members currently in practice, who come under the New Zealand Public Practice By-Laws from January 2012.

3.1.1 Existing CPA Australia members holding a NZICA PPC.

Eligible for a CPA PPC without the requirement to complete the Public Practice Program. There is no time limit for this arrangement.

3.1.2 CPAs and FCPAs who can demonstrate two years experience as a partner or principal in a public practice.

Eligible for a CPA PPC without the requirement to complete the Public Practice Program, subject to attending a one day Public Practice Orientation Program. This arrangement is only available until 31 December 2012.

3.1.3 ASAs with over five years experience as a partner or principal in a public practice, as at 1 July 2011.

Elevated to CPA status upon successful completion of the Public Practice Program. This arrangement is only available until 31 December 2014

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3.1.4 CPAs and FCPAs with less than two years experience as a partner or principal in a Public Practice as at 31 December 2011.

Members are given until 31 December 2014 to complete the Public Practice Program and comply with the new requirements.

3.1.5 ASAs with less than five years experience as a partner or principal in a public practice as at 31 December 2011.

Members given until 31 December 2016 to complete the CPA and Public Practice Program and comply with the new requirements.

For further information about how the transitional arrangements affect you, please phone your local CPA Australia office or download the Application form for recognition under transitional arrangement for a New Zealand public practice certificate.

Where a member is not eligible for a practice certificate under the above Transitional arrangements, your pathway would typically be;

- have completed respective Company Law (University), Audit & Assurance (CPA Australia or University) and CPA Tax module
- complete Public Practice Program being Practice Management 201 distance learning module plus attend 2 day Residential workshop
- complete the application for a Public Practice Certificate, meeting work experience requirements, hold appropriate professional indemnity insurance, have an approved practice structure and meet branding requirements.

CPA Australia is currently developing the Residential workshops to be held in New Zealand including timings, presenters and location. It is envisaged the first Residential will be available in the first half of 2012 which can be completed concurrently with Practice Management 201 and further communications will be provided to members once this is finalised.

The 1 Day Public Practice Orientation workshops will be provided based upon demand and we plan that the first workshop to be delivered in New Zealand in early March 2012. Details of location and date will be published in CPA Australia's online events via the website and notified direct to members in New Zealand.

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4. Benefits

What are the benefits of holding a Public Practice Certificate with CPA Australia?

- 4.1 The CPA Australia brand is globally recognised. Members who hold a CPA Public Practice certificate may be eligible to utilise CPA branding, previously only available to Australian members.
- 4.2 Providing an alternative certification pathway in New Zealand for CPA members wishing to provide Public Practice services and actively promote themselves as CPA Australia members.
- 4.3 CPA Australia Public Practitioners will have access to a diverse range of resources, including manuals, checklists, work papers and standard letters via the CPA Australia website, to assist in running their practice. For further information see cpaaustralia.com.au/practicemanagement.
- 4.4 In meeting professional obligations, members who hold a Public Practice certificate will be subject to the Quality Assurance Review program (every 3-4 years depending on services provided). This review is undertaken by another member of CPA Australia in public practice with suitable qualifications and experience. This program is designed not only to assist practitioners identify any gaps in meeting professional standards and codes, but also provide an educational experience to enhance your existing business practices and potentially your business prosperity. The cost to provide this service is absorbed within your membership and subsidised by CPA Australia and therefore you are not required to pay any additional fees to participate in this program.
- 4.5 Subject to the conditions outlined in the Trans-Tasman Agreement, members who are eligible to provide public accounting services in both New Zealand and Australia will hold the necessary membership accreditation to do so in Australia without having to complete any additional membership requirements.

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