

GUIDE TO RECOGNITION AS A QUALIFIED AUDITOR – NEW ZEALAND

FOR CPA AUSTRALIA PUBLIC PRACTITIONERS

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BE RECOGNISED.



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1. OVERVIEW

The purpose of this guide is to help you through the process of obtaining recognition from CPA Australia as a qualified auditor in accordance with the *Financial Reporting Act 2013 (the Act)*. The guide outlines the requirements for recognition, how to submit your application and your on-going responsibilities once you are recognised as a qualified auditor.

Section 35 of the Act requires that a person who is appointed as an auditor to a specified entity must be a qualified auditor. As an accredited body authorised to recognise qualified auditors¹, CPA Australia has developed professional competence and other requirements for its members who seek recognition as qualified auditors. Recognition by CPA Australia as a qualified auditor enables members to undertake a range of statutory audit and assurance engagements in New Zealand. Appendix 2 provides an example list of New Zealand legislation that requires the appointment of qualified auditors as defined in the Act. Please note that this is not a comprehensive list of legislation, but intended as an aide to CPA Australia members who are considering making an application to CPA Australia to be recognised as a qualified auditor.

Summary of the requirements for recognition as a qualified auditor

To obtain recognition by CPA Australia as a qualified auditor:

- you must be a fit and proper person
- you must have attained the required academic qualifications or equivalent knowledge and expertise
- you must have obtained CPA status (full membership of CPA Australia)
- you must hold a CPA Australia Public Practice Certificate (PPC)
- you must meet the professional competence requirements set out in the CPA Australia document *Professional Competence Requirements for Qualified Auditors under the Financial Reporting Act 2013 (New Zealand)*

For more information on these requirements, see section 2 of this guide.

¹ <http://www.legislation.govt.nz/act/public/2013/0101/latest/versions.aspx>

HOW TO APPLY

To apply for recognition as a qualified auditor by CPA Australia, you need to complete the application form and send this along with all relevant supporting documentation and the required application fee (see 'Costs of recognition as a qualified auditor' below) to:

New Zealand qualified auditor recognition
CPA Australia
PO Box 105-893
Auckland City
New Zealand, 1143

If you would like to discuss your application at any time please call our "recognition of qualified auditor" team on +64 (09) 9137450 or by email nz@cpaaustralia.com.au.

For more on the recognition process and how we will deal with your application, please see section 4 of this guide.

COSTS OF RECOGNITION AS A QUALIFIED AUDITOR

Fees payable when you apply for recognition as a qualified auditor

A one-off application fee for processing your application of NZD \$180.00 is payable at the time of making your application.

On-going fees

No separate ongoing fees are payable on annual confirmation of your continuing recognition as a qualified auditor.

Payment methods

CPA Australia accepts payment by PayPal and the following credit cards:

- AMEX
- Visa
- Diners Club
- MasterCard

You can also pay electronically or by cheque.

AFTER YOU RECEIVE RECOGNITION AS A QUALIFIED AUDITOR

Maintaining your qualified auditor status will require you to meet certain ongoing requirements, including in summary:

- adhering to all applicable legislation and standards in undertaking your role as a qualified auditor
- maintaining appropriate insurance cover
- maintaining your CPA Australia CPA status membership
- maintaining your CPA Australia Public Practice PPC
- maintaining your qualifications and meeting continuing professional development requirements
- participating in CPA Australia's quality review program
- ongoing compliance with any other conditions to which your recognition as a qualified auditor is subject
- attending to annual confirmation.

For more information on the on-going requirements of a qualified auditor, see section 5 of this guide.

2. REQUIREMENTS TO OBTAIN RECOGNITION AS A QUALIFIED AUDITOR

The following table details the requirements you need to meet in order to be granted recognition as a qualified auditor, and the relevant documentation you will need to submit with your application.

REQUIREMENT	DESCRIPTION	DOCUMENTATION REQUIRED
CPA Status	To gain recognition as a qualified auditor, you must achieve CPA status. For information on how to become a CPA, see cpaaustralia.com.au/becomeacpa .	Membership number and identification documents as specified in application form.
Professional course in auditing	You must have completed a professional course in auditing, and the CPA Program Advanced Auditing and Assurance course (formerly Assurance Services and Auditing) is a suitable professional course for this purpose. CPA Australia will also accept as satisfactory, the completion of the audit and assurance course conducted by Chartered Accountants Australia and New Zealand (CA ANZ), New Zealand Institute of Chartered Accountants (NZICA) and the Institute of Public Accountants. CPA Australia may consider other similar professional courses in auditing as satisfactory, subject to assessment.	If you have completed your approved professional course in auditing in the CPA Program: A Membership number and identification documents as specified in application form. If you have completed your approved professional course in auditing with another professional body: Proof of satisfactory completion.
Public Practice Certificate (PPC)	You must hold a current Public Practice certificate. For more on public practice certificates, including how to attain one, see cpaaustralia.com.au/professional-resources/practice-management/practising-in-new-zealand	A Membership number and identification documents as specified in application form.

TABLE (CONTINUED)

REQUIREMENT	DESCRIPTION	DOCUMENTATION REQUIRED
Professional competence	<p>You are required to meet the professional competence requirements as set out in the document <i>Professional Competence Requirements for Qualified Auditors under the Financial Reporting Act 2013 (New Zealand)</i>.</p>	<p>Provide documentary evidence of audit experience that demonstrates the possession and application of the professional competence requirements. A log book template is provided to assist applicant document.</p> <p>Provide two references from suitable referees in the prescribed format.</p>
Fit and proper	<p>You must be a fit and proper person to be recognised as a qualified auditor. You must disclose to CPA Australia any matter that may impact on whether you are a fit and proper person to be a qualified auditor. This includes any matters listed in Appendix 1 under Fit and Proper Requirements.</p> <p>If no matters exist CPA Australia will generally determine that you are a fit and proper person to be recognised as a qualified auditor.</p> <p>If any such matters exist, you should provide enough detail and any relevant supporting evidence to allow CPA Australia to understand why you may still be deemed a fit and proper person to be recognised as a qualified auditor.</p> <p>You will also be required to submit a current criminal conviction record obtained from the Ministry of Justice. Details on how to obtain this record and the application form (priv/F1) are available on the Ministry of Justice website.</p>	<p>Application form – fit and proper section.</p> <p>Current criminal conviction record obtained from Ministry of Justice.</p>

3. CONDITIONS ON QUALIFIED AUDITORS

Mandatory Conditions

All qualified auditors *will* be subject to the following conditions:

- you must comply with all relevant rules and codes (including but not limited to CPA Australia's Constitution, By-Laws, Code of Professional Conduct, applicable professional standards and applicable audit and assurance standards)
- you must not accept any statutory audit or assurance engagement unless you have in place systems, policies and procedures that comply with professional and ethical standards² issued by the External Reporting Board or equivalent overseas standards
- you must have professional indemnity insurance that is adequate and appropriate for the nature and scale of the qualified auditor's business activities
- you must provide specified reports and notifications to CPA Australia (see section 5 of this guide for more detail)

Other conditions

Conditions to which qualified auditors may be subject to include:

- conditions restricting, or providing a mechanism for restricting or supervising, the statutory audits or assurance engagements a qualified auditor can undertake
- conditions regulating the workload taken on by a qualified auditor
- conditions allowing CPA Australia to monitor the qualified auditor's workload and/or monitor compliance with any conditions regulating the workload.

¹ http://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Professional_Ethical_Standards.aspx

4. WHAT HAPPENS NEXT?

HOW WE WILL DEAL WITH YOUR APPLICATION

Once you have submitted your application with all relevant supporting documentation, we will assess your application for eligibility to be recognised as a qualified auditor. It is advisable to provide all the relevant supporting documentation at the outset to ensure there are no delays in our assessment. Subject to receipt of a complete application, all relevant supporting documentation and the relevant fee, we will aim to complete our assessment within a period of 20 working days from receipt of all documentation necessary to your application and on payment of all fees. You can call us on 0800 464 272 if you wish to enquire about the progress of your application or if you would like to discuss any other matter relevant to your application.

DECISION TO GRANT OR REFUSE RECOGNITION AS A QUALIFIED AUDITOR

Once we have completed our assessment, we aim to notify you of our decision in writing within five working days.

If your application for recognition as a qualified auditor is refused you can appeal to the District Court against the decision under Section 36P of the Act. Subject to your right of appeal, you may re-apply for recognition after a period of one year from the date of the decision.

5. AFTER YOU ARE RECOGNISED AS A QUALIFIED AUDITOR

ONGOING REQUIREMENTS

You are required to maintain professional competence through Continuing Professional Development (CPD) activities as set out in the Professional Competence Requirements and provide an annual confirmation that the professional competence requirements continue to be met through CPD activities, and involvement in audit/assurance engagements.

In addition to the above, the annual confirmation should include:

- any change of details to those set out in the public practice profile and declaration including any changes to your full name and business address along with any email or internet site address
- the type and number of statutory audits undertaken
- confirmation of compliance with any conditions placed on recognition as a qualified auditor
- confirmation that the qualified auditor continues to be a member of CPA Australia holding CPA status and holds a Public Practice Certificate
- confirmation that the qualified auditor continues to meet the fit and proper requirements

File Reviews

You will be required to participate in CPA Australia's Quality Review program. This program will mean that a minimum of once every three years you will be required to undergo a review. The CPA Australia quality reviews will include your systems, policies and other general firm level matters, along with reviews of specific audit files. More information on the reviews is available on our website at cpaaustralia.com.au/qualityreview.

Complying with other conditions

To maintain your recognition as a qualified auditor, you will also need to ensure on-going compliance with all of the mandatory and any other conditions to which the recognition is subject (see also 'Conditions on qualified auditors' above) and provide us with updated details for the Register of Qualified Auditors in a timely manner.

6. CANCELLATION OR SUSPENSION OF RECOGNITION AS A QUALIFIED AUDITOR

CPA Australia may cancel recognition as a qualified auditor if the qualified auditor provides a written notice requesting us to do so. We may also cancel recognition if we are satisfied on reasonable grounds that:

- i. the qualified auditor has died
- ii. the qualified auditor no longer holds membership of CPA Australia with CPA status
- iii. the qualified auditor no longer holds a CPA Australia Public Practice Certificate
- iv. the qualified auditor has obtained recognition as a qualified auditor by making a false or misleading representation or declaration (oral or written)
- v. the qualified auditor does not satisfy, or no longer satisfies the professional competence requirements
- vi. the qualified auditor has failed to comply with a condition of recognition as a qualified auditor
- vii. the qualified auditor is not a fit and proper person for recognition as a qualified auditor
- viii. one or more statutory audits have not been carried out in accordance with:
 - the relevant legislation and/or regulatory requirements, or
 - in accordance with auditing and assurance standards, or
 - otherwise with reasonable care, skill and diligence

CPA Australia may suspend recognition as a qualified auditor if satisfied on reasonable grounds:

- i. that the qualified auditor has failed to comply with a condition of recognition as a qualified auditor
- ii. that the qualified auditor has not satisfied the requirements of ongoing professional competence
- iii. that one or more statutory audits has not been carried out in accordance with the relevant legislative requirements or any other enactment that relates to the conduct of a statutory audit, or in accordance with auditing and assurance standards, or otherwise with reasonable care, diligence and skill.

Any cancellation or suspension of recognition as a qualified auditor will be subject to due process which includes at least 10 working days written notice and the opportunity to make written submissions and be heard. For more information on this process and professional conduct at CPA Australia in general, see **cpaaustralia.com.au/conduct**.

Any decision to cancel or suspend a licence is subject to a right of appeal to a District Court under section 36P of the Act.

APPENDIX 1

– FIT AND PROPER REQUIREMENTS

In addition to satisfying the other requirements relating to recognition as a qualified auditor by CPA Australia, applicants must be fit and proper persons.

Generally, applicants must attest that there are no adverse matters relevant to an assessment of their fitness to be granted recognition as a qualified auditor. Where matters exist CPA Australia will consider the circumstances of the matter and the overall history of the applicant and determine whether the applicant is fit and proper.

1. The following matters will always be relevant:

- a. The person has been convicted of a crime, a constituent element of which involves dishonesty. A crime of dishonesty includes:
 - i. any offence that goes to honesty, integrity and professionalism, e.g. bribery, perjury, making false statements, conspiracy including conspiring to bring a false accusation, perverting the course of justice, theft, criminal breach of trust, taking trade secrets, burglary, robbery, blackmail, obtaining goods by deception, false promotions, money laundering, receiving stolen property, computer fraud and unauthorised access, forgery and counterfeiting
 - ii. any offence involving obtaining funds by false pretences, publishing false notices, imitating court documents and claiming false qualifications.
- b. The person has been convicted of any offence under any provision of the relevant financial reporting or markets legislation or any offence under any provision of any overseas Act governing auditors, financial markets or financial services, corporations, financial reporting, or money laundering.
- c. The person has been banned from acting as a director of a company or other incorporated body, or from being involved in the management of any class of incorporated or unincorporated entity.
- d. The person has been subject to disciplinary actions against them by any professional body or disciplinary tribunal, where those actions resulted in penalties being imposed or censure.
- e. The person has had a court ruling against them in respect of a civil case, or has reached an out of court settlement, relating to their profession.
- f. The person has been declined membership of any professional body for which the person holds the academic qualifications required for entry, or has been declined any registration, licence, authorisation, or accreditation required in relation to any profession by any public body, self-regulatory organisation or exchange, or has had any such membership, registration, licence, authorisation or accreditation revoked or withdrawn.
- g. The person has been dismissed or asked to resign, from a position of trust, fiduciary appointment or similar position in circumstances which reflected adversely on their honesty and integrity in discharging responsibilities in the position.
- h. The person has been placed into statutory management, or has been a director of a company which has been placed into statutory management.
- i. The person has, in the past ten years, been made bankrupt, or has entered into a compromise agreement with creditors or been convicted of a serious tax offence.

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- j. The person has served or been sentenced to a term of imprisonment
 - k. The person has, in the past ten years, been a director or senior manager of a company, or other incorporated or unincorporated entity, which has:
 - i. been placed into liquidation, administration or receivership (or any overseas equivalent status)
 - ii. entered into any compromise agreement, moratorium or other restructuring to avoid liquidation, administration or receivership.

Note: For the purpose of paragraph (k), the person was a director or senior manager of the company if the person held such a position at the time of, or left the position within one year prior to, the relevant event. This does not include a person who was acting in their professional capacity as a receiver, liquidator or the holder of any similar office.

- l. The person is subject to pending proceedings which, if an adverse finding is reached, will result in one or more of the matters set out in subparagraphs (a) to (k) above applying to the person.

2. If any of the matters apply to an applicant, the applicant would need to provide full details of the event, the applicant's conduct in relation to the event, any findings made in relation to the event, and any penalty or sanction imposed or any settlement reached. If a more serious event outlined in paragraph 1 applies to an applicant, it will be rare an application will be granted. The matters identified in subparagraphs (a) and (b) will usually be serious. For other matters, the severity will depend on how recently the event occurred, and the circumstances surrounding the event. Where it is determined that the event is relatively minor, the expectation is that CPA Australia must be satisfied that the applicant is unlikely to engage in similar conduct in the future before granting an application.

The requirements do not diminish in any way the applicant's obligation to disclose any matter that may bear upon their fitness for admission or continuing membership of CPA Australia or recognition.

3. Provided all conditions in the Criminal Records (Clean Slate) Act 2004 are met an applicant can withhold information about their convictions.

The conditions are:

- no convictions in last seven years
- never sentenced to a custodial sentence, e.g. imprisonment, corrective training, borstal
- never been ordered by a Court after a criminal case to be detained in a hospital due to a mental health condition instead of being sentenced
- not been convicted of a specified offence e.g. sexual offence against children, young people or the mentally impaired
- paid in full any fine, reparation, or costs ordered by the Court in a criminal case
- never been indefinitely disqualified from driving under Section 65 of the Land Transport Act 1998 or earlier equivalent provision.

4. A failure or refusal to provide any declarations, or to consent, in an acceptable form, to any reasonable checks being carried out, may be considered grounds to decline an application.

APPENDIX 2 – EXAMPLE LIST OF NEW ZEALAND LEGISLATION

Examples of New Zealand legislation that allow for statutory audits to be conducted by qualified auditors

Biosecurity Act 1993	Insurance (Prudential Supervision) Regulations 2010
Building Societies Act 1965	Kiwifruit Export Regulations 1999
Cadastral Survey Act 2002	Lawyers and Conveyancers Act 2006
Charities Amendment Act 2014 (Charities Act 2005)	Limited Partnerships Act 2008
Commodity Levies Act 1990	Maori Community Development Act 1962
Community Trusts Act 1999	Maori Land Act 1993
Companies Act 1993	Maori Trust Boards Act 1955
Crown Minerals (Royalties for Minerals Other than Petroleum) Regulations 2013	Maori Welfare Act 1962
Electricity Industry Act 2010	Meat Board Act 2004
Energy Companies Act 1992	Nurse Maude Association Act 2000
Financial Reporting Amendment Act 2014	Partnership Act 1908
Friendly Societies and Credit Unions Act 1982	Pork Industry Board Act 1997
Gambling Act 2003	Real Estate Agents Act 2008
Industrial and Provident Societies Act 1908	Real Estate Agents (Audit) Regulations 2009
	Retirement Villages Act 2003
	Royal Society of New Zealand Act 1997
	Unit Titles Act 2010
	Wool Industry Restructuring Act 2003