


# CPA AUSTRALIA PROFESSIONAL STANDARDS (ACCOUNTANTS) SCHEME & PROFESSIONAL INDEMNITY INSURANCE GUIDANCE TOOL FOR PUBLIC PRACTITIONERS

The Professional Standards (Accountants) Scheme (Scheme) operates in all Australian States and Territories and caps the professional liability of eligible Scheme participants. The Scheme was approved by the Professional Standards Councils (PSC), will commence on 23 December 2019, and end on 22 December 2024. This guidance tool will help determine your eligibility to participate in the Scheme, and what conditions, exclusions and obligations apply.

Public practitioners should complete this guidance tool to assess their own eligibility and partners should complete this guidance tool for each employee to adequately manage their firm's risk profile.

## 1. Scheme participation eligibility

Provide an answer to each of the following statements:		Yes	No	
1.1	I conduct <b>Public Accounting Services</b> in Australia	<input type="checkbox"/> Eligible	<input type="checkbox"/> Ineligible	<b>Public Accounting Services</b> means any accounting, bookkeeping, taxation, auditing and assurance services, insolvency and corporate reconstruction, management accounting, management consulting, financial planning advice, forensic accounting, consumer and commercial credit services (credit activity services), transactional accounting, valuation services and financial reporting activities, provided to the public and not to other members or his/her own purposes, or as a corporate employee maintaining financial quality control (By-Law 1.1).
1.2	I am a current CPA Australia Member holding a <b>CPA</b> or <b>FCPA</b> designation	<input type="checkbox"/> Eligible	<input type="checkbox"/> Ineligible	<b>A Certified Practising Accountant (CPA)</b> that is entitled to use the <b>CPA</b> post nominal or a <b>Fellow Certified Practising Accountant (FCPA)</b> entitled to use the <b>FCPA</b> post nominal (By-Law 3.12).
1.3	I have a current Limited or Full <b>Public Practice Certificate</b>	<input type="checkbox"/> Eligible	<input type="checkbox"/> Ineligible	A current <b>Public Practice Certificate (PPC)</b> issued under By-Law 9.4.

## 2. Exclusions

2.1	Work performed for a client that includes: <b>financial planning advice</b> services as a Limited or Full <b>AFS Licence</b> holder, <b>Authorised Representative</b> or <b>Responsible Manager</b> and/or commercial and consumer credit - <b>Credit Activities Services</b> under an <b>ACL</b> is excluded. However, work performed for clients not including the above is eligible.  Therefore, if you provide 100% (client based) financial planning services, or credit activities services, you will be deemed ineligible.	<p><b>AFS Licence</b> means an Australian Financial Services Licence (limited or full) issued by ASIC under s. 913B of the Corporations Act 2001 (Cth) to provide financial services intended to induce people to use the financial services of the licensee (ss.911D, 912A &amp; 913B of the Corporations Act 2001 (Cth)). Financial services includes the provision of financial product advice, dealing in a financial market, making a market for financial products, operating a registered scheme, providing a custodial or depository service (s.766A).</p> <p><b>Authorised Representative</b> means a person who is (ss.910A &amp; 916A of the Corporations Act 2001 (Cth)):</p> <ul style="list-style-type: none"> <li>• An authorised representative of an AFS licensee</li> <li>• An employee or director of an AFS licensee</li> <li>• Any other person acting on behalf of the AFS licensee</li> </ul> <p><b>Responsible Manager</b> is a deemed role under ASIC's RG105 and RG206 and is the key individual within a business that ensures a licensee is competent.</p> <p><b>Credit Activity Services</b> means engaging in credit contracts, credit services, consumer leases, mortgages, guarantees or otherwise prescribed by the regulations (s.6 National Consumer Credit Protection Act 2009 (Cth)).</p> <p><b>ACL</b> mean an Australian Credit Licence issued by ASIC under the National Consumer Credit Protection Act 2009 (Cth).</p>
2.2	The Scheme excludes damages arising from: <ul style="list-style-type: none"> <li>• Death or personal injury to a person</li> <li>• Breach of trust actions under trustee legislation in each State relating to the failure of a trustee to meet their obligations</li> <li>• Fraud or dishonesty.</li> </ul>	
2.3	The Scheme applies to each employee or partner of the firm but excludes those partners and employees who have a public practice certificate but are not CPA Australia Member's.	
2.4	Limitation of liability will only attach to a cause of action arising from client engagements commencing during the Scheme's operation from 23 December 2019 to 24 December 2024.	

## 3. Conditions

3.1	You must continue to hold Professional Indemnity Insurance (PII) suitable for the services you provide in accordance with Table 1 and if you provide a combination of services then the higher PII is applicable.	
3.2	You must display the applicable <b>disclosure statement</b> based on your firms professional accounting services offering on channels and collateral that promote your services to clients including: <ul style="list-style-type: none"> <li>• Your business website</li> <li>• Letters of engagement</li> <li>• Written and emailed advice</li> <li>• Other written documents to clients not accompanied by a separate document with the disclosure statement</li> <li>• Tax Invoices &amp; Receipts</li> <li>• Newsletters and publications</li> <li>• Fax cover sheets</li> </ul>	<p><b>Disclosure statement</b> means one of the following, which should be displayed in 8 point Times New Roman font in accordance with Professional Standards Regulations 2014 (NSW) (r.9):</p> <p><b>"Liability limited by a scheme approved under Professional Standards Legislation."</b></p>


## 4. Ongoing Requirements

4.1	You must: <ul style="list-style-type: none"> <li>• Comply with CPA Australia's Constitution, By-Laws and all applicable APESB standards (non-compliance may result in referral to professional conduct)</li> <li>• Comply with relevant laws and statutory instruments relating to your practice</li> <li>• Comply with the Quality Review process and participate when selected</li> <li>• Immediately advise CPA Australia in the event of a claim against your PII by emailing publicpractice@cpaaustralia.com.au</li> </ul>
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## 5. Invoking your Scheme Limited Liability

5.1	You should notify your PII insurer if you receive a claim or cause of action against you and: <ul style="list-style-type: none"> <li>• You are eligible for the Scheme, and</li> <li>• None of the section 2 exclusions apply to the claim, and</li> <li>• You have complied with the section 3 conditions.</li> </ul>
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## More Information

 For more information about the Scheme and eligibility send an email to the Public Practice Team publicpractice@cpaaustralia.com.au

**TABLE 1: Services, PII & Limited Liability**

	1	2	3	4
	<b>Services</b>	<b>Your practice's annual gross income</b>	<b>Level of PII required by the By-Laws or according to law</b>	<b>Scope of Scheme limited liability in the case of a claim</b>
<b>A</b>	<b>Accounting, Bookkeeping, Management Accounting, Management Consulting, Forensic Accounting, Transactional Accounting, Valuation, and Financial Reporting services</b>	Less than \$10 million	\$2 million	Capped at \$2 million
		Between \$10 million and \$20 million	\$10 million	Capped at \$10 million
		Over \$20 million	\$20 million	Capped at \$20 million
<b>B</b>	<b>Taxation services</b> provided as a registered Tax Agent under the Tax Agents Services Act 2009	Less than \$10 million	\$2 million unless otherwise specified by the Tax Practitioners Board under s.30-10 (13) Taxation Agent Services Act 2009.	Capped at \$2 million
		Between \$10 million and \$20 million	\$10 million unless otherwise specified by the Tax Practitioners Board under s.30-10 (13) Taxation Agent Services Act 2009.	Capped at \$10 million
		Over \$20 million	\$20 million unless otherwise specified by the Tax Practitioners Board under s.30-10 (13) Taxation Agent Services Act 2009.	Capped at \$20 million
<b>C</b>	<b>Audit &amp; Assurance services</b> provided as a registered auditor under s.1280 of the Corporations Act 2001 or under the Superannuation Industry (Supervision) Act 1993 (Cth)	Less than \$10 million	\$2 million unless otherwise specified under s.128F of the Superannuation Industry (Supervision) Act 1993 or under Corporations Act 2001 & Regulations (s.1280 & r.9.2.08(c) and ASIC's PF215).	Capped at \$2 million
		Between \$10 million and \$20 million	\$10 million unless otherwise specified under s.128F of the Superannuation Industry (Supervision) Act 1993 or under Corporations Act 2001 & Regulations (s.1280 & r.9.2.08(c) and ASIC's PF215).	Capped at \$10 million
		Over \$20 million	\$75 million unless otherwise specified under s.128F of the Superannuation Industry (Supervision) Act 1993 or under Corporations Act 2001 & Regulations (s.1280 & r.9.2.08(c) and ASIC's PF215).	Capped at \$75 million
<b>D</b>	<b>Insolvency and corporate reconstruction services</b> including liquidation services registered under s.1282 of the Corporations Act 2001	Less than \$10 million	\$2 million unless otherwise prescribed under the Corporations Act 2001 Insolvency Practice Schedule 2, s.25-1 and adequate fidelity insurance.	Capped at \$2 million
		Between \$10 million and \$20 million	\$10 million or Corporations Act 2001 Insolvency Practice Schedule 2, s.25-1) and adequate fidelity insurance.	Capped at \$10 million
		Over \$20 million	\$20 million or Corporations Act 2001 Insolvency Practice Schedule 2, s.25-1 and adequate fidelity insurance.	Capped at \$20 million
<b>E</b>	<b>Financial Planning Advice services</b> (Limited or Full AFSL or Authorised Representative) licensed under Chapter 7, Part 7.6 of the Corporations Act 2001 (Cth)	Less than \$10 million	\$2 million unless otherwise stated in s.912B of the Corporations Act 2001 as determined by ASIC.	No capped liability
		Between \$10 million and \$20 million	\$10 million unless otherwise stated in s.912B of the Corporations Act 2001 as determined by ASIC.	
		Over \$20 million	\$20 million unless otherwise stated in s.912B of the Corporations Act 2001 as determined by ASIC.	
<b>F</b>	<b>Consumer &amp; Commercial Credit services</b> s.6 National Consumer Credit Protection Act 2009 (Cth)	Less than \$10 million	\$2 million unless otherwise stated in the National Consumer Credit Protection Act 2009, as determined by ASIC.	No capped liability
		Between \$10 million and \$20 million	\$10 million unless otherwise stated in the National Consumer Credit Protection Act 2009, as determined by ASIC.	
		Over \$20 million	\$20 million unless otherwise stated in the National Consumer Credit Protection Act 2009, as determined by ASIC.	