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14 June 2023

Senator Andrew Bragg  
Chair  
Senate Standing Committees on Economics  
References Committee  
c/- Mr Tas Larnach  
Committee Secretary  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Via email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Senator Bragg

**Invitation to make a submission to the Inquiry into Australian Securities and Investments  
Commission Investigation and Enforcement**

CPA Australia represents the diverse interests of more than 172,000 members working in over a 100 jurisdictions and regions. We provide this submission on behalf of our members and in the broader public interest.

CPA Australia did not make a submission in response to the first call for submissions by this Inquiry.

However, we note that *“the committee has now agreed to call for a second round of submissions with a broad focus on how governance laws and standards are enforced in the auditing and accounting professions. The committee has a specific interest in the role that each of the regulators and professional standards bodies have played in investigating the recent allegations involving PwC and a number of its partners including Mr Peter John Collins.”*

In response to this second call for submissions, we make the following observations.

**General Comments**

CPA Australia confirms that, based on the information available to it, none of the persons involved in the recent breach of confidentiality are CPA Australia members or have been the subject to a complaint to CPA Australia.

Given this, CPA's professional oversight functions are not presently engaged in relation to the recent allegations involving PwC. That said, CPA Australia is and remains committed to ensuring and, where required, enforcing professional standards within CPA Australia's remit.

CPA Australia sets out below how its oversight functions operate and the steps it takes to ensure its members adhere to those professional and ethics standards.



## A. How are governance laws and standards enforced in the auditing and accounting professions?

### Background

Australia has a shared regulation, or co-regulatory, approach to the regulation of the accounting profession, including the auditing profession.

For example, depending on the services provided by professional accountants, they can be regulated by a combination of organisations, such as the Australian Securities and Investments Commission (ASIC) (e.g., certain auditing services), the Australian Taxation Office (ATO) (e.g., auditors of SMSFs), the Australian Prudential Regulation Authority (APRA) (e.g., auditors of ADIs and Superannuation Funds), the Tax Practitioners Board (e.g., tax practitioners), and the professional accountancy organisations to which they belong (e.g., CPA Australia).

The ability to directly investigate misconduct by, and to penalise, those who are being regulated, varies depending on these organisations' legislative powers and the relationships (e.g., membership obligations) that exist.

Australia is a nation that has, for many years, adopted globally recognised, high-quality professional standards for use by the profession and by other impacted stakeholders. These standards are complemented by various Federal and State legislation and regulations, that dictate the manner in which professional accounting services, work and activities are delivered in Australia.

We have two government standard setters—the [Australian Accounting Standards Board](#) (AASB) and the [Auditing and Assurance Standards Board](#) (AUASB)—which set financial reporting, auditing and assurance standards. These standards have the force of law. Australian standard setters are required to base their standards on Internationally recognised standards. [International Financial Reporting Standards](#) (IFRS) in the case of the AASB and [International Auditing Standards](#) (ISAs) in the case of the AUASB.

The [Accounting Professional and Ethical Standards Board](#) (APESB) is an independent, national body that sets the code of ethics and professional standards with which accounting professionals who are members of CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ) and the Institute of Public Accountants (IPA) must comply. While the standards issued by the APESB do not have the force of law, members of the three professional accounting organisations must comply with these standards as part of their membership obligations. The Australian Code of Ethics for Professional Accountants is based on the [International Code of Ethics for Professional Accountants](#), issued by the [International Ethics Standards Board for Accountants](#).

## CPA Australia Members

Members of CPA Australia are governed by a range of obligations and requirements. When CPA Australia members become a member, they make a commitment to be bound by, and to comply with, the requirements of APES 110 [Code of Ethics for Professional Accountants](#)<sup>1</sup>, CPA Australia's [Constitution](#) and [By-Laws](#), and other applicable regulations, standards and rules that govern our members.

### ***Becoming a member***

**CPA Program:** To become a member of CPA Australia typically<sup>2</sup> involves having a recognised degree qualification, completing CPA Australia's professional qualification, called the CPA Program, as well as having requisite experience (which can be obtained before, concurrently, or after the completion of the CPA Program). One compulsory subject in the CPA Program is *Ethics and Governance*.

**Public Practice Certificate:** CPA Australia members who wish to provide professional accounting services (e.g., auditing services, taxation services, financial advice) to the public must meet the requirements of, and obtain, a [public practice certificate](#) from CPA Australia. Depending on the services provided, other [government and regulatory requirements](#) must also be met. Public practice certificate holders are subject to CPA Australia's Best Practice Program arrangements (see below – section titled "Maintaining membership"), as well as oversight by the relevant government regulatory organisation.

### ***Maintaining membership***

In maintaining their membership from year-to-year members must ensure that they meet a number of requirements.

These requirements are detailed in an acknowledgement that members must make when renewing their membership each year. This acknowledgement states that **members understand and agree to the terms and conditions** under which they are renewing. The current wording of that acknowledgement is as follows:

*By renewing my membership I confirm that I:*

- *will comply with CPA Australia's [Constitution](#), [By-Laws](#), [Code of Professional Conduct](#) and [Applicable Regulations](#), including the requirement to complete 120 hours Continuing Professional Development per triennium (minimum 20 hours annually);*
- *comply with any additional prescribed requirements and standards in order to maintain the relevant statutory registration(s) I hold (if applicable), as provided under Part 4 of the By-Laws;*
- *have read and acknowledge that my personal information will be handled as outlined in the [CPA Australia Privacy Policy](#) and the [member collection notice](#); and*

<sup>1</sup> APES 110 Code of Ethics for Professional Accountants is issued by the APESB.

<sup>2</sup> CPA Australia does also have [pathways](#) – recognising prior study, experience and membership of another professional accountant organisation – to membership other than through the completion of the CPA Program.

- *continue to be a fit and proper person in accordance with [By-Law 3.16](#) and will immediately disclose any circumstances that would affect this requirement.*

*By renewing my Public Practice Certificate (PPC), I understand and will comply with my obligations as a Member holding a PPC to:*

- *continue to hold and maintain a current enforceable policy of [Professional Indemnity Insurance](#) in accordance with CPA Australia [By-Law 9.8](#);*
- *meet CPA Australia requirements to enable it to meet its obligations as an occupational association under relevant professional standards legislation. These requirements include, but are not limited to, completing audits and supplying information requested by CPA Australia for this purpose, notwithstanding that I may not be a participant in a professional standards scheme;*
- *where participating in a professional standards scheme under applicable professional standards legislation, meet all the requirements as a participant in that scheme including those under applicable legislation and those of CPA Australia;*
- *where required, display the Professional Standards Scheme limited liability disclosure statement on my business stationery, in accordance with applicable legislation and the CPA Australia Public Practice Brand Guidelines;*
- *complete, if selected, a CPA Australia Best Practice Program assessment in accordance with CPA Australia [By-Law 9.5\(b\)](#), and the CPA Australia Best Practice Program policies and procedures;*
- *deal with client monies (if applicable) in accordance with [APES 310](#);*
- *maintain a system of quality management for the Public Practice Entity I am affiliated with, in accordance with my relevant professional obligations;*
- *consent to CPA Australia disclosing the fact that I hold a PPC to any person (whether upon request or by publication) notwithstanding that such information may comprise personal information or sensitive information within the meaning of those terms under the Privacy Act 1988 as amended from time to time; and*
- *as a limited PPC holder, continue to earn, and any practice I am affiliated with will continue to earn, aggregate gross fees not exceeding \$45,000 (exclusive of GST) per calendar year.*

In terms of the obligations noted in the above acknowledgment, further details are provided below:

- [Continuing Professional Development](#). CPA Australia has an obligation to make sure members are actively investing in life-long learning. Developing and maintaining professional competency benefits members directly. It allows them to comply with one of the five fundamental principles of the APES 110 Code of Ethics for Professional Accountants – i.e., Professional Competence and Due Care. It also safeguards the integrity of the accounting profession and protects public interest. Each year CPA Australia “audits” a random sample of members to ensure that CPD requirements are being met.

CPA Australia has a range of relevant training courses and professional development [available](#) to members.

- [Professional Standards](#): CPA Australia members must comply with the Accounting Professional and Ethical Standards (APES) that are issued by the APESB. As well as the Code of Ethics for Professional Accountants, APES cover topics such as obligations for members to comply with accounting and auditing standards issued by the AASB and AUASB, to have in place appropriate quality management and risk management arrangements, and to comply with standards when providing professional services to clients and employers (e.g., valuation services, financial planning services, taxation services, and forensic accounting services.) Members who provide professional services with a Public Practice Certificate (see above) are subject to the CPA Australia Best Practice Program assessment on a periodic basis (see below).
- CPA Australia [Best Practice Program](#). CPA Australia's Best Practice Program is designed to support members to build successful and sustainable businesses. It delivers support for members' business sustainability, meeting ethical requirements and fulfilling professional development obligations. Public practice members are selected for assessment on a cyclical basis at the start of each year, and can expect to be assessed every three, six and seven years depending on the complexity of their business. Members who are found to have shortcomings with respect to their practices or compliance with standards and obligations will, depending on the seriousness of any shortcomings identified, be supported in improving their practices through education, guidance and resource tools, or may be referred to our member conduct and discipline section (see below – section titled "Failing to meet membership obligations").

### ***Failing to meet membership obligations***

All members are subject to CPA Australia's professional conduct and discipline arrangements. CPA Australia has "*a formal process that allows us to investigate .... concerns about our members in an impartial timely manner, while preserving the rights of members.*" This process is called [Member conduct and discipline](#).

As CPA Australia is a voluntary membership organisation, we can only investigate matters that fall within our jurisdiction, such as reported breaches by our members, of the Code of Conduct (i.e., APES 110 Code of Ethics for Professional Accountants), our Constitution or By-Laws, or of other applicable regulations, standards or rules that govern our members.

There are a number of circumstances where CPA Australia does not have the authority to investigate matters. These circumstances are outlined on our [website](#).

Investigations can be instigated when CPA Australia receives a formal complaint about a member, or where matters regarding potential misconduct by a member are in the public domain (e.g., a member has been charged or found guilty of an offence). At times, CPA Australia might receive information from a regulator about purported misconduct of a member. However, that regulator is often unable, due to privacy concerns, to pass on further details that is available to it. In those circumstances, and without either a formal complaint, or the matter being in the public domain, CPA Australia does not have the authority to investigate.

Investigations are undertaken by a Professional Conduct Officer (i.e., a CPA Australia staff member), who prepares a report for the General Manager Professional Conduct (also a CPA Australia staff member, who reports to CPA Australia's General Counsel). A decision is then made about whether the matter needs to be referred to a Disciplinary Tribunal for hearing.

As noted on CPA Australia's [website](#), *"The Disciplinary Tribunal consists of a Chair and four Panel Members, but the matter may proceed with a quorum of three. The Disciplinary Tribunal is made up of both CPA Australia Members and non-members and is independent of CPA Australia. The Investigating Case Manager (ICM) drafts the charges and must prove the case on behalf of CPA Australia. Proceedings are formal and are independently recorded for the purposes of a transcript."*

Outcomes of the conduct and discipline process are limited to the membership of the CPA Australia member. For example, forfeiture or suspension of membership, a reprimand or admonishment, or cancellation of a member's Public Practice Certificate, or an order to undertake specified professional development. CPA Australia does not hold a fidelity fund and cannot provide compensation to complainants when a case is found in their favour.

To support the CPA Australia Board with matters relating to professional conduct and discipline of members, with regard for the law, the highest standards of governance and member diversity, CPA Australia has established an independent Professional Conduct Oversight Panel (PCOP). The PCOP plays an advisory role and is authorised to exercise the powers expressly delegated to it by the Board. The panel reviews professional conduct arrangements annually and reports its findings to the Board. The last review, in May 2023, reported no material findings.

**B. What role has CPA Australia played in investigating the recent allegations involving PwC and a number of its partners including Mr Peter John Collins?**

As noted above, CPA Australia has a formal process to investigate concerns about our members, when a formal complaint is received or when members' misconduct becomes a matter of public record.

At the time of preparing this submission, no formal complaint has been received about a CPA Australia member with respect to the allegations involving PwC and a number of its partners including Mr Peter John Collins. Additionally, no CPA Australia members have been identified publicly as having been involved in the recent allegations. If a complaint is made to CPA Australia, or CPA Australia otherwise becomes aware that a member is or was involved in the recent allegations involving PwC, then it would be subject CPA Australia's professional conduct and discipline arrangements.

CPA Australia has contacted the Acting CEO, PwC Australia, to ask that she remind PwC staff, who are CPA Australia members, of their obligations to report to CPA Australia if they are involved in these recent allegations.

PwC Australia has since confirmed that *"based on our records, no one in the firm who is a member of CPA Australia breached their confidentiality obligations or was knowingly involved in a confidentiality breach in relation to the matters the subject of the Tax Practitioners Board investigation. For completeness, we have emailed all of those named in the bundle of documents produced by the TPB to the Senate to ask them to let us know whether they are or were at the relevant time a member of CPA Australia. We expect to receive responses to that email today and if, contrary to our expectation, any of those personnel were named in the Senate bundle we will then remind them of the obligations that they owe as members of CPA Australia."*

CPA Australia has also written to all CPA members who have been identified from our records as being currently employed by PwC, or having been employed by PwC since 2014, to remind them of their obligation to self-report to us if they have been involved.

To date, no CPA Australia members have been identified as having been involved in the recent allegations.

If you have any questions regarding this submission, or seek clarification on its contents, please don't hesitate to contact Dr Gary Pflugrath, Senior Executive Advisor, ([gary.pflugrath@cpaaustralia.com.au](mailto:gary.pflugrath@cpaaustralia.com.au)) or me.

Yours sincerely



Andrew Hunter  
Chief Executive Officer

cc: Dr Gary Pflugrath