

# NZ ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM PROGRAMME AUDITOR APPOINTMENTS

Section 59 of the *Anti-Money Laundering and Counter Financing of Terrorism Act 2009* (AML/CFT) (the Act) requires a reporting entity to have its risk assessment and AML/CFT programme audited every two years (or at any other time at the request of the relevant AML/CFT supervisor). 'Independent' means the individual must not be involved in the development of the risk assessment, or the establishment, implementation or maintenance of the AML/CFT programme.

Whilst the legislation does not specify who may be appointed as the auditor, any member of CPA Australia Ltd (CPA Australia) who conducts an audit engagement is required to apply the relevant NZ Audit and Assurance Standards Board (NZAuASB) Standards which requires the auditor to be independent of the entity. In addition, the Code of Ethics for Professional Accountants imposes stringent independence requirements on auditors. Consequently, we recommend that you appoint an external auditor or assurance practitioner to undertake the audit. Or you may put in place reciprocal audit arrangements with another accounting practice provided any conflicts of interest are managed appropriately.

'Qualified' means the person has the relevant skills and experience to conduct the audit, including knowledge of the AML/CFT legislation. The person is not required to be "qualified auditor" under s.59(3) of the Act to undertake financial audits. The Act does not specify how these audits are conducted, e.g. it is silent on the level of assurance, but there is a [Guideline for Audits of Risk Assessments and AML/CFT Programmes](#). The Act does not require the engagement to be conducted in accordance with the assurance standards issued by the External Reporting Board (XRB).

However, where a New Zealand resident member of CPA Australia Ltd is appointed to conduct such an engagement, they are required by CPA Australia to comply with the applicable assurance standards issued by the XRB, be a CPA, and hold a Public Practice Certificate (PPC) in accordance with Part 9 of the CPA Australia By-Laws. Please note that these requirements are not set out in the Act but set by CPA Australia only.

The requirements in this checklist must be satisfied before a member can conduct AML/CFT audits in New Zealand.

No.	Criteria set by CPA Australia
1	Ensure the applicant is a CPA Australia member
2	Ensure the applicant holds a PPC & holds adequate Professional Indemnity Insurance. (Members should check with their insurance provider that they are covered for audit activities).
3	Ensure the member is aware that they must comply with the applicable assurance standards issued by the XRB
4	Ensure the member can demonstrate at least 3 years' experience in auditing
5	Ensure the member can demonstrate experience working within AML/CFT legislation since it took effect in October 2018. This can be demonstrated by providing a current CV, LinkedIn profile information, or a letter from an employer.