

PUBLIC PRACTICE PATHWAYS

FOR THE PROVISION OF PUBLIC ACCOUNTING SERVICES
IN AUSTRALIA

DISCLAIMER

CPA Australia has used reasonable care and skill in compiling the content of this material. However, CPA Australia makes no warranty as to the accuracy or completeness of any information in these materials. This material is intended to be a guide only and no part of this material is intended to be advice, whether legal or professional. You should not act solely on the basis of the information contained in these materials as parts may be generalised and may apply differently to different people and circumstances. Further, as laws change frequently, all practitioners, readers, viewers and users are advised to undertake their own research or to seek professional advice to keep abreast of any reforms and developments in the law.

To the extent permitted by applicable law, CPA Australia, its employees, agents and consultants exclude all liability for any loss or damage claims and expenses including but not limited to legal costs, indirect special or consequential loss or damage (including but not limited to, negligence) arising out of the information in the materials. Where any law prohibits the exclusion of such liability, CPA Australia limits its liability to the resupply of the information.

Copyright© CPA Australia Ltd, 2020

All rights reserved. Without limiting the rights under copyright reserved above, no part of these notes may be reproduced or utilised in any form or by any means, electronic or mechanical, including photocopying, recording, or by information storage or retrieval system, without prior written permission from CPA Australia.

Support and Guidance

CPA Australia has a range of services specially tailored to support public practitioners. For further information please visit cpaaustralia.com.au/publicpractice or contact your local office on **1300 73 73 73**.

Issued January 2020

This guide is published by CPA Australia. ABN 64 008 392 452

WHAT IS PUBLIC PRACTICE?

Public practitioners are the public face of CPA Australia.

Public practitioners deal with a broad range of clients, from individual taxpayers to large businesses. They provide a range of accounting services to the public.

Public practitioners can be involved in (but are not limited to offering services in) the following areas as defined in CPA Australia's By-Laws:

- accounting
- auditing and assurance services
- bookkeeping
- consumer and commercial credit services
- financial planning/advice
- financial reporting
- forensic accounting
- insolvency and corporate reconstruction
- management accounting
- management consulting
- taxation
- transactional accounting
- valuation services

Public Accounting Services do not include company secretarial or information technology services – unless such services are provided in conjunction with the activities listed above.

For more guidance on the definition of Public Accounting Services see the **CPA Australia website**.

What are the benefits of being in public practice?

- a rewarding career offering job satisfaction
- the challenge, interest and flexibility that independence and autonomy offer – set your own direction, manage your own time and make your own decisions
- the prospect of financial rewards – reap rewards from the time, skill and money that you invest in your practice
- the ability to leverage off the CPA Australia brand

"I ENJOYED BEING ABLE TO BRING MY OWN PERSONALITY TO THE PRACTICE, FROM THE DESIGN OF THE OFFICE TO MY RELATIONSHIPS WITH STAFF AND CLIENTS. CLIENTS ALSO RESPONDED TO THE FRIENDLY ATMOSPHERE WHICH WAS REFLECTED IN THEIR LOYALTY AND APPRECIATION."

FAY KAIRN OAM FCPA

Fay received her Order of Australia medal for providing accounting services for Not-for Profit Groups, a service she was able to easily provide because she had her own business.



PUBLIC PRACTICE PATHWAYS IN AUSTRALIA

The following diagram represents the various initial pathways available to a CPA or FPCA to become a public practitioner, based on gross yearly fees earned from the provision of public accounting services in Australia.

Under CPA Australia’s By-Law 9.1 (c) any member providing public accounting services into Australia must hold a Public Practice Certificate, no matter where in the world they are located.



¹ Excludes those who sign audit reports for SMSFs, for which a Public Practice Certificate is required and may exclude members undertaking review engagements, for which a Public Practice Certificate may be required

² Must currently hold either a CPA or FPCA designation – all other CPA Australia members will not be eligible to apply for a Public Practice Certificate, and in some very limited circumstances, may not be able to continue to provide public accounting services.

³ If you have migrated to Australia in the last five years, you must also have completed Australian-specific company law and tax from a recognised university.

⁴ The Australian Commonwealth Anti-Money Laundering & Counter-Terrorism Financing Act 2006 (AML) currently only applies to financial planners who make arrangements on behalf of a client to invest in a financial product. It does not apply to accountants in practice. It has been proposed to bring accountants and other professionals within the Act.

⁵ You must provide evidence satisfactory to the Board of having for a period of at least three years within the last eight years immediately preceding the application been engaged in full-time employment in an area of work that includes provision of Public Accounting Services.

PUBLIC PRACTICE CERTIFICATE (PPC)

Members who are applying for a Public Practice Certificate must first complete the Public Practice Program, which consists of:

- a. Public Practice Program eLearning
- b. Public Practice Program Workshop

A. PUBLIC PRACTICE PROGRAM ELEARNING

This new on-demand eLearning program focuses on the technical and ethical requirements to become a CPA Australia public practitioner.

There are five modules to complete as follows:

1. Offering a Public Accounting Service (PAS)
2. Public Practice Certificate
3. Ethical standards
4. Quality management (APES 320)
5. Risk management (APES 325)

Each eLearning module has a corresponding multiple-choice question assessment which requires a 75 per cent pass mark to succeed.

To achieve a CPA Australia Public Practice Certificate, you must successfully complete the eLearning program and the Public Practice Program workshop.

Learning objectives

Offering a PAS (45 minutes)

- List the general CPA Australia By-Law requirements for the provision of PAS
- List the requirements of a specific PAS
- List the requirements of the APES 210 Conformity with Auditing and Assurance Standards
- List the requirements of the APES 215 Forensic Accounting Services
- List the requirements of the APES 220 Taxation Services
- List the requirements of the APES 225 Valuation Services
- List the requirements of the APES 230 Financial Planning Services

- List the requirements of the APES 330 Insolvency Services

Public Practice Certificate (60 minutes)

- Define Public Accounting Services (PAS)
- List the requirements to hold a Public Practice Certificate (PPC)
- List the features and requirements of Professional Indemnity Insurance (PII) to meet the obligations for PPC holders
- List the requirements of branding as a CPA Australia practice
- Detail the Continuing Professional Development (CPD) requirements of professional accountants
- Describe the Professional Standards Scheme and its benefits for accountants
- Describe CPA Australia's complaints and disciplinary process

Ethical standards (45 minutes)

- Explain why ethical behavior is important to a profession
- Define the five fundamental principles of ethics
- List the three steps in the conceptual framework
- State the reporting requirements for Non-Compliance with Laws and Regulations (NOCLAR)
- Apply the conceptual framework to identify, evaluate and address threats
- Describe the scope, application and requirements of five further ethical standards

Quality management (APES 320)

(1 hour 45 minutes)

- List the requirements of APES 320 Quality Control for Firms
- Describe the nature and scope of CPA Australia's Quality Review Program
- Identify common breaches of professional standards, legislative or regulatory requirements identified by the Quality Review Program

PUBLIC PRACTICE CERTIFICATE (PPC)

Risk management (APES 325)

(30 minutes)

- List the requirements of APES 325 Risk Management for Firms
- List the steps in the risk management process
- Describe how managing client expectations reduces risk
- Describe how terms of engagement can manage risk

B. PUBLIC PRACTICE PROGRAM WORKSHOP

You must attend a two-day workshop. You can attend the workshop either prior to or after completing the eLearning modules.

The workshop will offer a blended approach of facilitator-led and self-paced modules designed around the new Public Practice Framework. The workshop structure is divided into several topics and interactive sessions, including group exercises and individual learning through the self-paced modules. The workshop is practical and outcome oriented to help set practitioners up for success.

The learning objectives associated with the workshop are as follows:

- Explain and identify all parts of the CPA Australia Public Practice Framework (PPF)
- Articulate the fundamentals of the four enablers of the PPF – Culture, Strategy, Communication and Technology, and identify strategies relevant to a public practice firm
- Apply strategies to address the six drivers of the PPF – People & Learning, Service Offering, Governance, Compliance and Practice Management to a public practice firm.
- Develop a Future Focus Plan (FFP) to run a successful Public Practice firm in the future.

The workshop has two assessable components: facilitator sign off of self-paced modules and the FFP.

For further information please visit

cpaaustralia.com.au/publicpracticeprogram

LIMITED PUBLIC PRACTICE CERTIFICATE (LPC)

The Limited Public Practice Certificate is available to help members establish themselves in public practice.

It is tailored for, among others, those who:

- operate part-time businesses
- work from home
- are engaged in postgraduate or further study
- have parenting or carer duties
- are contemplating a career change
- are transitioning into or out of public practice.

Members who are applying for a Limited Public Practice Certificate must first complete the Public Practice Program eLearning.

PUBLIC PRACTICE PROGRAM ELEARNING

This new on-demand eLearning program focuses on the technical and ethical requirements to become a CPA Australia public practitioner.

There are five modules to complete as follows:

1. Offering a Public Accounting Service (PAS)
2. Public Practice Certificate
3. Ethical standards
4. Quality management (APES 320)
5. Risk management (APES 325)

Each eLearning module has a corresponding multiple-choice question assessment which requires an 80 per cent pass mark to succeed.

To achieve a CPA Australia Public Practice Certificate, you must successfully complete the eLearning program and the Public Practice Program workshop.

Learning objectives

Offering a PAS (45 minutes)

- List the general CPA Australia By-Law requirements for the provision of PAS
- List the requirements of a specific PAS
- List the requirements of the APES 210 Conformity with Auditing and Assurance Standards

- List the requirements of the APES 215 Forensic Accounting Services
- List the requirements of the APES 220 Taxation Services
- List the requirements of the APES 225 Valuation Services
- List the requirements of the APES 230 Financial Planning Services
- List the requirements of the APES 330 Insolvency Services

Public Practice Certificate (60 minutes)

- Define Public Accounting Services (PAS)
- List the requirements to hold a Public Practice Certificate (PPC)
- List the features and requirements of Professional Indemnity Insurance (PII) to meet the obligations for PPC holders
- List the requirements of branding as a CPA Australia practice
- Detail the Continuing Professional Development (CPD) requirements of professional accountants
- Describe the Professional Standards Scheme and its benefits for accountants
- Describe CPA Australia's complaints and disciplinary process

Ethical standards (45 minutes)

- Explain why ethical behavior is important to a profession
- Define the five fundamental principles of ethics
- List the three steps in the conceptual framework
- State the reporting requirements for Non-Compliance with Laws and Regulations (NOCLAR)
- Apply the conceptual framework to identify, evaluate and address threats
- Describe the scope, application and requirements of five further ethical standards

LIMITED PUBLIC PRACTICE CERTIFICATE (LPC)

Quality management (APES 320)

(1 hour 45 minutes)

- List the requirements of APES 320 Quality Control for Firms
- Describe the nature and scope of CPA Australia's Quality Review Program
- Identify common breaches of professional standards, legislative or regulatory requirements identified by the Quality Review Program

Risk management (APES 325)

(30 minutes)

- List the requirements of APES 325 Risk Management for Firms
- List the steps in the risk management process
- Describe how managing client expectations reduces risk
- Describe how terms of engagement can manage risk

For further information please visit

<https://www.cpaaustralia.com.au/public-practice/become-a-public-practitioner>

PUBLIC PRACTICE CERTIFICATE REQUIREMENTS

Public Practice Certificate holders must abide by the CPA Australia Constitution, By-Laws, technical standards, Code of Professional Conduct (APES 110) and any laws, statutes, regulations, ordinances, codes, standards and requirements of any government or semi-government body and policies which apply to a member providing public accounting services.

In addition, as a certificate holder, you must:

Meet fit and proper requirements

In addition to the ongoing fit and proper requirements of your membership, you must meet any additional fit and proper requirements which apply to members holding statutory registrations, licences or authorisations.

Have a compliant practice structure

Your practice structure needs to comply with CPA Australia's By-Laws. Please note that if you trade with a non-member you will need to apply for an authority to trade with that non-member.

Meet professional standards legislation (PSL) requirements

All CPA Australia Public Practice Certificate (PPC) holders must determine if they are eligible to participate in CPA Australia's Professional Standards Scheme. It is the responsibility of all PPC holders to make this self-assessment, ensure their risk management framework is up to date and that their insurance coverage is based on this framework.

Meet professional indemnity (PI) insurance requirements

You must hold professional indemnity insurance and the policy must indemnify the member, the practice and everyone affiliated with the practice. The minimum sum insured shall be as stipulated in CPA Australia's By-Laws. The member shall

produce proof satisfactory to CPA Australia that such insurance is held. Other specific terms that the policy must include may be found in CPA Australia's By-Law 9.8 including, but not limited to, the policy being underwritten by an APRA-authorized general insurer, provision for one or more automatic reinstatements, indemnity for all of the Public Accounting Services that are provided, provision for an excess for each and every claim, cover for defence costs in addition to the minimum limit, a retroactive date no later than seven years before the beginning of the period of insurance and cover for losses arising out of dishonesty.

Participate in the Quality Review Program

You must participate in CPA Australia's Quality Review Program and comply with the APES 320 *Quality Control for Firms* and APES 325 *Risk Management for Firms*.

Undertake continuing professional development (CPD)

You must undertake 120 hours of CPD per triennium, completing a minimum of 20 hours per year.

Comply with anti-money laundering (AML) reporting requirements

The Australian AML and Counter Terrorism Financing Act places obligations on reporting entities. The Act currently applies to financial planners who make arrangements on behalf of a client to invest in a financial product. At the time of publication the Act does not apply to accountants, however, it is expected that the second tranche of the legislation will apply to accountants. Professional requirements may include identification, verification, ongoing monitoring and record keeping obligations.

LICENSING REQUIREMENTS AND SUPPORT SERVICES

LICENSING AND REGISTRATION REQUIREMENTS

Some additional regulatory and licensing requirements apply to operators in specific sectors. An outline of these specific sector requirements, which apply to operators based in Australia, can be found in CPA Australia's **Licence and registration requirements for public practitioners**.

SUPPORT SERVICES

In addition to your existing tools and resources as a CPA Australia member, practice management resources are available to support Public Practice Certificate holders and include:

- the CPA Australia website and professional resources
- branding materials and guidelines
- quality control tools
- public practice conferences
- INPRACTICE e-newsletter
- INTHEBLACK magazine and e-newsletter
- other CPA Australia e-newsletters and publications
- member networking forums, such as the Public Practice Group on LinkedIn and discussion groups
- an online Career Capability Plan
- multimedia resources
- guides
- checklists
- standard letters
- standard forms
- working papers
- technical advice and materials
- complimentary events, including webinars
- CPD courses, seminars and congresses
- CPA professional indemnity insurance schemes
- advocacy and representation to government and regulators
- access to a free ethics counselling service
- the CPA library, a highly-resourced business and accounting information centre

You can find these resources at cpaaustralia.com.au/publicpractice

SUBMITTING AN APPLICATION

Complete an online application via the CPA Australia website at cpaaustralia.com.au/publicpractice

Application processing takes approximately three weeks.

Important note: It is a breach of the CPA Australia By-Laws to commence practising in public practice without holding a Public Practice Certificate. **Find out** if you need to hold a Public Practice Certificate. To discuss your situation with CPA Australia, email publicpractice@cpaaustralia.com.au

CPAAOM3438

cpaaustralia.com.au