

New Zealand Auditor Licensing Guide

For CPA Australia Public
Practitioners

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Overview

This guide is designed to help CPA Australia public practitioners apply, maintain and renew their New Zealand audit licence for FMC audits, in accordance with the *Auditor Regulation Act 2011* (the Act), and the Prescribed Minimum Standards and Conditions (PMS) issued by the Financial Markets Authority (FMA).

Under the Act, FMC audit:

- a. means the audit of –
 - i. the financial statements or group financial statements of an FMC reporting entity that are prepared under the Financial Markets Conduct Act 2013; or
 - ii. the financial statements of a scheme or a fund prepared under section 461A of the Financial Markets Conduct Act 2013; or
 - iii. the financial statements referred to in section 461B of the Financial Markets Conduct Act 2013; and
- b. includes any audit or review required to be carried out under the regulations made, or exemptions granted, under the Financial Markets Conduct Act 2013 or the Securities Act 1978 by a qualified auditor (within the meaning of either of those Acts); and
- c. includes any audit of the financial statements or group financial statements prepared under the Financial Reporting Act 1993 in accordance with section 55 of the Financial Reporting Act 2013; and
- d. includes any issuer audit (as defined in this Act before the commencement of this paragraph); but
- e. does not include any audit carried out under the Public Audit Act 2001 (whether the Auditor-General or any other person is acting as the auditor)

FMC audits can only be conducted by licensed auditors or registered audit firms where each engagement partner or director is a licensed auditor and whose licence authorises them to act as the auditor in respect of that kind of FMA audit.

CPA Australia is a body accredited by the Financial Markets Authority (FMA) to issue an audit licence to applicants based in New Zealand and to authorise the registration of audit firms. The ultimate oversight of all FMC audits is the responsibility of the Financial Markets Authority.

Audit licence requirements

The table below shows the requirements to qualify for an audit licence issued by CPA Australia.

Source	No.	Requirement	New	Renewal
FMA Prescribed minimum standards	1	Tertiary qualifications relevant to accounting and auditing, or equivalent knowledge and expertise	✓	—
	2	Be a CPA or an FCPA with a current CPA Australia Public Practice Certificate (PPC)	✓	✓
	3	Completed a professional course in auditing approved by the FMA	✓	—
	4	At least 5 years of post-qualification audit experience	✓	—
	5	Sufficient audit experience including FMC / listed entity engagements	✓	✓
	6	Advanced certificate of competence from a recognised assessor	✓	—
	7	Be a fit and proper person to hold a licence	✓	✓
CPA Australia By-laws	8	Practice details held with CPA Australia is current and copy of professional indemnity insurance (PII) information available	✓	✓
	9	If selected, participate in a quality review (Best Practice Assessment), and / or demonstrate progress with a Best Practice Assessment support plan	✓	✓
	10	Comply with continuing professional development obligations, including IES 8.	✓	✓

Supporting your application

The requirements are explained below, together with documentation needed to support your application.

Requirement	Description	Documentation
Tertiary academic qualifications or equivalent knowledge and expertise	These are the tertiary qualifications relevant to accounting and auditing, or equivalent knowledge and expertise for obtaining the CPA designation.	We will refer to documentation provided as part of your membership application and let you know if further information is needed.
CPA status and PPC	You must maintain your CPA or FCPA designation and continue holding your PPC.	N/A
FMA-approved professional course in auditing	<p>The list of FMA-approved professional courses is available on their website. It includes the <i>Auditing and Assurance</i> course (formerly Assurance Services and Auditing), which is one of the subjects in the CPA Program.</p> <p>If you have completed either course, you will meet this requirement. Otherwise, you will need to complete the <i>Auditing and Assurance</i> course, or another FMA-approved course.</p>	Proof of satisfactory completion
Post-qualification audit experience	<p>You must have at least 5 years of post-qualification audit experience.</p> <p>Post-qualification audit experience means experience gained after the date that you achieved CPA status.</p> <p>If you have audit experience after completing another professional accounting qualification / designation that you believe is equivalent to the CPA program, you may provide details of the course and why you regard it as being equivalent in your application.</p>	Employer confirmation of tenure and role(s) held

Requirement	Description	Documentation										
Engagement experience	<p>For new applications: Within the past 5 years of your application date, you must have audit experience comprising of:</p> <table border="1" data-bbox="368 434 1075 907"> <thead> <tr> <th data-bbox="368 434 847 479">Engagement type:</th> <th data-bbox="847 434 1075 479">Minimum hours</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 479 847 736"> FMC audits OR Overseas listed entity audits if <ul style="list-style-type: none"> • accredited or licenced in Australia, the US or UK; or • licenced under s.12 of the Act (FMA overseas auditor) within the last 6 months </td> <td data-bbox="847 479 1075 736" style="text-align: center; vertical-align: middle;">375</td> </tr> <tr> <td data-bbox="368 736 847 815">FMC audits and/or similar audit engagements</td> <td data-bbox="847 736 1075 815" style="text-align: center;">375</td> </tr> <tr> <td data-bbox="368 815 847 860">Other audit engagements</td> <td data-bbox="847 815 1075 860" style="text-align: center;">2,250</td> </tr> <tr> <td data-bbox="368 860 847 907">Total</td> <td data-bbox="847 860 1075 907" style="text-align: center;">3,000</td> </tr> </tbody> </table>	Engagement type:	Minimum hours	FMC audits OR Overseas listed entity audits if <ul style="list-style-type: none"> • accredited or licenced in Australia, the US or UK; or • licenced under s.12 of the Act (FMA overseas auditor) within the last 6 months 	375	FMC audits and/or similar audit engagements	375	Other audit engagements	2,250	Total	3,000	Application form – experience section
Engagement type:	Minimum hours											
FMC audits OR Overseas listed entity audits if <ul style="list-style-type: none"> • accredited or licenced in Australia, the US or UK; or • licenced under s.12 of the Act (FMA overseas auditor) within the last 6 months 	375											
FMC audits and/or similar audit engagements	375											
Other audit engagements	2,250											
Total	3,000											
	<p>Audit experience gained in New Zealand must be supervised by an FMA licensed auditor. Overseas audit experience must be supervised by a person who is accredited or licensed to conduct audits in the country where the experience was gained.</p>											
	<p><i>Specific allowances:</i> You may include experience of up to 7 years, explaining the reasons for this, and how this experience is still relevant to current auditing standards. We will not accept experience greater than 7 years, or where a majority of the hours have not been gained in the past 5 years. If you gained experience overseas that you believe is equivalent to the requirements above, you may outline this experience and why you regard it as being equivalent in your application.</p>											
	<p>CPA Australia will make a determination based on the qualification(s) completed, your roles in undertaking the audit work, the type of audit engagements and their equivalence to the required New Zealand experience. We may require you to complete a further period of experience.</p>											
	<p>For renewal applications: You must demonstrate that you have completed sufficient audit work during the period of your existing licence to maintain adequate knowledge and expertise. Your experience during the time you held the licence should be aligned to the above requirements for an initial application – for both engagement type and audit hours.</p>											
	<p>If you did not work on sufficient audit engagements (including those of listed entities), we may require you to complete a further period of experience for certain types of audit engagements for renewal of your licence.</p>											

Requirement	Description	Documentation
Advanced certification of competence	<p>An assessor – being an FMA licensed auditor approved by CPA Australia – must assess your competency. Your assessor must assess your competence in the key aspects and tasks involved in FMC audits, including:</p> <ul style="list-style-type: none"> • client acceptance/continuance • audit planning • control testing • substantive testing • opinion formulation. <p>Your assessor should be in a position close enough to perform their assessment of your work. Normally this would be your immediate or second-level supervisor. If your assessor is not your supervisor, they will need to demonstrate to CPA Australia’s satisfaction how they have completed their assessment.</p>	Advanced certification of competence completed by the assessor
Fit and proper	<p>You must be a fit and proper person to hold a licence. You must disclose to CPA Australia any matter that may impact on whether you are a fit and proper person to hold a licence. 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 hold a licence.</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 hold a licence.</p> <p>You must also submit a criminal record check issued less than 6 months from your application date. Details on how to obtain this record are available on the New Zealand Ministry of Justice website.</p> <p>If you include overseas audit experience in your application, we may request a criminal records check from that country. We will inform you if this is needed.</p>	Application form – fit and proper section Current criminal conviction record obtained from Ministry of Justice
Practice details and PII records	<p>Log in to your member account and check that your practice details. If required, complete the relevant online form to update your practice details.</p> <p>Use the PII portal to add claims / notifications.</p>	Attach a copy of your certificate of currency
BPA support plan progress	<p>If applicable, we may ask you to provide relevant supporting evidence to demonstrate your efforts towards meeting the recommendations of a support plan issued following a CPA Australia Best Practice assessment.</p>	We will advise the requirements and how to submit this information
Professional competence	<p>You must update your CPD diary to demonstrate you have met, or are on track to meet, your CPD obligations for the current triennium.</p> <p>You must also provide a copy of your IES 8 self-assessment and learning plan for the current triennium.</p>	IES 8 self-assessment and learning plan.

Conditions on licences

Mandatory conditions

All licences 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 legislation and professional standards and applicable audit standards). CPA Australia may enforce an order against a former member for conduct occurring whilst that person was a CPA Australia licensed auditor.
- not accept any FMC audit engagements unless you have in place systems, policies and procedures that comply with professional ethical standards issued by the External Reporting Board or equivalent overseas standards
- have professional indemnity insurance that is adequate and appropriate for the nature and scale of the licensed auditor's business activities as set out in By-Law 9.8
- provide specified reports and notifications to CPA Australia as requested.

Other conditions

Conditions to which licences may be subject include:

- restricting, or providing a mechanism for restricting or supervising, the issuer audits a licensed auditor can undertake
- regulating the workload taken on by a licensed auditor
- allowing CPA Australia to monitor your workload and/or monitor your compliance with any conditions regulating your workload.

You can appeal regarding conditions attached to the licence under section 15(1)(b) or (c) or section 15(3) of the Act.

After you get your licence

Ongoing requirements

You must continue to:

- comply the mandatory conditions of your licence as well as any other conditions imposed
- participate in a CPA Australia Best Practice Assessment when requested (generally, every 3 years)
- undertake adequate and relevant continuous professional development and maintain your IES 8 self-assessment and learning plan.

Reporting

After you receive your licence, you will need to complete quarterly reports that outline changes in relation to your engagements and practice firm, such as, new FMC audits accepted, resigned or declined, changes in PII, changes in lead partner or EQCR and any other matters that may impact your licence fitness or competency.

We will send you a template for reporting this information. Once completed and reviewed by us, we will forward the report to the FMA.

CPA Australia may specify other reporting requirements for your licence, on a case-by-case basis.

Cancellation or suspension of licence

CPA Australia may cancel a licence if the licensed auditor provides a written notice requesting us to do so.

We may also cancel a licence if we are satisfied on reasonable grounds that:

- i) the licensed auditor has died
- ii) the licensed auditor no longer holds membership of CPA Australia with CPA status
- iii) the licensed auditor no longer holds a CPA Australia Public Practice Certificate
- iv) the licensed auditor has obtained the licence by making a false or misleading representation or declaration (oral or written)
- v) the licensed auditor does not satisfy, or no longer satisfies the prescribed minimum standards
- vi) the licensed auditor has failed to comply with a condition of the licence
- vii) the licensed auditor is not a fit and proper person to hold an audit licence
- viii) the licensed auditor has failed to provide notification of their change of details in accordance with the Act
- ix) the licensed auditor has failed to comply with the transitional provisions of the Act if their licence has been issued under the transitional provisions of the Act or
- x) one or more FMC audits have not been carried out in accordance with the Act or any other enactment that relates
- xi) to the conduct of a FMC audit, or in accordance with auditing and assurance standards, or otherwise with reasonable care, diligence and skill.

CPA Australia may suspend a licence issued to a licensed auditor if satisfied on reasonable grounds:

- i) that the licensed auditor has failed to comply with a condition of the licence
- ii) that the licensed auditor has not satisfied the requirements of ongoing competence
- iii) that one or more FMC audits has not been carried out in accordance with the Act or any other enactment that relates to the conduct of an FMC audit, or in accordance with auditing and assurance standards, or otherwise with reasonable care, diligence and skill.

Any cancellation or suspension of a licence 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.

Any decision to cancel or suspend a licence is subject to a right of appeal to an Appeals Tribunal, under By-Law 9A.7.

Visit our website for more information on our [member conduct and discipline](#) processes.

Fees

Fees are payable when you make your application, and annually after it issued.

Application fees

The relevant fees must be paid at the time of submitting your application.

Fee type	Allocated to	Audit licence	Registered audit firm	Fee regulation reference
Processing (new)	CPA Australia	\$525	\$525	N/A
Processing (renewal)	CPA Australia	\$325	N/A	N/A
Registration	Registrar of Companies	\$350	\$350	Auditor Regulations 2012 (Part 1)

Annual fees

Fee type	Allocated to	Audit licence	Registered audit firm	Fee regulation reference
Annual confirmation	Registrar of Companies	\$110	\$110	Auditor Regulations 2012 (Part 1)
FMA annual levy	Registrar of Companies	\$6,210	-	Financial Markets Authority (Levies) Regulations 2012 (Schedule 2, Class 12)

Note

All fees are in New Zealand dollars and inclusive of GST.

The processing fee refers to our charge for assessment and administration of your application. It is non-refundable.

All other fees will be collected from you and paid to the Registrar of Companies.

Application process

1. Application:
 - Contact our NZ Team to discuss your interest and obtain a copy of the application form.
 - Complete the form and collate the supporting documents.
 - Submit the application documents with the application fee to the NZ Team.
2. Assessment:
 - Allow up to 20 business days for assessment.
 - We recommend that you provide all supporting documents at the outset to ensure there are no delays.
3. Outcome
 - Once assessed, we will advise you of the outcome in writing.
 - If approved, we will notify the Registrar of Companies to update the auditors' register with your details and remit the registration fee. Each licence is valid for up to 5 years from issue date.
 - If declined, we will refund the registration fee. We are required to notify the FMA about our decision to decline your application. You have a right of appeal to:
 - i. CPA Australia's Appeals Tribunal (by-law 9A.7), or
 - ii. the District Court (section 24 of the Act).Subject to your right of appeal, you may re-apply after a period of one year from the date of the decision.
 - You can also appeal regarding conditions attached to the licence under Section 15(1)(b) or (c) or Section 15(3) of the Act.

To discuss your application at any time, contact our auditor licensing team on +64 (09) 870 7716 or by email nz@cpaaustralia.com.au.

Appendix 1 – Fit and Proper Requirements

In addition to satisfying the other licensing requirements, 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 membership. 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 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.

(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.

2. 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.
3. 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.

4. 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.
5. 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.