

s 22

**From:** Douglas Niven <douglas.niven@asic.gov.au>  
**Sent:** Friday, 20 February 2015 2:17 PM  
**To:** s 47E(d)

**Cc:** s 22

**Subject:** Registration of foreign auditors (Treat as In Confidence) [DLM=Sensitive]  
**Attachments:** RG 180 Appendix update 20150128.docx; rg180-published-28-september-2012.pdf

Dear s 47E(d)

### Proposed meeting

Thank you for the paper last week on experiences and concerns with the registration of foreign auditors. As discussed, we would like to arrange an open discussion on the subject.

Some suggested discussion points are:

1. Opportunities to reduce the paperwork for applications for the registration of auditors, particularly in relation to applications by foreign auditors
2. Feedback on proposed changes to paperwork required in connection with the hours based test
3. Points of contact in ASIC
4. Other matters from the paper outlining concerns with the registration process
5. Possibility of recognition of auditors registered in other specific jurisdictions
6. Allowing non-partners to sign audit reports
7. Any other matters

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### Draft revised application documents

To assist in the discussion, please find attached a draft revised version of the schedules relating to the hours based experience test for completion by applicants for registration as auditors. This file also includes a draft revised logbook for use in connection with alternative competency based test, although this may be less relevant to the discussion. The current hours based test schedules appear in ASIC Regulatory Guide 180, which is also attached for information. The current logbook is available from the websites of CA ANZ and CPAA.

Comments by email on the draft schedules would also be welcome.

Kind regards

Doug

Doug Niven  
Senior Executive Leader, Financial Reporting and Audit  
Australian Securities and Investments Commission  
Ph s 22 ; Fax s 22  
s 22

Please consider the environment before printing this document

**Document A: Practical auditing and other equivalent experience**

Applicant:	
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**Table A1: Practical and supervisory experience details of audits under s301 of the Corporations Act<sup>1</sup>**

No. <sup>2</sup>	Entity name <sup>3</sup> and [type] <sup>4</sup>	Identifier - ACN / ARSN / ARBN	Practical experience hours, your hours per year <sup>5</sup>						Supervisory experience hours, your hours supervising <sup>6</sup>					
			Year 1 <sup>7</sup>	Year 2	Year 3	Year 4	Year 5	Total	Year 1 <sup>7</sup>	Year 2	Year 3	Year 4	Year 5	Total
Total hours <sup>8</sup>														

Supervisor's signature		Date
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Witness' signature		Date
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**Table A2.1: Equivalent practical experience details of audits NOT under s301 of the Corporations Act and other equivalent experience<sup>9</sup>**

Supervisor's signature		Date
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Witness' signature		Date
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**Table A2.2: Equivalent practical experience details of audits NOT under s301 of the Corporations Act and other equivalent experience<sup>9</sup>**

Supervisor's signature		Date
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Witness' signature		Date
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**Notes to Document A: Practical auditing and other equivalent experience (see also Table 16 of Appendix 1 in Regulatory Guide 180)**

- 1 Only include entities in this table that are required to be audited under s301 (detailed in Table 16 of Appendix 1 in Regulatory Guide 180).
- 2 Number each item consecutively. Insert additional rows as required.
- 3 Insert the name of the entity you audited. If the entity you have performed audit work for is part of a group, provide the name of the parent entity followed by the name of any relevant group entity. Do not provide details for the parent entity itself (except its name), unless you actually performed audit work for the parent entity. Please insert blank rows before and after groups of entities to distinguish them from other non-related entities.
- 4 After the entity name, insert a description of the entity [type] in brackets. Type includes, for example, disclosing entity, registered managed investment scheme, public company, large proprietary company, listed, small proprietary company controlled by a foreign company, small proprietary company—shareholder direction, unlisted, small proprietary company—ASIC direction.
- 5 Your hours per year based on the five-year period immediately before the date of your application. Each year will not be a calendar year unless you apply on January 1. You must determine each year of the five-year period by reference to the date of your application. Your hours must be based on contemporaneous time records kept for each audit engagement at the relevant time. If you do not have contemporaneous time records then your supervisor may provide an estimate of the number of hours spent and must disclose that in the supervisor declaration.
- 6 You may only rely on hours spent supervising other professional members of the audit team. It does not include supervising persons who are not professional members of the audit team. Supervisory experience only includes supervision of company audits (see Table 16 of Appendix 1 in Regulatory Guide 180).
- 7 Insert as column headings the date of the relevant financial year end, or other year end, for the relevant year.
- 8 You must have a total of 3,000 hours of audit work under the direction of an RCA, including 750 hours of supervisory audit experience performed on audits of companies only (see Table 16 of Appendix 1 in Regulatory Guide 180). You are not required to record more than a total of 3,000 hours within Tables A.1 and A2.1.
- 9 Only include entities that are not required to be audited under s301 in this table (see Tables 13 and 16 of Appendix 1 in Regulatory Guide 180). For example, if you have performed audit work for a small proprietary company that is a subsidiary of a public company, but you did not perform audit work for the public company itself, include this information in Table A2 rather than Table A1. Please insert blank rows before and after groups of entities to distinguish them from other non-related entities.
- 10 After the entity name, insert a description of the entity [type] in brackets. Type includes, for example, ‘Pty’ for ‘small proprietary’. For overseas entities, insert the type of entity relevant to the Australian equivalent in brackets, for example, listed, unlisted, large proprietary, etc.
- 11 Identifier includes a unique identifier such as ACN/ABN/ARBN.
- 12 Insert additional rows as required. The details provided for each item should correspond with the item number and entity in Table A2.1.
- 13 Provide details of any other practical experience that you consider equivalent (e.g. providing experts’ reports). In addition, for overseas experience, provide details of the legislation (if any) requiring the audit.

Supervisor's signature		Date
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Witness' signature		Date
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## Document B: Supervisor declaration

Applicant:

### COMMONWEALTH OF AUSTRALIA—STATUTORY DECLARATION

#### Statutory Declarations Act 1959

*Insert the name,  
address and  
occupation of person  
making the declaration*

make the following declaration under the *Statutory Declarations Act 1959*.

*Set out the matter  
declared to in  
numbered paragraphs*

1. I have read the Form 903AA application for registration as a registered company auditor signed by [insert name of applicant] (the 'Applicant') and dated [insert date of application].
2. I am a supervisor referred to in the Form 903AA.
3. I am not aware of any matter or circumstance which would indicate that the information contained in the Form 903AA is incorrect or misleading.
4. I have read and signed *Document A* completed by the Applicant in support of their application for registration as an auditor.
5. For the audit engagements where I supervised the Applicant, I declare that the information in the Form 903AA and *Document A* about those audit engagements is true and correct.
6. I have never been excluded from practise as an auditor, had my registration as a registered company auditor suspended or been subject to any other disciplinary action by any of the following bodies: ASIC, The Companies Auditors and Liquidators Disciplinary Board, APRA, Chartered Accountants of Australia and New Zealand, CPA Australia, The Institute of Public Accountants, The Tax Agents Board, and any other body having authority in Australia or elsewhere relating to the registration or disciplining of auditors or liquidators.
7. I understand that a person who intentionally makes a false statement in a statutory declaration is guilty of an offence under section 11 of the Statutory Declarations Act 1959, and I believe that the statements in this declaration are true in every particular.

*Signature of person  
making the declaration*

*Insert place, day,  
month and year*

Declared at  
on of

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*Signature of person  
before whom the  
declaration is made*

Before me,

*Print full name,  
qualification and  
address of person  
before whom the  
declaration is made*

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#### **Notes to Document B: Supervisor declaration**

- <sup>1</sup> A person who intentionally makes a false statement in a statutory declaration is guilty of an offence, the punishment for which is imprisonment for a term of 4 years: see s11 of the *Statutory Declarations Act 1959*.
- <sup>2</sup> Chapter 2 of the Criminal Code applies to all offences against the *Statutory Declarations Act 1959*: see s5A of the *Statutory Declarations Act 1959*.
- <sup>3</sup> You may reformat the declaration by deleting the margin notes or unnecessary lines or spaces, so that it will fit on one page, where possible. If the declaration is more than one page in length, each page of the declaration must be signed by the declarant and witness. You should insert an additional signature block in the footer of each page in that case.

## Document C: Capability report

Applicant:

*Explain the scope and complexity of your audit experience for 3 of the entities referred to in Table A1 of your Document A or your Document E, as applicable. Do not identify the entities. Use as much space as you require in order to provide information for us to make a proper assessment of your capability. Refer to Table 17 of Regulatory Guide 180 for further guidance.*

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**Example 1**

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**Example 2**

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**Example 3**

*List all continuing professional development activities related to auditing (including quality assurance) that you have undertaken during the five years immediately prior to your application.*

## Document D: Capability declaration

Applicant:

### COMMONWEALTH OF AUSTRALIA—STATUTORY DECLARATION

#### Statutory Declarations Act 1959

*Insert the name, address and occupation of person making the declaration* I, make the following declaration under the *Statutory Declarations Act 1959*.

- Set out the matter declared to in numbered paragraphs*
1. I have read the Form 903AA application for registration as a registered company auditor signed by *[insert name of applicant]* (the 'Applicant') and dated *[insert date of application]*.
  2. I am a *[supervisor, assessor or referee as applicable]* referred to in the Form 903AA.
  3. I have known the applicant for *[insert period of time during which declarant has known the applicant]*.
  4. I have read the Capability Report (Document C) made by the Applicant in support of their application for registration as an auditor.
  5. For the audit engagements where I *[supervised, assessed or have provided a referee statement for]* the Applicant, I declare that the information in the Capability Report is true and correct.
  6. I am not aware of any matter, fact or circumstance which the Applicant has not disclosed to ASIC and which might be lead me or ASIC to believe that the applicant is not capable of performing the duties of a registered company auditor or is not a fit and proper person to be registered as a registered company auditor.
  7. I have never been excluded from practise as an auditor, had my registration as a registered company auditor suspended or been subject to any other disciplinary action by any of the following bodies: ASIC, The Companies Auditors and Liquidators Disciplinary Board, APRA, Chartered Accountants of Australia and New Zealand, CPA Australia, The Institute of Public Accountants, The Tax Agents Board, and any other body having authority in Australia or elsewhere relating to the registration or disciplining of auditors or liquidators.
  8. I understand that a person who intentionally makes a false statement in a statutory declaration is guilty of an offence under section 11 of the *Statutory Declarations Act 1959*, and I believe that the statements in this declaration are true in every particular.

*Signature of person making the declaration*

*Insert place, day, month and year* Declared at  
on of

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*Signature of person Before me,  
before whom the  
declaration is made*

*Print full name,  
qualification and  
address of person  
before whom the  
declaration is made*

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#### **Notes to Document D: Capability declaration**

- <sup>1</sup> A person who intentionally makes a false statement in a statutory declaration is guilty of an offence, the punishment for which is imprisonment for a term of 4 years: see s11 of the *Statutory Declarations Act 1959*.
- <sup>2</sup> Chapter 2 of the Criminal Code applies to all offences against the *Statutory Declarations Act 1959*: see s5A of the *Statutory Declarations Act 1959*.
- <sup>3</sup> You may reformat the declaration by deleting the margin notes or unnecessary lines or spaces, so that it will fit on one page, where possible. If the declaration is more than one page length, each page of the declaration must be signed by the declarant and witness. You should insert an additional signature block in the footer of each page in that case.

## Document D: Auditor competencies log book

### Guidance for applicant

In order to register as an RCA using the competency standard, you need to demonstrate required competencies on a range of audit engagements, including Corporation Act audits over a period of 3-5 years. The auditor competencies log book, tables D2 to D9, records your achievement of these competencies and provides a record to assist assessment by your supervising RCA<sup>1</sup> (Assessor), in table D1, and eventual completion of the Assessor's competency verification.

For each task/activity contained in tables D2 to D9, complete the relevant company, year ends and describe your performance of the activities and demonstration of your competency. You must demonstrate each activity for a particular task on a single engagement. For example, you cannot demonstrate some activities for a task on one engagement and other activities on a second engagement. After your assessor has certified your competency in a task/context, they need not sign the statement again for that task/context. However, you must continue to record in your log book other audit engagements where you perform that task/context competently. We will look at your log book to see that you have demonstrated competency in a task/context on several occasions over the 3–5 year period<sup>2</sup>.

The assessor will need to assess your competency for each task/activity group and will use a number of methods to do so (observation, review of work, discussion). In order to enable their assessment, you should meet with them regularly to discuss the log book and determine when and how they will assess particular tasks/activities. This will enable you to plan how you will use your audit engagements to demonstrate your competency to the assessor over time. This will enable them to complete the Statement by Assessor verification at the appropriate time.

If you change employers, you will need to change assessors and should obtain a statement by your existing assessor for the engagements they have assessed you on and any relevant references before you leave the firm as this may be difficult to obtain subsequently. You will need a new assessor for the engagements you undertake at the new firm. A Referee Report is required in certain circumstances (see Table 14 of Appendix 1 in Regulatory Guide 180).

### Guidance for Assessor

You must assess the applicant's competencies over a number of engagements and need to assess the applicant's competency for each task/activity group. You must assess the competency in performing the various task/activity combinations by one or more methods. The log book contains suggested ways in which you could assess competency for particular activities but these are not an exhaustive list. As well as assessing their practical application you should also assess the appropriate recording of their competencies in the log book.

When the applicant has completed their log book, you must complete, sign and date the Statement by Assessor which indicates that you believe the applicant is competent in performing the tasks as recorded in the log book and that they are sufficiently competent to be registered as a Registered Company Auditor.

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<sup>1</sup> Your assessor and/or referee do not have to be members of the CPAA or the ICAA to rely on the CPAA/ICAA competency standard. However, your assessor and/or referee must be an RCA.

<sup>2</sup> See Regulatory Guide 180, Table 15.

Applicant:

**Statement by Assessor**

Assessor name and firm: \_\_\_\_\_

1. I am a registered company auditor. Registration number: \_\_\_\_\_
2. I have sufficient knowledge of the applicant's work to be able to give this statement.
3. I believe the applicant is sufficiently competent to be registered as a Company Auditor under the Corporations Act 2001\*\*

\*\* If you are providing this statement in circumstances where the applicant is changing assessors and you are not the final assessor the applicant will have before lodging their application, you may delete this sentence or amend it to "I believe the applicant has satisfactorily demonstrated the competencies listed in this form to a level sufficient to be registered as a Company Auditor under the Corporations Act 2001"

Signature of Assessor \_\_\_\_\_

Date \_\_\_\_\_

**Table D1: Summary of auditor competencies**

Assessor name	Assessor auditor registration number	Entity names	Year ends	Tasks <sup>3</sup>	Assessor signature <sup>4</sup>
A	123	X	30/6/13 to 30/6/14	D3 assess risk	
		Y	31/12/13 to 31/12/14	D4 internal control review	
		Z	30/6/12	D5 substantive testing	
B	456	M	30/6/13 to 30/6/14	D7 supervise staff and manage the audit	
		N	31/12/13 to 31/12/14	D9 Apply knowledge	
C	789	E	30/6/13 to 30/6/14	D8	

<sup>3</sup> Insert table reference and task.

<sup>4</sup> The assessor is signing off that he/she has sufficient knowledge of the Applicant's activities under the specified Task/s and that the Applicant has demonstrated to the Assessor that he/she is competent in the Task/s specified and detailed in the subsequent table/s.

**Table D2: TASK: Planning - (1) Plan the audit**

Activities	Entities	Year ends	How was the activity performed?*
Evaluate risk of engagement continuance or acceptance (ASA 220)			
Exercise professional judgement in respect of engagement acceptance, continuance and independence (ASA 200, 210)			
Demonstrate a significant involvement in the process of planning the audit, taking into consideration due care, objectivity and ethical principles (ASA 300)			
Evaluate the audit risk profile of an engagement in respect of components of audit risk (ASA 300)			

\* Describe what you did in relation to the activity, focusing on the more complex issues and decisions. For example, how issues arising in the engagement acceptance or continuance process were resolved, how any independence issues were mitigated or addressed.

*Notes for assessor:*

To assist you in assessing the applicant's competency you could consider some of the following activities:

Participate in planning meetings, review work papers and minutes prepared by the applicant, discuss with the applicant how they reached the conclusion in relation to acceptance, continuance, independence, risk and the audit strategy, observe how the applicant behaves and communicates with the audit team.

*These examples are not exhaustive and other methods may also be used to assess the applicant's competency in relation to the task.*

Table D3: TASK: Planning - (2) Assess risk

Activities	Entities	Year ends	How was the activity performed?#
Identify and assess the risks of material misstatements of the financial statements including fraud or error and customise the audit strategy (ASA 240, 320, 330)			
Consider the entity's risk management process and the way it is monitored as part of the assessment of material misstatement (ASA 315)			
Apply knowledge of the entity and its environment in order to identify and assess the risks of material misstatement (ASA 315)			
Evaluate the impact on the audit of a potential breach of laws and regulations (ASA 250)			
Approve or recommend an appropriate audit strategy and communicate it to the audit team (ASA 330)			

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions. For example, how issues arising in the risk assessment were addressed, how fraud was considered, how the entity's risk management system impacted risk assessments, how the risk assessments impacted your decisions in relation to the audit strategy, how you involved the team.

*Notes for assessor:*

To assist you in assessing the applicant's competency you could consider some of the following activities:Participate in planning meetings, review work papers and minutes prepared by the applicant, discuss with the applicant how they reached the conclusion in relation to risk and the audit strategy, observe how the applicant behaves and communicates with the audit team. *These examples are not exhaustive and other methods may also be used to assess the applicant's competency in relation to the task.*

**Table D4: TASK: Evidence gathering - (3) Internal control review**

Activities	Entities	Year ends	How was the activity performed?*
Develop an understanding of the control environment and evaluate the design and implementation of control to mitigate risks of material misstatement (ASA 315)			
Evaluate tests of operating effectiveness performed (ASA 315)			
Evaluate effects of deficiencies in internal control and communicate deficiencies to those charged with governance (ASA 315, 260, 265)			
Assess the effect of IT controls on the audit strategy, and on potential risk of material misstatements (ASA 315)			

\* Describe what you did in relation to the activity, focusing on the more complex issues and decisions. For example, how the control environment impacted the risk of material misstatement, how you identified and communicated deficiencies, how IT controls impacted your decision making in relation to the audit strategy.

*Notes for assessor:*

To assist you in assessing the applicant's competency you could consider some of the following activities:

Participate in audit team discussions about the internal controls and audit strategy, review work papers prepared or reviewed by the applicant in relation to internal controls, the audit strategy and substantive testing. Discuss with the applicant how the internal controls (or lack of) affected their judgements in relation to the audit work to be performed. Assess whether audit documentation prepared and/or reviewed by the applicant is sufficient to meet the requirements of the ASAs.

*These examples are not exhaustive and other methods may also be used to assess the applicant's competency in relation to the task.*



# Describe what you did in relation to the activity, focusing on the more complex issues and decisions. For example, use of substantive analytical, how expectations were formed, how sample sizes were determined, how issues identified during substantive procedures were addressed and if any changes to the strategy were made as a result.

**Table D5: TASK: Evidence gathering - (4) Substantive testing**

Activities	Entities	Year ends	How was the activity performed?#
Determine the nature and extent of substantive testing in light of associated risks of misstatement (ASA 330, 530)			
Evaluate the sufficiency and appropriateness of audit evidence obtained (ASA 450, 500 series)			

*Notes for assessor:*

To assist you in assessing the applicant's competency you could consider some of the following activities:

Participate in audit team discussions about the internal controls and audit strategy, review work papers prepared or reviewed by the applicant in relation to internal controls, the audit strategy and substantive testing. Discuss with the applicant how the internal controls (or lack of) affected their judgements in relation to the audit work to be performed. Assess whether audit documentation prepared and/or reviewed by the applicant is sufficient to meet the requirements of the ASAs.

*These examples are not exhaustive and other methods may also be used to assess the applicant's competency in relation to the task.*

**Table D6: TASK: Opinion Formation - (5) Documenting and forming an opinion**

Activities	Entities	Year ends	How was the activity performed?*
Analyse the presentation and disclosures of the financial statements (ASA 520, 710)			
Evaluate accounting policies to determine whether the entity has adopted and presented them as required by the relevant financial reporting framework (ASA 500, 520)			
Evaluate the accounting treatment and disclosure of transactions, including accounting estimates and the use of fair values (ASA 500, 540)			
Assess the reasonableness of the financial statements when compared to the understanding of the financial situation of the entity including such matters as subsequent events, related party transactions and fraud (ASA 560, 550, 700, 720)			
Review adequacy, completeness and objectivity of the documentation of the audit evidence supporting the final draft report (ASA 230,			

**Table D6: TASK: Opinion Formation - (5) Documenting and forming an opinion**

Activities	Entities	Year ends	How was the activity performed?#
520, 450, 720)			
Prepare an appropriate audit report based on the evidence obtained (ASA 700, 705, 706)			

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions. For example, how any disagreements with accounting policies adopted were resolved, how management's assumptions in relation to estimates and fair values were challenged, how you addressed any inconsistencies with your understanding of the entity's financial situation, how you drafted the opinion including any modifications, emphasis of matter or other matter paragraphs.

*Notes for assessor:*

To assist you in assessing the applicant's competency you could consider some of the following activities:

Review the audited draft of the financial statements. Discuss the accounting policies with the applicant and determine how they are satisfied that they are appropriate. Review work papers in relation to fair values and estimates and discuss with the applicant how they challenged assumptions and exercised professional scepticism appropriately. Attend meetings with management and those charged with governance in relation to the accounting policies and areas of significant judgement within the financial statements. Discuss the approach to documentation and review a selection of evidence on the file of compliance with ASAs. Review the draft report prepared/reviewed by the applicant and determine whether it complies with the ASAs.

*These examples are not exhaustive and other methods may also be used to assess the applicant's competency in relation to the task.*

**Table D7: TASK: Continuous Activities- (6) Supervise staff and manage the audit**

Activities	Entities	Year ends	How was the activity performed?*
Manage audit engagement by providing leadership of audit teams and project management (ASA 220)			
Initiate and manage changes in audit strategy (ASA 330)			
Evaluate the assertions of the entity's management on a range of audit and accounting issues, including going concern and subsequent events (ASA 315, 580, 560, 570)			
Manage communication with those charged with governance (ASA 260, 450)			
Identify significant deficiencies or other matters to be communicated (ASA 260)			
Review work of the team and others involved in the audit such as component auditors and experts (ASQC 1).			

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions. For example, how audit strategy changes were determined and implemented, how management assertion were evaluated, how you managed the team and review process, how the work of component auditors and experts was evaluated, how communications of deficiencies or other matters were approached and resolved, how significant issues during the audit process were resolved.

*Notes for assessor:*

To assist you in assessing the applicant's competency you could consider some of the following activities:

Observe the applicant's interaction with the audit team, management and TCWG throughout the engagement. Discuss changes in the audit strategy initiated by the applicant to determine if their judgements are appropriate. Review work papers in relation to going concern and attend related meetings with management and those charged with governance with the applicant. Observe how the applicant demonstrates and documents professional scepticism in their work and encourages and coaches their team to do the same. Review communications with and documentation of the involvement of others in the audit, discuss the group audit strategy with the applicant. Discuss significant deficiencies identified, review communications prepared in relation to these and attend meetings where the applicant discusses these with management and TCWG.

*These examples are not exhaustive and other methods may also be used to assess the applicant's competency in relation to the task.*

**Table D8: TASK: Continuous Activities- (7) Exercise decision making on reporting and other issues**

Activities	Entities	Year ends	How was the activity performed?#
Exercise professional judgement in reaching conclusions on which to base the audit opinion, including assessing risk of material misstatement (ASA 200, 700, 320)			
Consider going concern on a continuous basis (ASA 570)			
Adopt a sceptical mindset in light of the nature of the entity, management, and the evidence obtained during the audit (ASA 200)			
Consider the user of the work of others, in particular when considering audits of a group, internal auditors, and the work of experts (ASA 600, 610, 620)			

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions. For example, how you exercised professional scepticism in significant areas, how you determined the impact of the work of others on the audit strategy and evidence, how going concern and management's assertions re going concern were evaluated.

*Notes for assessor:*

To assist you in assessing the applicant's competency you could consider some of the following activities:

Observe the applicant's interaction with the audit team, management and those charged with governance throughout the engagement. Discuss changes in the audit strategy initiated by the applicant with them to determine if their judgements are appropriate. Review work papers in relation to going concern and attend meetings with management and those charged with governance in relation to going concern with the applicant. Observe how the applicant demonstrates and documents professional scepticism in their work and encourages and trains their audit team to do the same. Review communications with others involved in the audit, review documentation of consultations with others, discuss the group audit strategy with the applicant. Look at the documentation in relation to the involvement of others in the audit. Discuss significant deficiencies identified with the applicant, review communications prepared in relation to these and attend meetings where the applicant discusses the deficiencies with management and those charged with governance.

*These examples are not exhaustive and other methods may also be used to assess the applicant's competency in relation to the task.*

**Table D9: TASK: Continuous Activities - 8 - Apply knowledge of auditing standards, the Corporations Act, ethical requirements, tax law and relevant legislation**

Activities	Entities	Year ends	How was the activity performed?*
Evaluate whether all applicable auditing standards, ethical requirements, and all relevant financial reporting standards and legislation including the Corporations Act and taxation laws have been appropriately applied to the audit engagement (ASA 102, 250, 700)			

*# Describe what you did in relation to the activity, focusing on the more complex issues and decisions. For example, how you addressed issues that arose in relation to compliance with professional standards and relevant legislation during the audit.*

*Notes for assessor:*

To assist you in assessing the applicant's competency you could consider some of the following activities:

Observe the applicant addressing issues in relation to professional standards. Review work papers in relation to compliance with standards and legislation. Discuss with the applicant any issues in relation to professional standards and relevant legislation that arose during the engagement and how they addressed them.

*These examples are not exhaustive and other methods may also be used to assess the applicant's competency in relation to the task.*





**ASIC**

Australian Securities & Investments Commission

## REGULATORY GUIDE 180

# Auditor registration

September 2012

### About this guide

This is a guide for auditors and prospective auditors who wish to audit companies and other entities under the *Corporations Act 2001* (Corporations Act).

This guide explains what an applicant must do when applying for registration as a registered company auditor (RCA) or as an authorised audit company (AAC), and how we may exercise our power to approve an auditing competency standard, which may be relied on by individual applicants for registration.

This guide also covers the lodgement of annual statements by RCAs and AACs.

Note: The auditor registration provisions discussed in this regulatory guide apply to all applications lodged after 1 July 2004. Auditors who were already registered before 1 July 2004 do not need to reapply for registration.

## About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

## Document history

This version was issued in September 2012 and is based on legislation and regulations as at the date of issue.

Previous versions:

- Superseded Regulatory Guide 180, issued 29 October 2007, reissued 24 January 2008 and 15 April 2010
- Superseded Policy Statement 180, issued 1 July 2004, 21 December 2004 and rebadged as Regulatory Guide 180 5 July 2007

## Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

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## A Overview

Key points
To register an individual as a registered company auditor (RCA), we must be satisfied that the person meets the requirements in s1280 of the Corporations Act: see RG 180.1.
To register a company as an authorised audit company (AAC), we must be satisfied that the company is eligible to be registered under s1299B of the Corporations Act: see RG 180.2.
We may approve an auditing competency standard if we are satisfied that the standard meets the requirements in s1280A of the Corporations Act: see RG 180.3–RG 180.5.
RCAs and AACs must lodge annual statements with ASIC: see RG 180.6.

### Registering as a registered company auditor

RG 180.1 Before we can register you as an RCA, we must be satisfied that you meet the statutory requirements in s1280 as summarised in Table 1. You must give us evidence that you satisfy these requirements. If you do not meet the requirements, we must refuse your application.

Note: For a discussion of these requirements and how we will assess them, see Section B.

**Table 1: Eligibility requirements for registration as a registered company auditor**

Qualifications: s1280(2)(a)	Skills: s1280(2)(b)	Capable, fit and proper: s1280(2)(c)
<p>You must:</p> <ul style="list-style-type: none"> <li>have the prescribed academic qualifications <b>AND</b> have completed a prescribed course in auditing; <b>OR</b></li> <li>have other qualifications and experience that ASIC considers equivalent to both these requirements.</li> </ul>	<p>You must:</p> <ul style="list-style-type: none"> <li>satisfy all the components of an ASIC-approved competency standard (see RG 180.3–RG 180.5); <b>OR</b></li> <li>have the prescribed level of practical experience <b>OR</b> experience that ASIC considers equivalent.</li> </ul>	<p>You must:</p> <ul style="list-style-type: none"> <li>be capable of performing the duties of an auditor; <b>AND</b></li> <li>be a fit and proper person to be registered as an auditor.</li> </ul>

### Registering as an authorised audit company

RG 180.2 Before we can register your company as an AAC, we must be satisfied that it meets the statutory requirements in s1299B as summarised in Table 2. You must give us evidence that your company satisfies these requirements. If

your company is not eligible for registration under s1299B, we must refuse your application.

Note: For a discussion of these requirements and how we will assess them, see Section C.

**Table 2: Eligibility requirements for registration as an authorised audit company**

Directors: s1299B(a)	Share structure and voting rights: s1299B(b)–(c)	Professional indemnity insurance: s1299B(d)	External administration: s1299B(d)
Each director must be: <ul style="list-style-type: none"> <li>• an RCA; <b>AND</b></li> <li>• not disqualified from managing a corporation.</li> </ul>	Each share must be held and beneficially owned by a person who is: <ul style="list-style-type: none"> <li>• an individual; <b>OR</b></li> <li>• the legal personal representative of an individual.</li> </ul> <p>The majority of the votes at a general meeting must attach to shares that are owned by RCAs.</p>	The company must have professional indemnity insurance that is: <ul style="list-style-type: none"> <li>• adequate; <b>AND</b></li> <li>• appropriate.</li> </ul>	The company must not be an externally administered body corporate.

## Approval of an auditing competency standard

- RG 180.3 Auditing competency standards provide an alternative means by which a person may satisfy us that they have the skills (demonstrated by sufficient practical experience) to be registered as an RCA.
- RG 180.4 Under s1280A of the Corporations Act, we may approve an auditing competency standard if we are satisfied that:
- (a) the standard provides that a person's performance against each component of the standard is to be appropriately verified by an assessor who is an RCA and has sufficient personal knowledge of the person's work to be able to give that verification;
  - (b) the standard is not inconsistent with the Corporations Act or any other law of the Commonwealth under which we have regulatory responsibilities;
  - (c) the standard adequately addresses the level of skill needed for registration as an RCA; and
  - (d) the standard is harmonised to the greatest extent possible with other approved auditing competency standards.
- Note: For a discussion of these requirements and how we will assess them, see Section E.
- RG 180.5 We also have power to approve a variation of an approved standard and to revoke an approval of an auditing competency standard.

## Lodging annual statements

- RG 180.6 RCAs and AACs must lodge an annual statement with ASIC within 1 month of the anniversary of their registration. These statements help us to monitor the activities of RCAs and AACs after registration.

Note: For a discussion of this requirement, see Section F.

## Underlying principles

- RG 180.7 An audit of an Australian company, disclosing entity, registered scheme or Australian financial services (AFS) licensee for the purposes of the Corporations Act may only be done by an RCA or AAC. Individuals (see Pt 9.2) may be registered as RCAs and companies may be registered as AACs (see Pt 9.2A). The qualifications, experience and other requirements for registration are set out in the Corporations Act.

## Registration of registered company auditors

- RG 180.8 Our policy aim is to interpret and apply the law in line with the objectives of the legislature. The Explanatory Memorandum to the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003 (CLERP 9 Bill) (which amended the auditor registration provisions of the Corporations Act) states that the CLEP 9 Bill ‘will update and enhance the qualification requirements applying to accountants who seek registration as company auditors’: para 5.77.

- RG 180.9 Our policy on the registration of RCAs aims to reflect these objectives by imposing minimum standards of both competence and integrity. This will help protect investors and other users of financial reports. Specifically, a person who applies to be registered as an RCA must demonstrate sufficient competence and integrity to express a professional opinion that the financial report of a company, registered scheme or disclosing entity is reliable and in accordance with the Corporations Act. To do this, they need to fully understand Australian auditing requirements and practices.

## Registration of AACs

- RG 180.10 The CLEP 9 Bill also introduced the concept of an ‘authorised audit company’ to help ‘accounting firms better manage risks of professional liability by providing an additional option of incorporation. Allowing auditors to incorporate will address some of the concerns about the professional liability of auditors. It also provides accounting firms with an additional option for the way they structure their operations’: para 5.201 of the Explanatory Memorandum to the CLEP 9 Bill.

- RG 180.11 Companies, unlike individuals, may have limited liability. Without adequate and appropriate professional indemnity insurance arrangements, an audit client may experience difficulty claiming against the AAC where the AAC's professional services have caused the client economic loss. The insurance requirements seek to ensure that an audit client obtaining services from an AAC is in a similar position, in terms of the client's ability to recover for economic loss, to an audit client obtaining like services from an individual RCA or firm of auditors.
- RG 180.12 We consider that the purpose of the 'adequate and appropriate insurance' requirement, set out in the CLERP 9 Bill, is to ensure that AACs can meet claims reasonably anticipated to arise from their auditing work under the Corporations Act. This is why we have imposed specific conditions on registration dealing with the adequacy and appropriateness of the mandatory professional indemnity insurance: see *Pro Forma 215 Company auditor registration conditions* [PF 215] and *Pro Forma 216 Authorised audit company registration conditions* [PF 216].
- RG 180.13 We may review these conditions from time to time. In particular, we may review the professional indemnity insurance requirements in light of any substantive changes in the nature or availability of professional indemnity insurance, or changes to any state or territory legislation or policy that sets out minimum insurance requirements for auditors or accountants generally. We may also review our policy to ensure consistency with international best practice or the recommendations of relevant professional bodies.

## Approval of auditing competency standards

- RG 180.14 The competency standard regime provides an alternative to complying with the time-based practical experience requirements prescribed in the Corporations Regulations 2001 (Corporations Regulations): see reg 9.2.01. Accordingly, a competency standard may not necessarily require that an applicant meet the same minimum time period of practical experience as in reg 9.2.01. However, the competency standard must be sufficiently rigorous, transparent and objective to ensure that a person's practical experience is adequate for registration as an RCA.
- RG 180.15 To demonstrate that a competency standard is 'sufficiently rigorous, transparent and objective', an application to approve a competency standard should include an analysis of the underlying methodologies that were used in developing the standard to meet these key objectives. The analysis should also include a discussion of what consultation was undertaken in developing the competency standard.

## **Lodgement of annual statements**

- RG 180.16 One of the purposes of lodging annual statements with ASIC is to provide us with up-to-date information that may, if necessary, be used as the basis for targeted monitoring purposes.
- RG 180.17 The content of the annual statement is prescribed in the Corporations Regulations only for AACs: see reg 9.2A.03 and Form 912B *Annual statement by an authorised audit company* at [www.asic.gov.au](http://www.asic.gov.au). Annual statements from RCAs should be submitted using Form 912A *Annual statement by an auditor* at [www.asic.gov.au](http://www.asic.gov.au).

## B Registering as a registered company auditor

### Key points

To be registered as an RCA, you must satisfy us that you meet the requirements in s1280—that is, you:

- have completed educational requirements prescribed by the Corporations Regulations **OR** qualifications and experience that are, in our opinion, *equivalent* to those requirements (see RG 180.18–RG 180.19);
- meet an approved competency standard **OR** have practical experience as prescribed by the Corporations Regulations (see RG 180.20);
- are capable of performing the duties of an auditor **AND** are otherwise a fit and proper person (see RG 180.24–RG 180.31); and
- meet the other eligibility requirements relating to disqualifications and residency in Australia (see RG 180.32).

We will impose conditions on all registrations: see RG 180.33–RG 180.35.

Special arrangements exist for the registration of individuals licensed to audit issuers under the *Auditor Regulation Act 2011* (NZ) (Auditor Regulation Act (NZ)).

## How to apply

<b>Step 1</b>	<p>You must apply using Form 903AA <i>Application for registration as an auditor</i>. You can either:</p> <ul style="list-style-type: none"> <li>• complete and lodge an electronic Form 903AA at <a href="http://www.asic.gov.au/auditregistration">www.asic.gov.au/auditregistration</a>; or</li> </ul> <p>Note: Even though you have lodged Form 903AA electronically, you still must send us your supporting material in hardcopy. Please include a hardcopy of your completed Form 903AA, signed and dated in the spaces provided, when you send your supporting material and application fee to ASIC.</p> <ul style="list-style-type: none"> <li>• complete and lodge a paper Form 903AA (including any supporting material and application fee). You can download a copy of Form 903AA at <a href="http://www.asic.gov.au">www.asic.gov.au</a> or obtain a copy from an ASIC Service Centre or Customer Contact Centre on 1300 300 630.</li> </ul>
<b>Step 2</b>	<p>Your application (i.e. your completed Form 903AA and supporting material) for registration as an RCA must:</p> <ul style="list-style-type: none"> <li>• include the information or documents that we need to decide whether you meet the eligibility requirements under the Corporations Act (see Table 4–Table 7 in this section, and Appendix 1 and 2);</li> <li>• be dated not more than 3 months before the application is lodged; and</li> <li>• be accompanied by the application fee (see <a href="http://www.asic.gov.au">www.asic.gov.au</a> for fees).</li> </ul>
<b>Step 3</b>	<p>You should ensure the application (including supporting material) lodged with us is correct and complete and provide certified copies where required: see RG 180.62–RG 180.64. Under s1308 of the Corporations Act, there may be serious consequences if you provide, or authorise the provision of, a false, incomplete or misleading statement in a document lodged with us: see RG 180.65–RG 180.68.</p>
<b>Step 4</b>	<p>Send your application and application fee to:</p> <p>Auditor Registration Team Australian Securities and Investments Commission PO Box 4000 Gippsland Mail Centre Vic 3841</p> <p>Note: We can only start to process your application after we have received the application fee.</p>

**Table 3: What you need to include with your application**

Eligibility requirements	Explanation	What you need to include
<b>Qualifications and experience: s1280(2)(a)</b>		
<b>Prescribed academic qualifications: 1280(2A)</b>	See RG 180.18 and Table 4	See Table 12 in Appendix 1
<b>Equivalent qualifications and experience: s1280(2B)</b>	See RG 180.19 and Table 5	See Table 13 in Appendix 1
<b>Skills: s1280(2)(b)</b>		
<b>Approved auditing competency standard: s1280(2)(b)(i)</b>	See RG 180.20, RG 180.21 and Table 6	See Table 14 in Appendix 1
<b>Prescribed practical experience: s1280(2)(b)(ii) and reg 9.2.01(a)</b>	See RG 180.20, RG 180.21 and Table 6	See Table 16 in Appendix 1 and: <ul style="list-style-type: none"> <li>• Sample document A in Appendix 2 (details of your practical experience)</li> <li>• Sample document C in Appendix 2 (details of your supervisory experience)</li> <li>• Sample document E (supervisor declaration)</li> </ul>
<b>Equivalent practical experience: s1280(2B) and reg 9.2.01(b)</b>	See RG 180.20, RG 180.21 and Table 6	See Table 16 in Appendix 1 and: <ul style="list-style-type: none"> <li>• Sample document B in Appendix 2 (details of your equivalent experience)</li> <li>• Sample document C in Appendix 2 (details of your supervisory experience)</li> <li>• Sample document D (Overseas experience)</li> </ul>
<b>Capable and fit and proper person: s1280(2)(c)</b>		
<b>'Capable'</b>	See RG 180.25– RG 180.26 and Table 7	See Table 17 in Appendix 1 and: <ul style="list-style-type: none"> <li>• Sample document F in Appendix 2 (capability report)</li> <li>• Sample document G in Appendix 2 (capability declaration)</li> </ul>
<b>'Fit and proper'</b>	See RG 180.27– RG 180.31 and Table 7	See Table 17 in Appendix 1 and: <ul style="list-style-type: none"> <li>• Sample document G in Appendix 2 (capability declaration)</li> </ul>
<b>Other eligibility requirements: s1280(3)–(4)</b>		
<b>Not a 'disqualified' person/ resident in Australia</b>	See RG 180.32	See question 9 in Form 903AA

## Qualifications and experience: s1280(2)(a)

RG 180.18 To satisfy us that you meet this requirement, you must show that you have either:

- (a) prescribed academic qualifications under s1280(2A) as summarised in Table 4; or
- (b) equivalent qualifications and experience under s1280(2B) as summarised in Table 5.
- RG 180.19 In assessing whether qualifications and experience are equivalent under s1280(2B) to the prescribed academic qualifications and experience in s1280(2A), we will focus on whether the applicant has both:
- (a) qualifications and training relevant to company auditing; and
- (b) experience in the conduct of audits in Australia under Australian regulatory requirements.

Note 1: In the case of overseas applicants, we will consider the length of time during which the applicant has been gaining experience in Australia, on a case-by-case basis. We will generally consider at least 12 months practical experience in Australia as being reasonable for the purposes of assessing equivalent qualifications and experience under s1280(2B).

Note 2: You may need to complete an appropriate conversion course if you are not able to demonstrate that you have either qualifications or experience in Australian company law, tax law or other law relevant to the type of Corporations Act audit work that you undertake. We will consider each application on a case-by-case basis.

**Table 4: Summary of prescribed academic qualifications under s1280(2A)**

What you need to have	What you must lodge with ASIC.
<ul style="list-style-type: none"> <li>You must hold a degree, diploma or certificate from a prescribed university or another prescribed institution in Australia: see reg 9.2.02.</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>Your degree, diploma or certificate must represent a course of study in: <ul style="list-style-type: none"> <li>accountancy (including auditing) of not less than 3 years duration; and</li> <li>commercial law (including company law) of not less than 2 years duration.</li> </ul> </li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>You must have completed a prescribed course in auditing: see reg 9.2.03.</li> </ul>	<ul style="list-style-type: none"> <li>A certified copy of your degree, diploma or certificate from the prescribed university or prescribed institution that has given you the qualification on which you rely: see reg 9.2.02.</li> <li>A certified copy of your statement of academic record from that university or institution which indicates: <ul style="list-style-type: none"> <li>the subjects you have undertaken for that qualification;</li> <li>the results you obtained; and</li> <li>a legend explaining what the results represent.</li> </ul> </li> <li>A letter (s1280(2A) certificate) from an authorised person at the university or institution certifying to ASIC that you have passed examinations in such subjects as represents a course of study in: <ul style="list-style-type: none"> <li>accountancy (including auditing) of not less than 3 years duration; and</li> <li>commercial law (including company law) of not less than 2 years duration.</li> </ul> </li> </ul> <p>Note: A statement of academic record is not a s1280(2A) certificate.</p> <ul style="list-style-type: none"> <li>A certified copy of a certificate or statement of academic record indicating that you have satisfactorily completed a course in auditing prescribed by reg 9.2.03.</li> </ul>

**See Table 12 in Appendix 1 for more details of how we will assess this requirement.**

**Table 5: Summary of equivalent qualifications and experience under s1280(2B)**

What you need to have	What you must lodge with ASIC
<ul style="list-style-type: none"> <li>You may be eligible for registration if you can satisfy ASIC that you have qualifications <b>AND</b> experience equivalent to the requirements in s1280(2A).</li> <li>If you hold one, but not both prescribed qualifications under s1280(2A), we will assess your other qualifications and experience to see whether they are equivalent to the prescribed qualification that you do not hold.</li> <li>If you obtained your university or other qualifications overseas, we will assess your qualifications and experience to see whether they are equivalent to the prescribed qualifications.</li> </ul>	<p>A statement setting out:</p> <ul style="list-style-type: none"> <li>the qualifications <b>AND</b> experience you rely on for your knowledge of accountancy and commercial law (including company law); and</li> <li>the reasons we should treat those qualifications and experience as equivalent to s1280(2A).</li> </ul> <p>Note: If you are relying on an overseas accounting and legal qualification, you may have to provide an assessment letter from an authorised assessing authority of the National Office of Overseas Skills Recognition (NOOSR). This letter should confirm the comparability of your qualifications and an Australian undergraduate degree in accounting and law from a prescribed university or institution: see <a href="http://www.aei.gov.au">www.aei.gov.au</a>.</p> <ul style="list-style-type: none"> <li>A certified copy of your degree, diploma or certificate from the university or institution that has given you the qualification on which you rely.</li> <li>A certified copy of your statement of academic record from each university or institution that has given you a qualification on which you rely, which identifies the subjects you have undertaken for that qualification and explains your results.</li> <li>A certified copy of your certificate or statement of academic record indicating that you have satisfactorily completed a course that you rely on as being equivalent to a course in auditing prescribed by reg 9.2.03.</li> </ul> <p>Note: If you are relying on an overseas auditing course, you may have to provide an assessment letter from one of the Australian accounting bodies that conducts such courses in Australia, confirming the comparability of this course and the course conducted by the Australian body.</p>

**See Table 13 in Appendix 1 for more details of how we will assess this requirement.**

## Skills: s1280(2)(b)

- RG 180.20 To satisfy us that you meet this requirement, you must show that you either:
- comply with an approved competency standard under s1280(2)(b)(i) (see Table 14 in Appendix 1 of this guide); or
  - have:
    - prescribed practical experience in auditing under s1280(2)(b)(ii) (see reg 9.2.01(a)); or
    - experience we consider equivalent under s1280(2B) to that required by reg 9.2.01(a) (see reg.9.2.01(b)).

These skills requirements are summarised in Table 6.

**Table 6: Summary of skills requirement under s1280(2)(b)**

	<b>What you need to have</b>	<b>What you must lodge with ASIC</b>
<b>Approved auditing competency standard: s1280(2)(b)(i)</b>	You must satisfy all the components of an approved competency standard.	<ul style="list-style-type: none"> <li>Your completed log book (including your assessor's statement and/or statement by referee/s).</li> </ul>
<b>OR</b>	<b>OR</b>	<ul style="list-style-type: none"> <li>A certified copy of your certificate of membership of the CPAA, ICAA, IPA or other professional body.</li> </ul>
<b>Prescribed practical experience: s1280(2)(b)(ii) and reg 9.2.01(a)</b>	You must have at least 3,000 hours work in auditing during the 5 years immediately before the date of your application, including at least 750 hours spent supervising audits of companies.	<ul style="list-style-type: none"> <li>A statement setting out details of your practical experience. See Sample document A in Appendix 2 for the preferred form of this statement.</li> <li>A statement setting out details of your supervisory experience. See Sample document C in Appendix 2 for the preferred form of this statement.</li> <li>A supervisor declaration from each RCA who supervised your work. See Sample document E in Appendix 2 for the preferred form of this statement.</li> </ul>
<b>Equivalent practical experience: s1280(2B) and reg 9.2.01(b)</b>	You must have practical experience that, in our opinion, is equivalent to the practical experience in reg 9.2.01(a).	<ul style="list-style-type: none"> <li>A statement setting out details of your practical experience. See Sample document B in Appendix 2 for the preferred form of this statement.</li> <li>A statement setting out details of your supervisory experience. See Sample document C in Appendix 2 for the preferred form of this statement.</li> <li>A statement setting out details of your overseas experience (if any). See Sample document D in Appendix 2 for the preferred form of this statement.</li> <li>A supervisor declaration from each RCA who supervised your work. See Sample document E in Appendix 2 for the preferred form of this statement.</li> </ul>

See Table 14–Table 16 in Appendix 1 for more details of how we will assess this requirement.

## Overseas skills

RG 180.21 If you rely on overseas practical experience to satisfy reg 9.2.01(b), you must give us evidence that you have completed at least 3,000 hours work in auditing during the five years immediately preceding the date of your application. This work must have been completed in a country or countries that we consider to have auditing standards that are equivalent to Australian standards and Australia.

Note: We will consider the length of time during which the applicant has been gaining experience in Australia on a case-by-case basis. We will generally consider at least 12

months practical experience in Australia as being reasonable for the purposes of assessing equivalent qualifications and experience.

RG 180.22 If you rely on overseas experience and have also undertaken some assessment under an auditing competency standard in Australia, you must give us evidence that you have been assessed under the competency standard continuously for at least a 12-month period. You must also give us evidence that you have five years of auditing experience in the period immediately preceding the date of your application. This experience must have been obtained in a country that we consider to have auditing standards that are equivalent to Australian standards.

RG 180.23 We recognise the following countries as having auditing standards that are equivalent to Australian standards:

- (a) the United States; and
- (b) those countries whose professional accountancy bodies are members of the International Federation of Accountants (IFAC) and who apply all, or substantially all, of the International Standards on Auditing issued by the IFAC's International Auditing and Assurance Standards Board. We may require confirmation of this fact from your overseas professional body.

Note: If you are relying on an overseas auditing course, you may have to provide an assessment letter from one of the Australian bodies that conducts such courses in Australia, confirming the comparability of this course and the course conducted by the Australian body.

## **Capable and a fit and proper person: s1280(2)(c)**

RG 180.24 In addition to being satisfied that you hold the necessary qualifications and have the necessary competency or practical experience, we must also be satisfied that you are:

- (a) capable of performing the duties of an auditor; and
- (b) otherwise a fit and proper person to be registered as an auditor.

These requirements are summarised in Table 7.

**Table 7: Summary of character requirements under s1280(2)(c)**

What you need to be	What you must lodge with ASIC
'Capable'	<ul style="list-style-type: none"> <li>• Capability report—A capability report explaining the scope and complexity of your audit experience. See Sample document F in Appendix 2 for the preferred form of this statement.</li> <li>• Capability declaration—A statutory declaration from the person named in Form 903AA as your supervisor or referee for the audits described in your capability report. See Sample document G in Appendix 2 for the preferred form of this statement.</li> </ul>
'Fit and proper'	<ul style="list-style-type: none"> <li>• Capability declaration—A statutory declaration from the person named in Form 903AA as your supervisor or referee for the audits described in your capability report. See Sample document G in Appendix 2 for the preferred form of this statement.</li> <li>• A signed statement from you containing details of any: <ul style="list-style-type: none"> <li>– previous disqualifications;</li> <li>– disciplinary action taken;</li> <li>– litigation matter;</li> <li>– administration;</li> <li>– conviction;</li> <li>– previous application for registration; or</li> <li>– resignation or removal.</li> </ul> </li> </ul>

See Table 17 in Appendix 1 for more details of how we will assess this requirement.

## Capable of performing the duties of an auditor

- RG 180.25 We consider that a person is ‘capable’ of performing their professional responsibilities as an RCA if they can perform their duties in a manner that is not negligent.
- RG 180.26 We will only consider a person capable of performing their professional duties in a manner that is not negligent if they can demonstrate that they have performed audit work exposing them to a sufficient range of audits and auditing issues relative to the type of audit engagements. We will make this assessment on a case by case basis.

## Fit and proper person

- RG 180.27 We will only be satisfied that you are a fit and proper person to be registered as an RCA if we are satisfied as to your honesty, integrity and good reputation. This is in addition to our being satisfied about your overall capability.
- RG 180.28 When we assess whether you are a fit and proper person to be registered as an RCA, we will regard favourably current membership of one of the professional accounting bodies, because such bodies usually require their members to be fit and proper persons. Therefore, they will have also considered your honesty, integrity and reputation. However, your

membership of such a body will not be determinative in our assessment of whether you are a fit and proper person to be an RCA.

RG 180.29 We will consider that you are not fit and proper to be registered if any of the following apply to you:

- (a) in the last 10 years, you have been convicted of any offence of which one element is dishonesty (such as theft or fraud), even though that conviction does not make you a disqualified person under Pt 2D.6;
- (b) in the last 10 years, you have been found civilly liable for any breach of trust, breach of fiduciary duty, dishonesty, gross negligence or recklessness in the course of your professional duties; or
- (c) we are not satisfied that you have full legal or mental capacity.

RG 180.30 We may consider that you are not fit and proper to be registered, depending on the particular facts and circumstances, if you have ever been found to have committed (or have proceedings pending for) any criminal offences, any professional misconduct or other misconduct.

RG 180.31 To assess whether you are a fit and proper person we will require you to provide details about whether:

- (a) any of the criteria in RG 180.29 apply to you;
- (b) any legal action is pending against you, or has been taken against you in the last 10 years:
  - (i) for any offence (other than a traffic offence); or
  - (ii) in relation to the conduct of an audit (whether the audit was under the Corporations Act or otherwise);
- (c) you have ever been excluded from practise as an RCA or liquidator (including by having your registration cancelled);
- (d) any legal or disciplinary action is pending against you, or has been taken against you in the last 10 years that resulted in an adverse finding, by a regulatory, statutory or professional body;
- (e) you have ever been refused membership by a relevant professional body;
- (f) you have ever made a prior application for registration as an RCA or liquidator that has been refused; or
- (g) in the last five years, you have resigned (other than where s324AC(2) applies) or been removed from office as an auditor or liquidator of a company or registered scheme (including in the circumstances described in s327B(2A)–(2C) or s331AAA (2A)–(2C)).

## Other eligibility requirements

RG 180.32 Under s1280, we:

- (a) must not register as an RCA a person who is disqualified from managing a corporation under Pt 2D.6 of the Corporations Act (including because the person is bankrupt); and
- (b) may refuse to register as an RCA a person who is not resident in Australia.

You must provide us with information about these issues in Form 903AA as part of the registration process.

## Conditions on registration

RG 180.33 We will impose conditions on all RCAs applying for registration on or after 1 July 2004 so that RCAs generally will need to meet certain standards even if they are not members of a professional accounting body: see s1289A and reg 9.2.08. Table 8 summarises the standard conditions we will impose on registration of all RCAs on or after 1 July 2004 as set out in [PF 215].

**Table 8: Standard conditions on registered company auditors**

<b>Professional development</b> You must document and complete a specified level of continuing professional development.	<b>Complaints handling procedures</b> You must document, maintain and follow procedures dealing with complaints by audit clients. Because the nature, scale and complexity of an RCA's businesses will vary, the compliance measures, processes and procedures you need to adopt for quality assurance and complaints will vary according to your business.
<b>Professional indemnity insurance</b> You must maintain a specified level of professional indemnity insurance.	However, your complaints handling procedures should be consistent with Australian Standard AS ISO 10002–2006 <i>Customer satisfaction—Guidelines for complaints handling in organizations</i> .
<b>Quality assurance procedures</b> You must document, maintain and follow quality assurance procedures required by Auditing Standard ASA 220 <i>Quality control for an audit of a financial report and other historical financial information</i> .	
RG 180.34	We may impose additional conditions or vary or revoke existing conditions, if an RCA was already registered before 1 July 2004. We may do so, for example, where we think it is necessary to address concerns about the conduct of a particular RCA or RCAs generally. If we intend to impose additional conditions on an RCA, or vary or revoke existing conditions, we will first give the person the opportunity to appear before, or be represented at, a private hearing and to make submissions on the matter.
RG 180.35	Imposing conditions on the registration of all RCAs fosters a 'level playing field' between RCAs who are subject to the rules of a professional accounting body and those who are not. It also helps maintain high standards of audit practice and procedures across the industry. This benefits both audit clients and users of financial reports who rely on audit opinions in financial reports.

## New Zealand auditors

- RG 180.36 If you are an individual licensed to audit issuers under the Auditor Regulation Act (NZ) (a licensed NZ auditor), you can apply to be a registered company auditor under simplified arrangements under to the *Trans-Tasman Mutual Recognition Act 1997*.
- RG 180.37 If you are an individual who is a licensed NZ auditor and you apply to be registered as an RCA, you must provide us with a letter that:
- (a) states that you are registered to audit issuers under the Auditor Regulation Act (NZ);
  - (b) states that you are seeking to be registered as an RCA in accordance with the trans-Tasman mutual recognition principle;
  - (c) specifies all the participating jurisdictions in which you have substantive registration as an auditor;
  - (d) states that you are not the subject of disciplinary proceedings in any participating jurisdiction (including any preliminary investigations or action that might lead to disciplinary proceedings) in relation to those occupations;
  - (e) states that your registration in any participating jurisdiction is not cancelled or currently suspended as a result of disciplinary action;
  - (f) states that you are not otherwise personally prohibited from carrying on any such occupation in any participating jurisdiction, and are not subject to any special conditions in carrying on that occupation, as a result of criminal, civil or disciplinary proceedings in any participating jurisdiction;
  - (g) specifies any special conditions to which you are subject in carrying on any such occupation in any participating jurisdiction;
  - (h) gives consent to the making of inquiries of, and the exchange of information with, the authorities of any participating jurisdiction regarding your activities in the relevant occupation or occupations or otherwise regarding matters relevant to the notice;
  - (i) be accompanied by a copy of an instrument evidencing your existing registration or, if there is no such instrument, sufficient information to identify you and your registration. The letter must certify that copy as a complete and accurate copy of the original; and
  - (j) be verified by statutory declaration.
- RG 180.38 Licensed NZ auditors do not need to provide any of the other information outlined in this regulatory guide.
- RG 180.39 We will impose the conditions outlined in Table 8 on a licensed NZ auditor who is registered as a registered company auditor.

## C Registering as an authorised audit company

### Key points

To be eligible for registration as an AAC, you must satisfy us that your company meets the requirements in s1299B, which cover:

- ownership and control of the company (i.e. directors, shareholding and voting rights);
- professional indemnity insurance (see RG 180.42–RG 180.56);
- fit and proper directors (see RG 180.57–RG 180.60); and
- external administration.(see Table 9).

We will impose conditions on all registrations: see RG 180.40–RG 180.41.

Note 1: For the legal requirements on ownership and control and external administration, see s1299B(a)–(c) and (e) of the Corporations Act. We only discuss these requirements in Table 9 in relation to information you must provide with your application to show us that you satisfy these requirements.

Note 2: Changes of company auditor appointments (e.g. from audit firm to authorised audit company), must comply with s329 of the Corporations Act. See our website for guidance on resignation and removal of auditors

## How to apply

<p><b>Step 1</b></p> <p>You must apply using Form 903AB <i>Application for registration as an authorised audit company</i>. You can either:</p> <ul style="list-style-type: none"> <li>• complete and lodge an electronic Form 903AB at <a href="http://www.asic.gov.au/auditregistration">www.asic.gov.au/auditregistration</a>; or</li> </ul> <p>Note: Even though you have lodged Form 903AB electronically, you still must send us your supporting material in hardcopy. Please include a hardcopy of your completed Form 903AA, signed and dated in the spaces provided, when you send your supporting material and application fee to ASIC.</p> <ul style="list-style-type: none"> <li>• complete and lodge a paper Form 903AB (including any supporting material and application fee). You can download a copy of Form 903AB at <a href="http://www.asic.gov.au/auditregistration">www.asic.gov.au/auditregistration</a> visit an ASIC Service Centre or call ASIC on 1300 300 630.</li> </ul>	<p><b>Step 2</b></p> <p>Your application (i.e. your completed Form 903AB and supporting material) for registration as an AAC must:</p> <ul style="list-style-type: none"> <li>• include the information or documents that we need to decide whether your company meets the eligibility requirements under the Corporations Act (see reg 9.2.A.01 and the summary in Table 9);</li> <li>• be dated not more than 3 months before the application is lodged; and</li> <li>• be accompanied by the application fee (currently \$270 for electronic lodgement, \$540 for paper lodgement).</li> </ul>	<p><b>Step 3</b></p> <p>You should ensure the application (including supporting material) lodged with us is correct and complete and provide certified copies where required: see RG 180.62–RG 180.64. Under s1308 of the Corporations Act, there may be serious consequences if you provide, or authorise the provision of, a false, incomplete or misleading statement in a document lodged with us: see RG 180.65–RG 180.68.</p>
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<b>Step 4</b>	<p>Send your application and application fee to:</p> <p style="margin-left: 20px;">Auditor Registration Team Australian Securities and Investments Commission, PO Box 4000 Gippsland Mail Centre Vic 3841</p> <p style="margin-left: 20px;">Note: We can only start to process your application after we have received the application fee.</p>
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**Table 9: Summary of requirements for registration as an AAC under s1299B**

	What you must show	What to lodge with ASIC
<b>Directors: s1299B(a)</b>	<p>Each director is:</p> <ul style="list-style-type: none"> <li>• an RCA; and</li> <li>• not disqualified from managing a corporation under Pt 2D.6.</li> </ul>	See question 3 in Form 903AB.
<b>Share structure: s1299B(b)</b>	<p>Each share in the company is held and beneficially owned by a person who is:</p> <ul style="list-style-type: none"> <li>• an individual; or</li> <li>• the legal personal representative of an individual.</li> </ul>	<ul style="list-style-type: none"> <li>• A signed statement providing details of the current shareholdings.</li> <li>• A signed statement advising ASIC of whether the applicant's constitution allows a share in the applicant to be held and beneficially owned by a person other than an individual or the legal personal representative of an individual.</li> </ul>
<b>Voting rights: s1299B(c)</b>	<p>A majority of the votes that may be cast at a general meeting of the company is attached to shares in the company that are held and beneficially owned by individuals who are RCAs.</p>	<ul style="list-style-type: none"> <li>• A signed statement providing details of the voting rights attaching to the shareholdings in the company.</li> </ul> <p>See question 4 in Form 903AB.</p>

	What you must show	What to lodge with ASIC
<b>Professional indemnity insurance: s1299B(d)</b>	<p>The company has adequate and appropriate professional indemnity insurance for claims that may be made against the company in relation to the audit of companies and registered schemes.</p>	<ul style="list-style-type: none"> <li>• An original or certified copy of a certificate of currency.</li> <li>• A certified copy of the insurance policy terms.</li> <li>• A signed statement containing details of the insurer's place of domicile.</li> <li>• A signed statement from the insurance broker or insurer certifying that any exclusions contained in the policy are standard or usual exclusions for a policy of this type and that the policy is made on standard commercial terms.</li> <li>• A signed statement from the applicant's accountant certifying the value of the company's net tangible assets as at the date of the application.</li> <li>• An estimate of the maximum anticipated Corporations Act audit engagement fee that the AAC will charge for conducting an audit.</li> </ul> <p>See question 5 in Form 903AB.</p>
<b>External administration: s1299B(e)</b>	<p>The company is not an externally-administered body corporate.</p>	<ul style="list-style-type: none"> <li>• A signed statement containing details of the action taken (if any).</li> <li>• A signed statement containing details of the official management (if any).</li> <li>• A signed statement containing details of the administration or appointment of the controller or managing controller (if one has been appointed).</li> <li>• A signed statement containing details of the compromise or arrangement (if any).</li> <li>• A signed statement containing details of the proceedings (if any) or other action being taken against the company.</li> </ul> <p>See question 4 in Form 903AB.</p>

## Conditions on registration

RG 180.40 We may impose conditions on the registration of AACs. These conditions are not limited by the regulations; we can impose any conditions that we consider necessary: see s1299D(1)(c). Table 10 summarises the standard conditions we will impose on registration of all AACs on or after 1 July 2004 as set out in [PF 216].

**Table 10: Standard conditions on registered AACs**

<b>Professional indemnity insurance</b> As an AAC, your company must maintain a specified level of professional indemnity insurance: see RG 180.42–RG 180.56.	<b>Complaints handling procedures</b> Your company must implement complaints handling procedures that are consistent with Australian Standard AS 4269–1995, <i>Complaints handling</i> .
We may undertake targeted or random surveillance to ensure that your company continues to comply with this condition after registration.	<b>Notifying ASIC of breaches or ineligibility</b> You must notify us: <ul style="list-style-type: none"> <li>of any breach of a registration condition by your company (see s1299F); and</li> <li>in writing, within 7 days, if you become aware that your company is no longer eligible to be registered as an AAC.</li> </ul> If your company ceases to be eligible to be registered, we may cancel or suspend your company's registration as an AAC. While there is no requirement in the Corporations Act for you to immediately notify us of this, we have made it a condition of registration.
<b>'Run-off' cover</b> Each director of an AAC must execute a pro forma deed in favour of ASIC in which the director undertakes to use best endeavours to ensure that the AAC maintains run-off cover for a minimum of 7 years after it ceases to be registered: see [PF 217] at <a href="http://www.asic.gov.au">www.asic.gov.au</a> and RG 180.52(e).	<b>Other conditions</b> We may impose other conditions on AACs or vary or revoke existing conditions from time to time, as we consider necessary. We may do so, for example, where we think it is necessary to address concerns about the conduct of a particular AAC or AACs generally.
This requirement is consistent with best practice requirements for some professional accounting bodies, which recommend that members ensure a valid and binding contract of professional indemnity insurance is maintained for not less than 7 years after ceasing practice as an accountant.	Note: You must also notify us if you are seeking to deregister your AAC as a company (e.g. in the case of a winding-up): see RG 180.77.
RG 180.41	We aim to impose conditions in accordance with the objective of the legislature (i.e. to provide a system that allows auditors the flexibility to manage risks of professional liability by providing an additional option of incorporation). Para 5.201 of the Explanatory Memorandum to the CLERP 9 Bill states, 'allowing auditors to incorporate will address some of the concerns about the professional liability of auditors. It also provides auditing firms with an additional option for the way they structure their operations.' The conditions aim to ensure that audit clients are not disadvantaged if they deal with AACs compared to an RCA or audit firm.

## Professional indemnity insurance

RG 180.42 Under s1299B, a company is only eligible for registration as an AAC if we are satisfied that it has adequate and appropriate professional indemnity insurance cover. We consider that this insurance should be:

- (a) for an amount sufficient to cover claims reasonably anticipated to arise from Corporations Act audits;
- (b) fit for its purpose and on usual commercial terms; and
- (c) reasonably available in the marketplace.

### Adequacy (quantum)

RG 180.43 For the purposes of s1299B, the minimum insured amount will depend on the largest Corporations Act audit engagement fee that the directors of the AAC reasonably believe the AAC will charge. The estimated fee must be approved by a resolution of the board of directors. The directors of the AAC must:

- (a) advise us of the estimated fee when the AAC applies for registration; and
- (b) update this estimate each year in the annual statement made by the AAC under s1299G of the Corporations Act.

RG 180.44 To determine the required insured amount, AACs should use the following formula:

- (a) if the maximum engagement fee is estimated to be \$100,000 or less, the insured amount will be not less than \$1 million for any one claim and in the aggregate; or
- (b) if the maximum engagement fee is estimated to be more than \$100,000, the insured amount will be not less than 10 times the estimated maximum engagement fee up to a maximum figure of \$75 million for any one claim and in the aggregate.

Note 1: Costs-in-addition cover should be obtained to ensure the legal and other costs of defending and settling claims do not reduce the level of cover available to a claimant below the limitation amount. Where costs-in-addition cover cannot be obtained and costs-inclusive cover is held, the level of cover required to meet the limitation amount must be increased by 25 per cent.

Note 2: As a limitation of liability scheme is not in place in Tasmania, the minimum sum insured remains at \$500,000 for the practice.

RG 180.45 Our method for calculating the adequacy of insurance cover held by an AAC is in accordance with limitation by liability schemes approved under professional standards legislation applicable to all states and territories in Australia, with the exception of Tasmania.

RG 180.46 We consider that the limitation amount, calculated in accordance with the applicable limitation of liability scheme is a useful guide as to what is adequate professional indemnity insurance for AACs. From a practical perspective, there is no discernible difference (in terms of risk or otherwise) between the audit services (or the fees for such services) provided by an AAC and audit services provided by an audit firm.

### **Appropriateness (terms and conditions)**

RG 180.47 To be considered appropriate insurance under s1299B, the insurance must have the following features. The policy:

- (a) must cover claims made in respect of Corporations Act audits;
- (b) must only be subject to usual or standard exclusions for policies of that type;
- (c) must cover costs and expenses, including legal costs and expenses of investigating, defending and settling claims;
- (d) must cover fraud by the officers and/or the employees of the insured;
- (e) must be on usual commercial terms offered by insurers for this type of insurance at the time of the AAC's registration; and
- (f) unless we otherwise agree, must be written by an insurer subject to Australian Prudential Regulatory Authority (APRA) supervision (APRA-regulated insurer).

RG 180.48 The insurance may (if the AAC wishes):

- (a) have a deductible or excess (however, the amount of any deductible must be covered by the value of the net tangible assets (NTA) of the AAC); or
- (b) cover claims for audits other than audits under the Corporations Act.

Note: In some circumstances we may accept a bank guarantee that covers the amount of any deductible or excess. For further information, contact the Infoline on 1300 300 630.

RG 180.49 We consider that appropriate insurance is in the form of a 'claims-made' contract. It should cover the insured against liability that is incurred by, or a loss arising from, a claim that is made as a result of a negligent act, error or omission in the conduct of the AAC's business. It should also cover contractual claims against the AAC.

RG 180.50 In particular, we will require the insurance to:

- (a) have broad coverage subject to limited, reasonably common exclusions;
- (b) cover costs and expenses of defending, investigating and settling a claim against the insured; and
- (c) not be cancellable by the insurer for innocent non-disclosure or misrepresentation by the insured.

## Assessment by ASIC

RG 180.51 In assessing whether insurance arrangements are adequate and appropriate, we will require the directors of an AAC to confirm that its insurance arrangements comply with our policy.

RG 180.52 In particular, the directors of the AAC must:

- (a) advise us upon application for registration of the maximum anticipated Corporations Act audit engagement fee that the directors reasonably estimate the AAC will charge for conducting an audit (see question 5 in Form 903AB);
- (b) provide us with such information or documents about the AAC's professional indemnity insurance arrangements as we may request from time to time;
- (c) lodge a document from an insurance broker or insurer certifying that any exclusions contained in the insurance policy are standard or usual exclusions for a policy of this type and that the policy is made on standard commercial terms;

Note: An example of a policy that does not contain standard or usual exclusions is a policy that excludes particular types of audit work or audit clients, or excludes specified individuals from cover. In such cases, the broker or insurer should provide a qualified certificate identifying the non-standard exclusions.

- (d) provide us with a signed statement from the AAC's accountant verifying the value of the AAC's NTA, if the AAC wishes to have a deductible or excess under its insurance policy; and
- (e) provide us with a pro forma deed executed by each director of the AAC in which the director undertakes to use his or her best endeavours to ensure that the AAC maintains run-off cover for a minimum of 7 years after it ceases to be registered (see Table 10).

Note: If a new director is appointed at any time after registration, the new director must provide us with a pro forma deed ([PF 217]) executed by the director on their appointment. The new director must also lodge a Form 905 *Notification of ceasing to practice as, or change to details of, an auditor* to notify ASIC of their appointment as a director of the AAC. The company must also lodge a Form 484 *Change to company details* notifying ASIC of the appointment of the director. Failure to lodge the relevant forms on time may result in penalties for late lodgement.

## Claims covered

RG 180.53 We note that, in general, AACs do not have any contractual relationship with third parties (e.g. end users of the audited financial report) and the extent to which their statutory obligations embrace the interests of third parties is limited. However, adequate and appropriate insurance should cover claims made by those parties to the extent they can be made.

- RG 180.54 Pt 9.2A of the Corporations Act indicates that the insurance required of an AAC is to extend only to claims made for the audit of companies and registered schemes for the purposes of the Corporations Act.
- RG 180.55 We consider that this includes claims made arising from audits of companies or registered schemes under a statutory provision of the Corporations Act. This also includes audits conducted as a result of ASIC relief or policy relating to the Corporations Act, and audits conducted in accordance with operating rules of a licensed financial market: see s793C.
- RG 180.56 We will require that the policy cover fraudulent conduct of the insured's officers or employees to ensure that the AAC can compensate the audit client in the event of a defective audit. We note that professional indemnity insurance covering fraud is a condition of membership of the professional accounting bodies.

## Fit and proper

- RG 180.57 Each director of the AAC must be a fit and proper person. We will only consider that a director is a fit and proper person if we are satisfied as to their honesty, integrity and good reputation.
- RG 180.58 We will consider that a director is not a fit and proper person if:
- (a) in the last 10 years, the director has been convicted of any offence of which one element is dishonesty (such as theft or fraud), even if that conviction does not make the director a disqualified person under Pt 2D.6;
  - (b) in the last 10 years, the director has been found civilly liable for any breach of trust, breach of fiduciary duty, dishonesty, gross negligence or recklessness in the course of their professional duties; or
  - (c) we are not satisfied that the director has full legal or mental capacity.
- RG 180.59 We may consider that a director is not fit and proper person, depending on the particular facts and circumstances, if the director has ever been found to have committed (or have proceedings pending for) any criminal offences, any professional misconduct or other misconduct.
- RG 180.60 To assess whether a director is a fit and proper person we require each director to provide details about whether:
- (a) any of the criteria in RG 180.58 apply to them;
  - (b) any legal action is pending against them or has been taken against them in the last 10 years:
    - (i) for any offence (other than a traffic offence); or

- (ii) in relation to the conduct of an audit (whether the audit was under the Corporations Act or otherwise);
- (c) they have been excluded from practise as an RCA or liquidator (including by having their registration cancelled);
- (d) any legal or disciplinary action has been taken against them in the last 10 years that resulted in an adverse finding by a regulatory, statutory or professional body, or any legal or disciplinary action that is pending by such a body;
- (e) they have ever been refused membership by a relevant professional body;
- (f) they have ever made a prior application for registration as an RCA or liquidator that has been refused; or
- (g) in the last five years, they have resigned (other than where s324AC(2) applies) or been removed from office as an auditor or liquidator of a company or registered scheme (including in the circumstances described in s327B(2A)–(2C) or s331AAA (2A)–(2C).

## D What happens next

### Key points

We will assess your application for registration based on the information you submit with your application: see RG 180.61–RG 180.72.

We aim to form a view about whether to grant or refuse your application for registration within 4 weeks of receiving all the required information and documents: see RG 180.73.

We may cancel or suspend the registration of an RCA or an AAC if they cease to be eligible to be registered or fail to comply with any conditions of registration: see RG 180.75–RG 180.76.

You can apply for deregistration as an RCA or an AAC at any time: see RG 180.74–RG 180.77.

## How we will deal with your application

RG 180.61 We will only start to process your application if you have followed all the steps in Section B or C. To find out about the progress of your application contact ASIC Infoline on 1300 300 630.

### Failure to provide supporting material

RG 180.62 Unless you provide:

- (a) a fully completed Form 903AA (for RCAs) or Form 903AB (for AACs);
- (b) all of the required supporting material in the required format; and
- (c) the application fee,

we will not start processing your application.

Note: We may refuse to register or receive your application if it is incomplete or contains errors or omissions.

RG 180.63 Copies of supporting material must be certified to be true and correct copies of the originals, by a Justice of the Peace, Commissioner for Declarations, solicitor or barrister. If you do not provide correctly certified copies of supporting material at first instance, we will return your application to you. We will not hold your application while you gather the necessary information or supporting material. However, you may reapply at a later date when you have all the necessary information.

Note 1: You may provide original documents rather than certified copies, but they will not be returned to you.

Note 2: If material is being certified overseas, it may be certified by a notary public or by an Australian consular official.

- RG 180.64 If you plan to reapply at a later date, we will hold the application fee and apply it to your new application when you reapply. If you do not plan to reapply at a later date, you can ask for a refund of the application fee.

### **Failure to provide correct information**

- RG 180.65 You must ensure that all the details in your application are correct. If your application contains incorrect information or omissions, it will be returned to you. You can reapply at a later date when you have corrected or included the relevant information.
- RG 180.66 We may verify at our discretion the information you provide in your application. For example, we may contact the police, relevant professional and industry bodies, and your supervisors, assessors or referees to verify the information you provide. We may contact both domestic and overseas authorities as appropriate. If necessary, you may be required to authorise us to obtain personal information for this purpose.
- RG 180.67 If we find during the assessment process that your application contains incorrect information, you may have to withdraw your application and resubmit it in the correct form. We will hold your supporting material and application fee and apply them to your corrected application when it is lodged. This ensures that our data and records are true and correct.
- RG 180.68 Under s1308 of the Corporations Act, there may be serious consequences if you provide, or authorise the provision of, a false, incomplete or misleading statement in a document lodged with us.

### **Requests for an extension of time**

- RG 180.69 We may grant an extension of time to provide information to support your application. Extensions of time will be granted on a case-by-case basis. You should not assume that an extension of time will be automatically granted.
- RG 180.70 Your request for an extension of time must be provided in writing and include a detailed reason as to why the extension is required.

### **An aspect of the application is unusual**

- RG 180.71 If an aspect of your application is unusual for a particular reason, you should advise us in writing when you provide your supporting material so we can consider the matter before starting to process your application.
- RG 180.72 In particular, you should contact ASIC Infoline on 1300 300 630 for information about specific requirements. For example, you might cease work or

plan to cease working as an auditor for the Commonwealth Auditor-General or the Auditor of a state or territory and wish to apply for registration as an RCA. In that case, your assessor or supervisor will generally be a person who is taken to be registered as an RCA under s1281 because they hold office as, or are for the time being exercising the powers and performing the duties of:

- (a) the Commonwealth Auditor-General; or
- (b) the Auditor-General of a state or territory.

## Decision to grant or refuse registration

- RG 180.73 We aim to form a view about whether to grant or refuse your application for registration within 4 weeks of receiving all the required information and documents. However, this time will be affected by:
- (a) whether we require further information from you about any aspect of your application; and
  - (b) how quickly we receive confirmation we may request from third parties about information in your application.

Table 11 summarises the next steps in the registration process.

**Table 11: Next steps in the registration process**

If you satisfy the requirements	If you do not satisfy the requirements
<ul style="list-style-type: none"> <li>• If our view is that you satisfy the requirements in the Corporations Act, we will grant your application and register you as an RCA or an AAC.</li> <li>• We aim to register you and issue your certificate of registration within 5 business days of being satisfied that you meet the requirements.</li> <li>• We will write to you advising you that your application for registration has been successful and that you are registered as an RCA or an AAC.</li> <li>• If you provided an email address with your application, we will send you the letter and certificate of registration by email.</li> <li>• If you have not provided an email address with your application we will send you the letter and certificate of registration by post.</li> </ul>	<ul style="list-style-type: none"> <li>• If our view is that you do not satisfy the requirements in the Corporations Act in some material way, we will: <ul style="list-style-type: none"> <li>– send you a requisition letter by post and/or email explaining why; and</li> <li>– give you an opportunity to provide further information.</li> </ul> </li> <li>• If you provide further information within 14 days of the date of the requisition letter, we will assess your application as originally submitted (including the further information).</li> <li>• If we are still of the view that we should refuse your application for registration, we must give you an opportunity to appear at a hearing to make submissions and give evidence in support of your application: s1280(8) and 1299C(4).</li> <li>• We will send you a letter: <ul style="list-style-type: none"> <li>– stating that we propose to refuse your application for registration;</li> <li>– identifying the basis of our proposed refusal; and</li> <li>– asking you to notify us within a reasonable time, usually 14 days, whether you wish to appear at a hearing and make submissions and give evidence.</li> </ul> </li> <li>• We will refuse your application for registration if: <ul style="list-style-type: none"> <li>– you do not wish to appear at a hearing; or</li> </ul> </li> </ul>

If you satisfy the requirements	If you do not satisfy the requirements
	<ul style="list-style-type: none"> <li>– you fail to notify us within the required time that you wish to appear at a hearing; or</li> <li>– after holding the hearing, we are still of the view that you do not satisfy the requirements. If we refuse your application for registration, we must notify you in writing of the refusal and give our reasons: s1280(9) and 1299C(5).</li> <li>• You may seek review of our decision by the AAT: s1317B.</li> </ul>

## Cancellation or suspension of registration

### Registered company auditors

RG 180.74 We do not have power under the Corporations Act to unilaterally cancel or suspend the registration of an RCA. We may cancel an RCA's registration at the request of the RCA: see s1290. We may apply to the Companies Auditors and Liquidators Disciplinary Board (CALDB), requesting that the CALDB cancel or suspend the registration of an RCA: see s1292.

Note 1: You can apply for cancellation of your registration as an RCA at any time: see Form 905 at [www.asic.gov.au](http://www.asic.gov.au).

Note 2: You will contravene s324BA of the Corporations Act if you accept an appointment as an auditor when your registration has been cancelled or suspended.

### Authorised audit companies

RG 180.75 We have power under the Corporations Act to cancel or suspend the registration of an AAC:

(a) at the request of the AAC (see s1299H); or

Note: You can apply for cancellation of registration as an AAC at any time: see Form 905 at [www.asic.gov.au](http://www.asic.gov.au).

(b) if the AAC ceases to be eligible to be registered or fails to comply with any conditions of registration (see s1299I).

Note 1: A particular condition on registration for AACs is that the AAC must notify us of any matter that makes it ineligible for registration: see Table 10.

Note 2: Section 324BC of the Corporation Act sets out the circumstances in which a company will contravene the Act if it is not an AAC.

RG 180.76 In deciding whether to cancel or suspend the registration of an AAC, we will consider:

(a) the seriousness of the breach of any conditions or eligibility requirements;

(b) whether the breach has been remedied;

- (c) the impact on audit clients and users of financial reports; and
- (d) any other matters we consider relevant.

## **Applying for deregistration as a company**

RG 180.77 An AAC that is applying for voluntary company deregistration under s601AA of the Corporations Act must also apply for cancellation of registration as an AAC.

## E Approval of auditing competency standards

### Key points

Auditing competency standards provide an alternative means by which a person may satisfy us that they have sufficient skill to be registered as an RCA.

We have power under s1280A to approve an auditing competency standard if it meets specified requirements about:

- verification of the applicant's competency (see RG 180.78);
- consistency with other laws (see RG 180.79);
- the level of skills needed for registration (see RG 180.80–RG 180.83); and
- harmonisation with other standards (see RG 180.84–RG 180.85).

### Verification of competency

RG 180.78 As a minimum, a competency standard should provide a mechanism for verification of competency of a person against each component of the competency standard.

### Consistency

RG 180.79 In determining whether an inconsistency exists with the Corporations Act, we will focus on whether compliance with a provision in a competency standard would make it impossible to comply with the Corporations Act. In our view there is no relevant inconsistency where a competency standard requires a higher standard of conduct or practice than the Corporations Act, and compliance with that provision of the standard does not prevent compliance with the Corporations Act.

Note: An example of this may be where a competency standard requires educational qualifications additional to those in the Corporations Act.

### Skills

RG 180.80 As a minimum, a competency standard should require evidence of the competent performance of tasks involving the ability to:

- (a) assess risk, plan an audit, review and assess internal controls, do substantive tests, and document and prepare conclusions on work performed;
- (b) apply, in practice, knowledge of auditing standards, accounting standards, the Corporations Act and Australian tax law;
- (c) supervise staff and manage an audit; and
- (d) exercise independent decision making on financial reporting and other issues.

- RG 180.81 A competency standard should set out objective criteria to assess these matters. The standard should require evidence that the criteria are met.
- RG 180.82 In addition to basic audit competencies (such as planning an audit, control and substantive testing, forming opinions and so on), we would expect a competency standard to require assessment of the following considerations:
- (a) currency and continuity of the audit experience: for example, emphasis should be placed on audit experience within recent years, and experience over a continuous period; and
  - (b) supervision of audits: a person being assessed under a competency standard must have adequate experience in managing all aspects of an audit, including planning the audit, risk assessment, evidence gathering and evaluation, and opinion forming.
- RG 180.83 We will require any competency standard to provide guidance to the effect that the actual number of audits and period of time involved in meeting the standard will depend on the nature and complexity of the audit engagements. This guidance will highlight for the assessor that if all audits undertaken by a person being assessed were very straightforward or were conducted on only a limited number of companies, the experience gained might not be adequate.

## Harmonisation

- RG 180.84 To establish that the competency standard is harmonised with any existing approved competency standards, you should compare the standard with any existing approved standards.
- RG 180.85 We believe the interpretation of the requirement for harmonisation involves these main elements:
- (a) all approved competency standards must meet the requirements under the Corporations Act (see RG 180.4); and
  - (b) standards should be relatively consistent with other approved competency standards.

Where there are slight differences, it may still be appropriate to approve a competency standard that sets a higher standard of conduct or practice, or addresses issues not covered by existing approved competency standards.

## Competency standards we have approved

- RG 180.86 On 24 November 2004, we approved the competency standard produced by CPA Australia (CPAA) and the Institute of Chartered Accountants Australia (ICAA) (CPAA/ICAA audit competency standard). We have not approved any other competency standards as at 30 September 2007.

## F Lodging annual statements

### Key points

- RCAs and AACs must submit an annual statement to us within one month of the anniversary of the RCA's or AAC's registration: see RG 180.87–RG 180.88.
- In exceptional circumstances, we may grant an extension of time: see RG 180.89–RG 180.90.

### How to lodge your statement

- RG 180.87 You can lodge your annual statement with us electronically on our website. For the required content of the statement, see (for RCAs) Form 912A and (for AACs) reg 9.2A.03 and Form 912B at [www.asic.gov.au](http://www.asic.gov.au).
- RG 180.88 We will use the information in annual statements to monitor the activities of RCAs and AACs after registration.

### Extensions of time

- RG 180.89 One of the purposes of the annual statement is to provide us with up-to-date information for monitoring purposes. Therefore, we will grant a time extension for lodgement of an annual statement only in exceptional circumstances outside the control of the RCA or AAC, such as injury or serious ill health.
- RG 180.90 We will not provide a time extension solely on the basis of:
- unexpected heavy workload;
  - adverse financial or personal circumstances;
  - unavailability of company records; or
  - unavailability of the auditor (e.g. because they were interstate or overseas).

# Appendix 1: What you must show (registered company auditor)

RG 180.91 Table 12–Table 17 summarise the information you must include with your application to show us that you meet the requirements in s1280 for registration as an RCA, and how we will assess this information.

**Table 12: How we will assess prescribed academic qualifications under s1280(2A)**

What you need to have	Degree diploma or certificate from a prescribed institution
<ul style="list-style-type: none"> <li>You must hold a degree, diploma or certificate from a prescribed university or another prescribed institution in Australia: see reg 9.2.02.</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>Your degree, diploma or certificate must represent a course of study in: <ul style="list-style-type: none"> <li>accountancy (including auditing) of not less than 3 years duration; and</li> <li>commercial law (including company law) of not less than 2 years duration.</li> </ul> </li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>You must have completed a course in auditing prescribed by the Corporations Regulations: see reg 9.2.03.</li> </ul>	<p>If you have not completed a degree, diploma or certificate from a prescribed university or prescribed institution, you do not hold the prescribed qualifications for the purposes of s1280(2A). However, you can still apply based on equivalent qualifications and experience under s1280(2B): see Table 5 and Table 13.</p> <p><b>S1280(2A) certificate</b></p> <p>If you do not have a s1280(2A) certificate, you do not hold the prescribed qualifications for the purposes of s1280(2A). However, you can still apply for registration based on equivalent qualifications and experience under s1280(2B): see Table 5 and Table 13.</p> <p><b>Auditing course</b></p> <p>If you have not completed a prescribed course in auditing, you do not hold the prescribed qualifications for the purposes of s1280(2A). However, you can still apply based on equivalent qualifications and experience under s1280(2B): see Table 13.</p> <p>Our view is that most people will not have the qualifications necessary for registration unless they have completed a prescribed course in auditing or an equivalent qualification after completing their degree.</p>
<p><b>Supporting material you must provide</b></p> <ul style="list-style-type: none"> <li>A certified copy of your degree, diploma or certificate from the prescribed university or prescribed institution that has given you the qualification on which you rely: see reg 9.2.02.</li> <li>A certified copy of your statement of academic record from that university or institution which indicates: <ul style="list-style-type: none"> <li>the subjects you have undertaken for that qualification;</li> <li>the results you obtained; and</li> <li>a legend explaining what the results represent.</li> </ul> </li> <li>A letter (s1280(2A) certificate) from an authorised person at the university or institution certifying to ASIC that you have passed examinations in such subjects as represents a course of study in: <ul style="list-style-type: none"> <li>accountancy (including auditing) of not less than 3 years duration; and</li> <li>commercial law (including company law) of not less than 2 years duration.</li> </ul> <p>Note: A statement of academic record is not a s1280(2A) certificate.</p> </li> <li>A certified copy of a certificate or statement of academic record indicating that you have satisfactorily completed a course in auditing prescribed by reg 9.2.03.</li> </ul>	

**Table 13: How we will assess equivalent qualifications and experience under s1280(2B)**

<b>What you need to have</b>	<b>Equivalent qualifications and experience statements</b>
<ul style="list-style-type: none"> <li>• You may be eligible for registration if you can satisfy ASIC that you have qualifications <b>AND</b> experience equivalent to the requirements in s1280(2A).</li> <li>• If you hold one, but not both prescribed qualifications under s1280(2A), we will assess your other qualifications and experience to see whether they are equivalent to the prescribed qualification that you do not hold.</li> <li>• If you obtained your university or other qualifications overseas, we will assess your qualifications and experience to see whether they are equivalent to the prescribed qualifications.</li> </ul>	<ul style="list-style-type: none"> <li>• You must state which subjects referred to in your academic record are: <ul style="list-style-type: none"> <li>– accounting subjects;</li> <li>– legal subjects;</li> </ul> <b>AND</b> the duration of each of those subjects (e.g. 1 semester or 1 year).</li> </ul>
<b>Supporting material you must provide</b>	<ul style="list-style-type: none"> <li>• You must identify which of the accounting subjects included auditing.</li> <li>• You also must identify which of the legal subjects included company law.</li> <li>• Do not refer to subjects that are not accounting subjects or legal subjects.</li> </ul>
<ul style="list-style-type: none"> <li>• A statement setting out the qualifications <b>AND</b> experience you rely on for your knowledge of accountancy and commercial law (including company law); <b>AND</b></li> <li>• A statement setting out the reasons we should treat those qualifications and experience as equivalent to a qualification under s1280(2A).</li> </ul> <p>Note: If you are relying on an overseas accounting and legal qualification, you may have to provide an assessment letter from an authorised assessing authority of the National Office of Overseas Skills Recognition (NOOSR). This letter should confirm the comparability of your qualifications and an Australian undergraduate degree in accounting and law from a prescribed university or institution: see <a href="http://www.aei.gov.au/">www.aei.gov.au/</a>.</p>	<p>If you are relying on meeting an ASIC-approved competency standard to satisfy the skills requirement (see Table 14), you do not have to repeat details of your audit experience in your statement for this requirement where the details are already set out for the relevant competency standard (e.g. in a log book).</p>
<ul style="list-style-type: none"> <li>• A certified copy of your degree, diploma or certificate from the university or institution that has given you the qualification on which you rely</li> <li>• A certified copy of your statement of academic record from each university or institution that has given you a qualification on which you rely, which identifies the subjects you have undertaken for that qualification and explains your results.</li> <li>• A certified copy of your certificate or statement of academic record indicating that you have satisfactorily completed a course that you rely on as being equivalent to a course in auditing prescribed by reg 9.2.03.</li> </ul> <p>Note: If you are relying on an overseas auditing course, you may have to provide an assessment letter from one of the Australian accounting bodies that conducts such courses in Australia, confirming the comparability of this course and the course conducted by the Australian body.</p>	<p>If you are relying on practical experience to satisfy the skills requirement (see Table 16), you do not have to repeat details of your practical experience in your statement for this requirement if you are also providing that information in Sample documents A, B and C in Appendix 2.</p>
<ul style="list-style-type: none"> <li>• A certified copy of your certificate of membership of one of the professional accounting bodies or other professional body.</li> </ul>	<p>However, in both of the above cases, you must still give reasons in your statement for this requirement as to why we should treat the experience in your log book or in Sample documents A, B and C as being equivalent to the educational qualifications under s1280(2A).</p>
	<b>Statement format</b>
	<p>There is no preferred format for the statement. It may, for example, be in the form of a letter or in a table. However, it must be signed and dated.</p>
	<b>Overseas qualifications</b>
	<p>If you have overseas experience, you must comply with the requirements in RG 180.21–RG 180.23.</p>
	<p>Note: You may have to complete an appropriate conversion course if you are not able to demonstrate that you have either qualifications or experience in Australian company law, tax law and other law relevant to the type of Corporations Act audit work that you undertake. We will consider each application on a case-by-case basis.</p>

**Table 14: How we will assess compliance with an approved competency under s1280(2)(b)(i)**

<b>Competency standard</b>	<b>Assessment period</b>
<p>You must satisfy us that you meet all the components of an approved competency standard.</p>	<p>Because we approved the competency standard on 24 November 2004, this is the earliest date:</p>
<p>On 24 November 2004, we approved the competency standard produced by CPAA and ICAA. The CPAA/ICAA competency standard is the only standard we have approved at this time.</p>	<ul style="list-style-type: none"> <li>• your assessor could have accepted this role;</li> </ul>
<p>You, your assessor and/or referee do not have to be members of the CPAA or the ICAA to rely on the CPAA/ICAA competency standard. However, your assessor and/or referee must be an RCA.</p>	<ul style="list-style-type: none"> <li>• you could have started demonstrating competency in a task/context to your assessor (i.e. assuming you hold the prerequisites); and</li> </ul>
<p>We will generally accept that you meet all components of the competency standard if:</p>	<ul style="list-style-type: none"> <li>• your assessor could have assessed your competency in a task/context according to the competency standard.</li> </ul>
<p>• you have been employed by an accounting firm for at least 5 years OR you have been admitted as a member of the CPAA/ICAA for at least 2 years;</p>	<p>However, an assessor may take into account audit experience before the competency standard was approved or you started demonstrating competency under the standard: see 'Earlier audit work' below.</p>
<p><b>Note:</b> You must provide a certified copy of your certificate of membership of one of the professional accounting bodies or other professional body.</p>	<p><b>Note:</b> See Appendix V of the competency standard and ICAA information sheet 'Auditing Competency Standard for Registration as a Registered Company Auditor', 16 March 2005.</p>
<p><b>AND</b></p>	<p>The competency standard requires you to demonstrate auditing competency on a number of audit engagements over a 3–5 year period. We will generally take the earliest date on which you first demonstrate competency in one of the tasks/contexts as being the start of the 3–5 year period.</p>
<ul style="list-style-type: none"> <li>• your log book shows that you have demonstrated competency in all of the tasks/contexts to the satisfaction of your assessor on a continuous basis over a 3–5 year period starting on the first date you demonstrated competency in a task/context;</li> </ul>	<p>To ensure that your assessment was over a continuous 3–5 year period, we will look at the dates on which your assessor assessed you as being competent in each task/context. If you are also relying on earlier audit work, we will look at the earliest date your statement by referee indicates you gained competency in that task/context.</p>
<p><b>AND</b></p>	<p>If you last demonstrated competency in a task/context more than 5 years before applying for registration, you should submit a referee statement that you have acquired and retained the competencies necessary to perform those tasks, as well as the basis for this opinion.</p>
<ul style="list-style-type: none"> <li>• your assessor's statement and/or referee statement contain all relevant information required by the competency standard.</li> </ul>	<p>This is because your competency may have lapsed over time.</p>
<p><b>Employment or membership</b></p>	<p><b>Note:</b> See paras 3.3–3.4, 3.6, 6.2 and Appendix V of the competency standard.</p>
<p>We will look at the documents you lodge with your application to confirm your employment by an accounting firm or membership of a professional body.</p>	<p>In our view, most people will not have obtained sufficient knowledge and skills to begin demonstrating competence in any of the tasks/contexts within the first 5 years of their first employment by an accounting firm, or before being admitted as a member of a professional body for at least 2 years.</p>
<p>In our view, most people will not have obtained sufficient knowledge and skills to begin demonstrating competence in any of the tasks/contexts within the first 5 years of their first employment by an accounting firm, or before being admitted as a member of a professional body for at least 2 years.</p>	<p>During this period in their career, most people will generally still be acquiring the appropriate knowledge and skills necessary to competently perform the various tasks in the particular contexts.</p>
<p>During this period in their career, most people will generally still be acquiring the appropriate knowledge and skills necessary to competently perform the various tasks in the particular contexts.</p> <p><b>Note:</b> See paras 3.3 and 3.6 of the competency standard and para 9 of the log book.</p>	<p>This is because your competency may have lapsed over time.</p> <p><b>Note:</b> See paras 3.3–3.4, 3.6, 6.2 and Appendix V of the competency standard.</p>

**Table 14 (continued)****Completing your log book**

The competency standard requires you to keep a log book, which lists 20 tasks/contexts you must perform, as well as the indicative sub-tasks.

Your log book must be a contemporaneous record over 3–5 years of when you first attained competency in and subsequently performed a task/context competently.

It is not acceptable to complete your entire log book on one particular date, as you must demonstrate competency over a continuous period of 3–5 years under formal assessment.

For each task/context, you must record:

- the name of the audit engagement(s) during which the task was performed;
- the name of the auditor, audit firm or AAC responsible for the engagement(s);
- the name of your assessor or the name of the person who reviewed or supervised your work; and
- the dates (months and year) you performed the task.

You must record all audit engagements over the 3–5 year period where you demonstrated competency in a task/context to your assessor, and subsequently performed the task/context competently.

When you are competent in a task/context, your assessor should sign the assessor's statement for that task/context. You should also indicate in the comments section for that audit engagement, the basis of your assessor's assessment.

Note: See para 5.4 of the competency standard for methodologies.

After your assessor has certified your competency in a task/context, they need not sign the statement again for that task/context. However, you must continue to record in your log book other audit engagements where you perform that task/context competently.

We will look at your log book to see that you have demonstrated competency in a task/context on several occasions over the 3–5 year period: see Table 15.

The number of entries will obviously depend on how often your employer can assign you to audit engagements. However, it is generally insufficient to record only one audit engagement for a task/context over the 3–5 year period, as this does not demonstrate competency on a continuous basis. When naming an audit engagement, include the ACN/ARSN (if the entity is a company) or the entity's ABN and a description of the type of entity or audit (e.g. incorporated association, self-managed super fund).

Your log book must be typed to ensure legibility. Handwritten log books will be returned. If your log book is incorrectly completed, you may have to resubmit it, or we may refuse your application.

Note: See para 3.5 of the competency standard.

**Table 14 (continued)**

<b>Types of audits</b>	<b>Verification of competency</b>
<p>You may rely on Corporations Act or other audits to demonstrate competency under the competency standard where the task/context permits.</p>	<p>When you have demonstrated and performed all task/contexts competently to the satisfaction of your assessor over a continuous 3–5 year period, your assessor at the relevant time should complete the competency verification on the last page of the assessor's statement.</p>
<p>This includes audits of non-reporting entities (e.g. self-managed super funds, solicitor's trust accounts, real estate agency trust accounts and incorporated associations).</p>	
<p>However, we consider that it will be very difficult for you to demonstrate competency in all tasks/contexts if you have not undertaken any Corporations Act audits, or only a small number of audits generally, or you have not identified any reasonably complex audit issues in your capability report: see Table 17.</p>	<p>If you were self-employed for the last 5 years, you will not have an assessor and will not have undertaken any Corporations Act audits. In this case, you must:</p>
<p>If this is the case, you or your assessor may have to provide more information about how your competency was assessed.</p>	<ul style="list-style-type: none"> <li>• complete your log book providing details of audit engagements over a 3–5 year period where you have performed each of the tasks/contexts;</li> <li>• provide a statement by referee in relation to any pre-competency standard experience, in particular, Corporations Act audit experience; and</li> <li>• provide us with any further information we may require.</li> </ul>
<p><b>Assessors</b></p>	<p>However, we consider that it will be very difficult for you to demonstrate competency in all tasks/contexts if you have not undertaken any Corporations Act audits, or only a small number of audits generally, or you have not identified any reasonably complex audit issues in your capability report: see Table 17.</p>
<p>Your application must include details of your assessor. If these details are incorrect, we may treat your application as incorrect: see RG 180.67. The competency standard explains an assessor's obligations. Before they take on this role, an assessor should make sure they have a strategy in place for your assessment generally over a continuous period of 3–5 years. They must plan and document the assessment process and methods.</p>	<p><b>Overseas experience</b></p>
<p>Note: See Section 5 of the competency standard (particularly para 5.4) and para 7 of the ICAA information sheet 'Auditing Competency Standard for Registration as a Registered Company Auditor', 16 March 2005.</p>	<p>If you have overseas auditing experience, you must comply with the requirements in RG 180.21.</p>
<p>In some cases, we may ask you or your assessor to provide details of the assessment process and methods (e.g. where you rely heavily on non-Corporations Act audits).</p>	<p>You may only be assessed under the competency standard for audits undertaken in Australia.</p>
<p>Under the competency standard, you can have only one assessor <i>at any one time</i>. If you have more than one assessor over the 3–5 year period, each assessor should:</p> <ul style="list-style-type: none"> <li>• ensure that your log book is correctly completed during the course of their assessment; and</li> <li>• sign-off on your competency of a task/context where required.</li> </ul>	<p>However, should you wish to rely on your overseas experience under the competency framework, you will need to provide the information in the format of the log book. The assessor who supervised you on the audit work must also provide a statement by referee.</p>

**Table 15: Example—recording competency in a task/context**

1 January 2005	1 March 2005	1 April 2005
<p>You first perform Task 1.1 'Planning in the Client acceptance/retention context' on 1 January 2005 for an audit of Company X.</p> <p>However, you cannot demonstrate competency in performing the task.</p> <p>You should not record the audit engagement in your log book as you are still attaining competency.</p>	<p>You perform Task 1.1 on 1 March 2005 for an audit of Company Y. Your assessor determines you demonstrate competency in performing the task. At this time:</p> <ul style="list-style-type: none"> <li>• you should record details of Company Y and the date you performed the task; and-</li> <li>• your assessor should also sign and date the section in the assessor's statement for the task/context.</li> </ul>	<p>You again perform Task 1.1 'on 1 April 2005 for an audit of Company Z. At this time:</p> <ul style="list-style-type: none"> <li>• you should record details of Company Z and the date you performed the task in your log book;</li> <li>• however, your assessor need not sign and date the assessor's statement for this task/context for Company Z, as this was already done for Company Y.</li> </ul>

**Table 16: How we will assess practical experience under s1280(2)(b)(ii)**

5 years' practical experience: reg 9.2.01(a)	Audits under reg 9.2.01(a)
<p>You must satisfy us that during the 5 years immediately before the date of your application, you have undertaken at least 3000 hours of audit work under the direction of an RCA, including:</p>	<p>You can rely only on audits of entities that must have their financial report for a financial year audited under s301 of the Corporations Act, namely:</p>
<ul style="list-style-type: none"> <li>• appraising the operations of companies and forming opinions on matters specified in s307, 308 and 309 of the Corporations Act; <b>AND</b></li> <li>• spending at least 750 hours supervising audits of companies.</li> </ul>	<ul style="list-style-type: none"> <li>• disclosing entities;</li> <li>• public companies;</li> <li>• large proprietary companies;</li> <li>• registered schemes;</li> <li>• small proprietary companies that have been directed under s293 and 294 of the Corporations Act to prepare a financial report and have it audited; and</li> <li>• small proprietary companies that are or have been controlled by a foreign company and that must prepare a financial report under s292(2) of the Corporations Act.</li> </ul>
<p>Your hours must be based on a contemporaneous time records kept for each audit engagement at the relevant time. If you do not have contemporaneous time records then your supervisor may provide an estimate of the number of hours you have spent and must disclose that in the supervisor declaration.</p>	<p>For the preferred format for this information, see Sample document A of Appendix 2.</p>
<p>Note: You must provide details of your audit roles in Sample document A. We will not recognise audit roles that do not fall under either s324AE(b), (c) or (e) of the Corporations Act.</p>	<p>For the preferred format for this information, see Sample document A of Appendix 2.</p> <p>If you include audits of other entities, we may treat your application as incorrect: see RG 180.67. You cannot rely on overseas audit experience for the purposes of reg 9.2.01(a).</p>
<p><b>Equivalent experience: reg 9.2.01(b)</b></p>	<p>Note: Do not include overseas audit experience in your Sample document A.</p>
<p>If you cannot satisfy reg 9.2.01(a), you may be able to satisfy us that you have practical experience equivalent to these requirements. We will consider a broader range of audits under reg 9.2.01(b).</p>	
<p>If you are relying on overseas auditing experience, we will assess your experience to see whether it is equivalent to these requirements.</p>	
<p>You must still have undertaken at least 3000 hours of audit work under the direction of an RCA (or equivalent) during the 5 years immediately before the date of your application, including 750 hours supervising audits.</p>	
<p>For the preferred format for this information, see Sample document B of Appendix 2.</p>	
<p>Note: You must provide details of your audit roles in Sample document A. We will not recognise audit roles that do not fall under either s324AE(b), (c) or (e) of the Corporations Act.</p>	

**Table 16 (continued)**

<b>Audits under reg 9.2.01(b)</b>	<b>Work under previous laws: reg 9.2.01(c)</b>
<p>We may consider that you satisfy this requirement if you have, for example, 2500 hours experience that meets the requirements in reg 9.2.01(a) and 500 hours in equivalent practical experience.</p>	<p>We consider that only in rare circumstances would an applicant rely on work of the kind and duration in reg 9.2.01(c) done under previous laws corresponding to s307, 308 and 309 of the Corporations Act. If you wish to rely on this option, please contact us before lodging your application.</p>
<p>We will not generally consider as equivalent:</p>	<p><b>Supervisory experience</b></p>
<ul style="list-style-type: none"> <li>• practical experience undertaken more than 5 years before the date of your application; or</li> <li>• accounting experience.</li> </ul>	<p>The supervisory requirement of 750 hours relates only to audits of companies (not registered schemes or disclosing entities that are not companies): see reg 9.2.01(a).</p>
<p>Experience we have previously, or may, recognise as equivalent includes:</p>	<p>If you include audits of entities other than companies, we may treat your application as incorrect: see RG 180.67.</p>
<ul style="list-style-type: none"> <li>• audits of proprietary limited companies done at management's request (not s293 direction);</li> <li>• audits other than s302 audits, but that are still required to be performed under the Corporations Act (e.g. audits of AFS licensees);</li> <li>• expert reports provided for the purposes of court proceedings; and</li> <li>• audits of other reporting entities that are not companies but have significant gross operating revenue, substantial gross assets, and/or a large number of employees.</li> </ul>	<p>However, you can include audits other than those required under s301 of the Corporations Act (e.g. audits of small proprietary companies undertaken by resolution of the board of directors).</p>
<p>If you include these audits, we will need to decide whether to count them or not. You may have to provide more information, for example:</p>	<p>In our view, supervisory experience must involve supervising other professional members of the audit team: see s324AE. This excludes supervision of non-professional persons who may perform other functions for the audit.</p>
<ul style="list-style-type: none"> <li>• the basis on which the entity is considered a reporting entity under Statement of Accounting Concepts SAC 1 'Definition of the reporting entity';</li> <li>• the legislation requiring the audit; and</li> <li>• the complexity of the particular audit.</li> </ul>	<p>For the preferred format for this information, see Sample document C in Appendix 2.</p>
<p>Experience we have previously <i>not</i>, and generally will <i>not</i>, recognise as equivalent includes:</p>	<p><b>Direction of a registered company auditor</b></p>
<ul style="list-style-type: none"> <li>• solicitors' trust account audits;</li> <li>• real estate agents' trust account audits;</li> <li>• self-managed super fund audits;</li> <li>• incorporated association audits for non-reporting entities that have insignificant gross operating revenue, insubstantial gross assets, and/or a small number of employees; and</li> <li>• compliance audits (including of compliance plans of managed investment schemes).</li> </ul>	<p>You can only rely on auditing work undertaken under the direction of an RCA. This means that the auditor has:</p>
<p>Legal decisions have established that experience in these audits is not equivalent to the experience required by law: see <i>Re Bird: Bird v NCSC</i> (1985) 3 ACLC 24, <i>Re Murphy: Murphy v ASIC</i> [2004] AATA 1371. This is because the scope of this audit work is generally much more narrow than audits under the Corporations Act.</p>	<ul style="list-style-type: none"> <li>• provided instruction about how the audit is to be undertaken; and</li> <li>• actively supervised, reviewed and monitored your work on a continuous basis during the audit.</li> </ul>
<p><b>Supervisor declaration</b></p>	<p>To satisfy us that you have the required practical experience under either reg 9.2.01(a) or 9.2.01(b), you must provide a supervisor declaration from each RCA who supervised your work, verifying the information you have provided about the audit(s).</p>
<p>We will generally only consider practical experience for the purposes of our assessment if it is verified by a supervisor declaration.</p>	<p>For the preferred declaration format, see Sample Document E in Appendix 2.</p>
<p>If you are relying on overseas auditing experience, you must still provide supervisor declarations from your overseas supervisor in a form acceptable to us.</p>	<p>Note: You may need to contact ASIC to discuss what modifications, if any, you should make to the declaration in Sample document E.</p>

**Table 17: How we will assess ‘capability’ and ‘fit and proper’ under s1280(2)(c)**

Capability	Fit and proper
<p>We consider that a person is ‘capable’ of performing duties as an individual auditor if they can perform their duties in a manner that is not negligent: see RG 180.25–RG 180.26.</p>	<p>In your application you must state whether you have ever been found to have committed (or have proceedings pending for) any criminal offences, any acts of dishonesty, such as theft or fraud, or any professional misconduct: see RG 180.27–RG 180.31 and Section 9 of Form 903AA.</p>
<p><b>Capability report</b></p>	<p><b>If you answer ‘no’</b></p>
<p>You should prepare a capability report to explain the scope and complexity of your audit experience: see Sample document F in Appendix 2. You must give a copy of your capability report to ASIC.</p>	<p>If you answer ‘no’ to all of the questions in Section 9 of Form 903AA, you do not need to provide any further information.</p>
<p>In this report you should describe your role and work in 3 of the most significant audits you worked on under the supervision of the RCA who is providing a supervisor declaration, or who assessed you under the competency standard.</p>	<p><b>If you answer ‘yes’</b></p> <p>If you answer ‘yes’ to any of the questions in Section 9 of Form 903AA, you must provide a signed statement containing details of any:</p>
<p>In completing the capability report you should consider providing details on the following:</p> <ul style="list-style-type: none"> <li>• the complex issues addressed;</li> <li>• what role you played in the scope/planning of the audit; and</li> <li>• the type of opinion issued and the basis for the opinion.</li> </ul>	<ul style="list-style-type: none"> <li>• previous disqualifications;</li> <li>• disciplinary action taken;</li> <li>• litigation matter;</li> <li>• administration;</li> <li>• conviction;</li> <li>• previous application for registration; or</li> <li>• resignation or removal.</li> </ul>
<p>You must also provide details of the continuing professional development activities relating to auditing (including quality assurance) that you have undertaken in the 5 years immediately prior to the date of your application.</p>	<p>We may contact you and ask you to provide further information about the relevant matter if we think it is necessary.</p>
<p><b>Capability declaration</b></p>	<p><b>Final checks: fit and proper</b></p>
<p>Your supervisor or assessor for the audits described in your capability report should sign a declaration to verify that you are capable of performing the duties of an auditor and are a fit and proper person: see Sample document G in Appendix 2.</p>	<p>We will generally be satisfied that you are a fit and proper person if:</p> <ul style="list-style-type: none"> <li>• you have provided sufficient information in response to the questions in Section 9 of Form 903AA;</li> <li>• our background checks are satisfactory; and</li> <li>• you have provided a satisfactory capability declaration.</li> </ul>
<p>If you are relying on overseas auditing experience, you must still provide capability declarations from your overseas supervisor or assessor in a form acceptable to us.</p>	
<p><b>Note:</b> You may need to contact ASIC to discuss what modifications, if any, you should make to the declaration in Sample document G.</p>	
<p><b>Final checks: capability</b></p>	
<p>We may contact you, or your supervisor, assessor or referee, for further information if we do not think you have satisfactorily demonstrated your capability to perform the duties of an RCA.</p>	

**Table 18: How we will assess overseas qualifications and experience**

<b>Overseas qualifications</b>	<p>If you are relying on qualifications obtained in foreign jurisdictions, you must lodge with ASIC certified copies of the documents specified in Table 15 relating to the particular qualification.</p> <p>In addition, you may have to complete an appropriate conversion course if you are not able to demonstrate that you have either qualifications or experience in Australian company law, tax law or other law relevant to the type of Corporations Act audit work that you undertake. We will consider each application on a case-by-case basis.</p> <p>In addition, you will need to provide an assessment letter from an authorised assessing authority of the National Office of Overseas Skills Recognition (NOOSR). This letter should confirm the comparability of your qualifications to an Australian undergraduate degree in accounting and law from a prescribed university or institution.</p> <p>Note: The Australian professional bodies (ICAA, CPAA and Institute of Public Accountants (IPA)) are authorised assessing bodies of NOOSR.</p> <p>You will also need to provide a statement of your academic record (if any) from an Australian professional body indicating that you have satisfactorily completed a course that you rely on as being equivalent to a course in auditing prescribed by reg 9.2.03 (or its equivalent). If you are relying on an auditing course undertaken in a foreign jurisdiction, you will need to provide an assessment letter from one of the Australian professional bodies that conducts courses in Australia, confirming the comparability of your course and the course conducted by the Australian professional body.</p>	<p>You may need to contact ASIC to discuss what modifications, if any, you should make to the declaration in Sample document E.</p>
<b>Capability</b>	<p>We consider that a person is 'capable' of performing duties as an individual auditor if they can perform their duties in a manner that is not negligent: see RG 180.25–RG 180.26</p>	
<b>Capability report</b>	<p>You should prepare a capability report to explain the scope and complexity of your audit experience: see Sample document F in Appendix 2. You must give a copy of your capability report to ASIC.</p>	<p>In this report you should describe your role and work in three of the most significant audits you worked on under the supervision of the RCA who is providing a supervisor declaration, or who assessed you under the competency standard.</p>
	<p>In completing the capability report you should consider providing details on the following:</p> <ul style="list-style-type: none"> <li>• the complex issues addressed;</li> <li>• what role you played in the scope/planning of the audit; and</li> <li>• the type of opinion issued and the basis for the opinion.</li> </ul>	<p>You must also provide details of the continuing professional development activities relating to auditing (including quality assurance) that you have undertaken in the five years immediately prior to the date of your application</p>
<b>Capability declaration</b>	<p>Your supervisor, or assessor for the audits described in your capability report, should sign a declaration to verify that you are capable of performing the duties of an auditor and are a fit and proper person: see Sample document G in Appendix 2.</p>	<p>If you are relying on overseas auditing experience, you must still provide capability declarations from your overseas supervisors or assessors in a form acceptable to us.</p>
		<p>Note: You may need to contact ASIC to discuss what modifications, if any, you should make to the declaration in Sample document G.</p>
<b>Final checks: capability</b>	<p>We may contact you, or your supervisor, assessor or referees, for further information if we do not think you have satisfactorily demonstrated your capability to perform the duties of an RCA.</p>	

**Table 18 (continued)****Fit and proper**

In your application you must state whether you have ever been found to have committed (or have proceedings pending for) any criminal offences, any acts of dishonest, such as theft or fraud, or any professional misconduct in any jurisdiction: see RG 180.27–RG 180.31 and Section 9 of Form 903AA.

*If you answer 'no'*

If you answer 'no' to all of the questions in Section 9 of Form 903AA, you do not need to provide any further information.

*If you answer 'yes'*

If you answer 'yes' to any of the questions in Section 9 of Form 903AA, you must provide a signed statement containing details of any:

- previous disqualifications;
- disciplinary action taken;
- litigation matter;
- administration;
- conviction;
- previous application for registration; or
- resignation or removal as an auditor.

We may contact you and ask you to provide further information about the relevant matter if we think it is necessary.

**Final checks: fit and proper**

We will generally be satisfied that you are a fit and proper person if:

- you have provided sufficient information in response to the questions in Section 9 of Form 903AA
- our background checks are satisfactory; and
- you have provided a satisfactory capability declaration

Note: Declarations by overseas supervisors must be made under the Oaths Act of the state or territory in which the applicant resides and witnessed by an appropriately qualified person in the relevant jurisdiction, or made under equivalent laws in the jurisdiction where such laws provide for penalties for the making of false declarations.

## Appendix 2: Sample documents (registered company auditor)

RG 180.92 The following sample documents should be used when completing your application for registration as an RCA. However, sample documents A, B, C, D and E will generally not be required if you are relying on the CPAA/ICAA competency standard.

<b>Document A: Practical experience—Audits under s301 of the Corporations Act</b>	Documents A–D give details of your practical experience in auditing. They must be completed and signed by you.
<b>Document B: Equivalent practical experience—Audits not under s301 of the Corporations Act</b>	
<b>Document C: Supervisory experience</b>	
<b>Document D: Overseas practical experience</b>	
<b>Document E: Supervisor declaration</b>	Document E verifies your practical auditing experience. It must be signed by your supervisor.
<b>Document F: Capability report</b>	Document F gives three examples that demonstrate your capabilities in auditing. It must be completed and signed by you.
<b>Document G: Capability declaration</b>	Document G verifies the examples you have given showing your capability. It must be signed by your supervisor or your assessor under the CPAA/ICAA competency standard.

## Document A: Practical experience—Audits under s301 of the Corporations Act

Applicant: \_\_\_\_\_

**Table A1: Entity details**

Supervisor's signature		Date
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Witness' signature		Date
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**Table A2: Entity details**

Supervisor's signature		Date
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Witness' signature		Date
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**Table A3: Audit team details for each entity**

**Notes to Document A: Practical experience—Audits under s301 of the Corporations Act (see also Table 16 of Appendix 1 in Regulatory Guide 180)**

- <sup>1</sup> Insert additional rows as required.
- <sup>2</sup> If the entity you have performed audit work for is part of a group, provide the name of the parent entity followed by the name of any relevant group entity. Do not provide details for the parent entity itself (except its name), unless you actually performed audit work for the parent entity. Only include entities in this table that are required to be audited under s301. For example, if you have performed audit work for a small proprietary company that is a subsidiary of a public company, but you did not perform audit work for the public company itself, include this information in Document B rather than Document A. Please insert blank rows before and after groups of entities to distinguish them from other non-related entities.
- <sup>3</sup> Provide the ARBN if the entity is not a company.
- <sup>4</sup> Provide relevant types (e.g. disclosing entity, registered managed investment scheme, public company, large proprietary company, listed, small proprietary company controlled by a foreign company, small proprietary company—shareholder direction, unlisted, small proprietary company—ASIC direction).
- <sup>5</sup> Details of audit fees per year may be based on total fees at the end of each financial year. Please provide the date of the relevant financial year end, or other year end, for the relevant year, in the row below.
- <sup>6</sup> Insert additional rows as required. The details provided for each item should correspond with the item number and entity in Table A1.
- <sup>7</sup> Provide your official title in relation to your role in the audit engagement or an appropriate description commensurate with the level of your duties.
- <sup>8</sup> Your hours per year based on the five-year period immediately before the date of your application. Your hours must be based on contemporaneous time records kept for each audit engagement at the relevant time. If you do not have contemporaneous time records then your supervisor may provide an estimate of the number of hours spent and must disclose that in the supervisor declaration. Please provide the date of the relevant financial year, or other year end for the relevant year, in the row below.
- <sup>9</sup> Insert additional rows as required. The details provided for each item should correspond with the item number and entity in Table A1.
- <sup>10</sup> Provide the auditor registration number of the lead auditor for the relevant audit engagement. See s324AF of the Corporations Act for the meaning of ‘lead auditor’.
- <sup>11</sup> Provide the auditor registration number of your supervisor for the relevant audit engagement. This information should correspond with supervisor details in your Form 903AA application for registration as an auditor.
- <sup>12</sup> Provide the number of professional members of the audit team for the relevant audit engagement. For group entities provide the numbers for each individual entity as mentioned above. See s324AE of the Corporations Act for the meaning of ‘professional members of the audit team’.

Supervisor's signature		Date
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Witness' signature		Date
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## Document B: Equivalent experience—Audits not under s301 of the Corporations Act

Applicant: \_\_\_\_\_

**Table B1: Entity details**

**Table B2: Role and hours for each entity**

Supervisor's signature		Date
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Witness' signature		Date
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**Table B3: Audit team details for each entity**

Supervisor's signature		Date
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Witness' signature		Date
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**Table B4: Other practical experience<sup>14</sup>**

Supervisor's signature		Date
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Witness' signature		Date
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**Notes to Document B: Equivalent experience—Audits not under s301 of the Corporations Act (see also Table 16 of Appendix 1 in Regulatory Guide 180)**

- 1 Insert additional rows as required.
- 2 If the entity you have performed audit work for is part of a group, provide the name of the parent entity followed by the name of any relevant group entity. Do not provide details for the parent entity itself (except its name), unless you actually performed audit work for the parent entity. **Only include entities that are not required to be audited under s301 in this table.** For example, if you have performed audit work for a small proprietary company that is a subsidiary of a public company, but you did not perform audit work for the public company itself, include this information in Document B rather than Document A. Please insert blank rows before and after groups of entities to distinguish them from other non-related entities.
- 3 Provide ARBN if the entity is not a company.
- 4 Provide a description of entity (e.g. 'Pty' for 'small proprietary').
- 5 Indicate whether or not the entity is a reporting entity with a 'Y' or 'N'.
- 6 Details of audit fees per year may be based on total at the end of each financial year. Please provide the date of the relevant financial year end, or other year end, for the relevant year, in the row below.
- 7 Insert additional rows as required. The details provided for each item should correspond with the item number and entity in Table B1.
- 8 Provide your official title in relation to your role in the audit engagement or an appropriate description commensurate with the level of your duties.
- 9 Your hours per year are based on the five-year period immediately before the date of your application. Each year will not be a calendar year unless you apply on January 1. You must determine each year of the five-year period by reference to the date of your application. Your hours must be based on contemporaneous time records kept for each audit engagement at the relevant time. If you do not have contemporaneous time records then your supervisor may provide an estimate of the number of hours you have spent and must disclose that in the supervisor declaration.
- 10 Insert additional rows as required. The details provided for each item should correspond with the item number and entity in Table B1.
- 11 Provide the auditor registration number of lead auditor for the relevant audit engagement. See s324AF of the Corporations Act for the meaning of 'lead auditor'.
- 12 Provide the auditor registration number of your supervisor for the relevant audit engagement. This information should correspond with supervisor details in your Form 903AA application for registration as an auditor.
- 13 Provide the number of professional members of the audit team for the relevant audit engagement. For group entities provide the numbers for each individual entity as mentioned above. See s324AE of the Corporations Act for the meaning of 'professional members of the audit team'.
- 14 Provide details of any other practical experience that you consider equivalent (e.g. providing experts' reports).

Supervisor's signature		Date
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Witness' signature		Date
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## Document C: Supervisory experience

Applicant: \_\_\_\_\_

**Table C1: Supervisory experience**

Supervisor's signature		Date
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Witness' signature		Date
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**Table C2: Equivalent supervisory experience—not companies**

Supervisor's signature		Date
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Witness' signature		Date
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**Table C3: Professional members of audit team**

Supervisor's signature		Date
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Witness' signature		Date
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**Notes to Document C: Supervisory experience (see also Table 16 of Appendix 1 in Regulatory Guide 180)**

- <sup>1</sup> Number each item consecutively.
- <sup>2</sup> You may only rely on hours spent supervising auditing of companies. This may include small proprietary companies that are not listed in Document A.
- <sup>3</sup> If the company is also included in Table A1 or B1, include the item (row) number for that entity.
- <sup>4</sup> You may only rely on hours spent supervising other professional members of the audit team. It does not include supervising persons who are not professional members of the audit team.
- <sup>5</sup> Number each item consecutively.
- <sup>6</sup> You may only rely on hours spent supervising auditing of companies. This may include small proprietary companies that are not listed in Document A.
- <sup>7</sup> If the entity is also included in Table B1, include the item (row) number for that entity.
- <sup>8</sup> You may only rely on hours spent supervising other professional members of the audit team. It does not include supervising persons who are not professional members of the audit team.
- <sup>9</sup> Number each item consecutively.
- <sup>10</sup> If the entity is also included in Table A1 or B1, include the item (row) number for that entity.
- <sup>11</sup> Provide the full name of each professional member of the audit team that you supervised for the particular entity.

Supervisor's signature		Date
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Witness' signature		Date
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## Document D: Overseas experience

Applicant: \_\_\_\_\_

**Table D1: Company details**

Supervisor's signature		Date
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Witness' signature		Date
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**Table D2: Company details**

Supervisor's signature		Date
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Witness' signature		Date
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**Table D3: Non-company audit details**

Supervisor's signature		Date
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Witness' signature		Date
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**Table D4: Non-company audit details<sup>5</sup>**

Supervisor's signature		Date
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Witness' signature		Date
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**Table D5: Overseas supervisor experience**

Supervisor's signature		Date
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Witness' signature		Date
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**Table D6: Equivalent supervisory experience—not companies**

Supervisor's signature		Date	Witness' signature		Date
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**Notes to Document D: Overseas experience (see also Table 18 of Appendix 1 in Regulatory Guide 180)**

- <sup>1</sup> Number each item consecutively.
- <sup>2</sup> If the entity you have performed audit work for is part of a group, provide the name of the parent entity followed by the name of any relevant group entity.
- <sup>3</sup> Insert the type of entity relevant to the Australian equivalent (e.g. listed, unlisted, large proprietary, etc).<sup>4</sup> Provide details of the legislation (if any) requiring the audit.
- <sup>5</sup> Details of audit fees per year may be based on the total fees at the end of each financial year. Please provide the date of the relevant financial years, or other year end, for the relevant period in the rows below.
- <sup>6</sup> Insert additional rows as required.
- <sup>7</sup> Provide your official title in relation to your role in the audit engagement or an appropriate description commensurate with the level of your duties.
- <sup>8</sup> Your hours per year are based on the five-year period immediately before the date of your application. Your hours should be based on contemporaneous time records kept for each audit engagement at the relevant time. If you do not have contemporaneous time records then your supervisor may provide an estimate of the number of hours you have spent and must disclose that in the supervisor declaration.
- <sup>9</sup> Number each item consecutively.
- <sup>10</sup> If the entity you have performed audit work for is part of a group, provide the name of the parent entity followed by the name of any relevant group entity.
- <sup>11</sup> Insert the type of entity relevant to the Australian equivalent (e.g. listed, unlisted, large proprietary).
- <sup>12</sup> Provide details of the legislation (if any) requiring the audit.
- <sup>13</sup> Details of the audit fees per year may be based on the total fees at the end of each financial year. Please provide the date of the relevant financial years, or other year end, for the relevant period below.
- <sup>14</sup> Number each item consecutively.
- <sup>15</sup> Provide your official title in relation to your role in the audit engagement or an appropriate description commensurate with the level of your duties.
- <sup>16</sup> Your hours per year are based on the five-year period immediately before the date of your application. Your hours should be based on contemporaneous time records kept for each audit engagement at the relevant time. If you do not have contemporaneous time records then your supervisor may provide an estimate of the number of hours you have spent and must disclose that in the supervisor declaration.
- <sup>17</sup> Number each item consecutively.
- <sup>18</sup> You may only rely on hours spent supervising auditing of companies. If the company is also included in Table D1 or Table D2, include the item (row) number for that entity.
- <sup>19</sup> You may only rely on hours spent supervising other professional members of the audit team. It does not include supervising persons who are not professional members of the audit team.
- <sup>20</sup> Number each item consecutively.
- <sup>21</sup> If the entity you have performed audit work for is part of a group, provide the name of the parent entity followed by the name of any relevant group entity.
- <sup>22</sup> If the entity is also included in Table D3 or Table D4, include the item (row) number for that entity.
- <sup>23</sup> You may only rely on hours spent supervising other professional members of the audit team. It does not include supervising persons who are not professional members of the audit team.

Supervisor's signature		Date	Witness' signature		Date
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## Document E: Supervisor declaration

Applicant:

### COMMONWEALTH OF AUSTRALIA—STATUTORY DECLARATION

#### Statutory Declarations Act 1959

*Insert the name,  
address and  
occupation of person  
making the declaration*

make the following declaration under the *Statutory Declarations Act 1959*.

*Set out the matter  
declared to in  
numbered paragraphs*

1. I have read the Form 903AA application for registration as a registered company auditor signed by *[insert name of applicant]* (the 'Applicant') and dated *[insert date of application]*.
2. I am a supervisor referred to in the Form 903AA.
3. I am not aware of any matter or circumstance which would indicate that the information contained in the Form 903AA is incorrect or misleading.
4. I have read and signed *[Document A, B and C as applicable]* completed by the Applicant in support of their application for registration as an auditor.
5. For the audit engagements where I supervised the Applicant, I declare that the information in the Form 903AA and *[Document A, B and C as applicable]* about those audit engagements is true and correct.
6. I have never been excluded from practise as an auditor, had my registration as a registered company auditor suspended or been subject to any other disciplinary action by any of the following bodies:
  - ASIC
  - The Companies Auditors and Liquidators Disciplinary Board
  - APRA
  - The Institute of Chartered Accountants in Australia
  - CPA Australia
  - The National Institute of Accountants
  - The Tax Agents Board
  - Any other body having authority in Australia or elsewhere relating to the registration or disciplining of auditors or liquidators.

I understand that a person who intentionally makes a false statement in a statutory declaration is guilty of an offence under section 11 of the Statutory Declarations Act 1959, and I believe that the statements in this declaration are true in every particular.

*Signature of person  
making the declaration*

*Insert place, day,  
month and year*

Declared at  
on of

---

*Signature of person  
before whom the  
declaration is made*

*Print full name,  
qualification and  
address of person  
before whom the  
declaration is made*

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#### **Notes to Document E: Supervisor declaration**

- <sup>1</sup> A person who intentionally makes a false statement in a statutory declaration is guilty of an offence, the punishment for which is imprisonment for a term of 4 years: see s11 of the *Statutory Declarations Act 1959*.
- <sup>2</sup> Chapter 2 of the Criminal Code applies to all offences against the *Statutory Declarations Act 1959*: see s5A of the *Statutory Declarations Act 1959*.
- <sup>3</sup> You may reformat the declaration by deleting the margin notes or unnecessary lines or spaces, so that it will fit on one page, where possible. If the declaration is more than one page in length, each page of the declaration must be signed by the declarant and witness. You should insert an additional signature block in the footer of each page in that case.

## Document F: Capability report

Applicant:

*Explain the scope and complexity of your audit experience for 3 of the entities referred to in Table A1 of your Document A or your Log Book, as applicable. Do not identify the entities. Use as much space as you require in order to provide information for us to make a proper assessment of your capability. Refer to Table 17 of RG180 for further guidance.*

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**Example 1**

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**Example 2**

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**Example 3**

*List all continuing professional development activities related to auditing (including quality assurance) that you have undertaken during the five years immediately prior to your application.*

## Document G: Capability declaration

Applicant:

### COMMONWEALTH OF AUSTRALIA—STATUTORY DECLARATION

#### Statutory Declarations Act 1959

*Insert the name,  
address and  
occupation of  
person making the  
declaration*

I,

make the following declaration under the *Statutory Declarations Act 1959*.

*Set out the matter  
declared to in  
numbered  
paragraphs*

1. I have read the Form 903AA application for registration as a registered company auditor signed by *[insert name of applicant]* (the 'Applicant') and dated *[insert date of application]*.
2. I am a *[supervisor, assessor or referee as applicable]* referred to in the Form 903AA.
3. I have known the applicant for *[insert period of time during which declarant has known the applicant]*.
4. I have read the Capability Report (Document F) made by the Applicant in support of their application for registration as an auditor.
5. For the audit engagements where I *[supervised, assessed or have provided a referee statement for]* the Applicant, I declare that the information in the Capability Report is true and correct.
6. I am not aware of any matter, fact or circumstance which the Applicant has not disclosed to ASIC and which might be lead me or ASIC to believe that the applicant is not capable of performing the duties of a registered company auditor or is not a fit and proper person to be registered as a registered company auditor.
7. I have never been excluded from practise as an auditor, had my resignation as a registered company auditor suspended or been subject to any other disciplinary action by any of the following bodies:
  - ASIC
  - The Companies Auditors and Liquidators Disciplinary Board
  - APRA
  - The Institute of Chartered Accountants in Australia
  - CPA Australia
  - The National Institute of Accountants
  - The Tax Agents Board
  - Any other body having authority in Australia or elsewhere relating to the registration or disciplining of auditors or liquidators.

I understand that a person who intentionally makes a false statement in a statutory declaration is guilty of an offence under section 11 of the *Statutory Declarations Act 1959*, and I believe that the statements in this declaration are true in every particular.

*Signature of person  
making the  
declaration*

<i>Insert place, day, month and year</i>	Declared at on of
<i>Signature of person before whom the declaration is made</i>	Before me,
<i>Print full name, qualification and address of person before whom the declaration is made</i>	

**Notes to Document G: Capability declaration**

- <sup>1</sup> A person who intentionally makes a false statement in a statutory declaration is guilty of an offence, the punishment for which is imprisonment for a term of 4 years: see s11 of the *Statutory Declarations Act 1959*.
- <sup>2</sup> Chapter 2 of the Criminal Code applies to all offences against the *Statutory Declarations Act 1959*: see s5A of the *Statutory Declarations Act 1959*.
- <sup>3</sup> You may reformat the declaration by deleting the margin notes or unnecessary lines or spaces, so that it will fit on one page, where possible. If the declaration is more than one page length, each page of the declaration must be signed by the declarant and witness. You should insert an additional signature block in the footer of each page in that case.

# Key terms

Term	Meaning in this document
AAC	An authorised audit company
aggregate	The total amount of coverage that the insured has under the insurance policy, irrespective of the number of separate claims that may occur
appropriate conversion course	A course that is offered by a prescribed university or institution under s1280(2A) of the Corporations Act, and that includes subjects in Australian company law, tax law, and Australian accounting and auditing standards
APRA-regulated insurer	An entity permitted by the <i>Insurance Act 1973</i> to write insurance business in Australia
ASIC	The Australian Securities and Investments Commission
assessor	A registered company auditor who has sufficient personal knowledge of the applicant's work to be able to verify the applicant's performance against each component of an auditing competency standard
audit clients	The entity being audited
auditing competency standard	An auditing competency standard approved by ASIC under s1280A of the Corporations Act
certified copy	<p>A copy of an original document that is certified to be a true and correct copy of the original. The certification must be by a person legally qualified to administer oaths in your state or territory (e.g. a solicitor or a Justice of the Peace). It must:</p> <ul style="list-style-type: none"> <li>• be original (i.e. written or stamped onto a copy of the document);</li> <li>• state the document is a true and correct copy of the original;</li> <li>• state the full name and qualifications of the person giving the certification; and</li> <li>• be signed and dated.</li> </ul>
claims-made contract	A contract that provides cover for claims made against the insured during the period of cover, though these may have arisen from conduct of the insured before acquisition of the policy
CLERP 9 Bill	The Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act

Term	Meaning in this document
Corporations Act audit	<p>An audit:</p> <ul style="list-style-type: none"> <li>of a company, registered scheme or disclosing entity under a provision of the Corporations Act;</li> <li>required under a condition of or otherwise conducted to obtain the benefit of ASIC relief in relation to the Corporations Act; or</li> <li>conducted in accordance with the operating rules of a licensed financial market</li> </ul>
Corporations Regulations	Corporations Regulations 2001
CPAA	CPA Australia
CPAA/ICAA competency standard	<i>Auditing Competency Standard for Registered Company Auditors</i> approved by ASIC on 24 November 2004
deductible or excess	The first part of a loss which is borne by the insured. The insured is responsible for the loss up to the deductible amount and the insurer pays the remainder of the loss, up to the policy limit
ICAA	Institute of Chartered Accountants in Australia
ICAA information sheet	<i>Auditing Competency Standard for Registration as a Registered Company Auditor</i> , 16 March 2005
limitation amount	The maximum liability for damages arising out of a cause of action for occupational liability that may be awarded against a person.
IPA	Institute of Public Accountants
NTA	Tangible assets (being monetary assets and assets with physical substance) less all liabilities. Assets and liabilities must be determined in accordance with the accounting standards that would have applied to the Company, if the Company was required to report under Ch 2M of the Corporations Act and had a financial year of 12 months ending on the date the policy commences.
Oaths Acts	<i>The Oaths Act</i> in NSW, Qld and Tas., the <i>Oaths and Affirmations Act 1984</i> in the ACT, the <i>Oaths, Affidavits and Declarations Act 2010</i> in the NT, the <i>Evidence (Miscellaneous Provisions) Act 1958</i> in Vic., and the <i>Oaths, Affidavits and Statutory Declarations Act 2005</i> in WA.
overseas applicant	An applicant who is relying on qualifications and/or experience obtained in a jurisdiction or jurisdictions other than Australia.
professional accounting bodies	CPA, the ICAA, and the IPA
RCA	A registered company auditor

Term	Meaning in this document
reg 9.2.01	A regulation of the Corporations Regulations (in this example numbered 9.2.01)
run-off cover	Cover for claims made after the insurance policy has ended, which have arisen from the acts or omissions of the insured during the period of insurance cover
s1280A (for example)	A section of the Corporations Act (in this example, numbered s1280A)

# Related information

## Headnotes

Adequacy, annual statements, application, application fee, appropriateness, auditing, auditing competency standard, auditor registration, authorised audit company (AAC), cancel, CLERP 9 Bill, competency, deed, equivalent, fit and proper, practical experience, professional indemnity insurance, qualifications, quantum, registered company auditor (RCA), run-off cover, suspend

## Pro formas

[PF 215] *Company auditor registration conditions*

[PF 216] *Authorised audit company registration conditions*

[PF 217] *Deed: Authorised audit company run-off insurance cover*

## Legislation

Corporations Act, Pts 2D.6, 9.2 and 9.2A, s292, 293, 294, 301, 302, 307, 308, 309, 324AC(2), 324AE, 324AF, 327B, 331AAA, 601AA, 793C, 1280, 1280(2), 1280(2A), 1280(2B), 1280(3), 1280A, 1281, 1287A, 1289A, 1290, 1292, 1299B, 1299C, 1299D, 1299F, 1299G, 1299H, 1299I, 1308, 1317B; Corporations Regulations, reg 9.2.01, 9.2.02, 9.2.03, 9.2.08, 9.2A.01, 9.2A.03

*Statutory Declarations Act 1959*

Oaths Acts

## Cases

*Re Bird: Bird v NCSC* (1985) 3 ACLC 24, *Re Murphy: Murphy v ASIC* [2004] AATA 1371

## Media and information releases

[IR 04/60] *ASIC approves CPA/ICAA auditing competency standard*

[IR 04/58] *New online lodgement facilities for auditors and authorised audit companies*

[IR 04/29] *ASIC issues four CLERP 9 policies*

[IR 04/23] *ASIC issues draft guidance paper on CLERP 9*

[IIR 04/13] *ASIC seeks comment on draft CLERP 9 guidance*

[MR 04/029] *Proposed ASIC CLERP 9 policy papers timeline*

## **ASIC forms**

*Form 903AA Application for registration as an auditor*

*Form 903AB Application for registration as an authorised audit company*

*Form 905 Notification of ceasing to practice as, or change to details of, an auditor*

*Form 912A Annual statement by an auditor*

*Form 912B Annual statement by an authorised audit company*