20 questions: A plain English guide to audit in Australia and New Zealand for investors and other stakeholders

Understanding audit

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Contents

Forward

Audit plays a critical role in maintaining trust and confidence in Australia and New Zealand's capital markets and economies. Investor confidence and the availability of reliable information for decision making is underpinned by the work that thousands of auditors do each 'reporting season', and throughout the year. Yet the evidence shows auditing, and its regulation and standards, are not well understood – this short guide aims to provide a straightforward, plain language introduction for investors and other stakeholders.

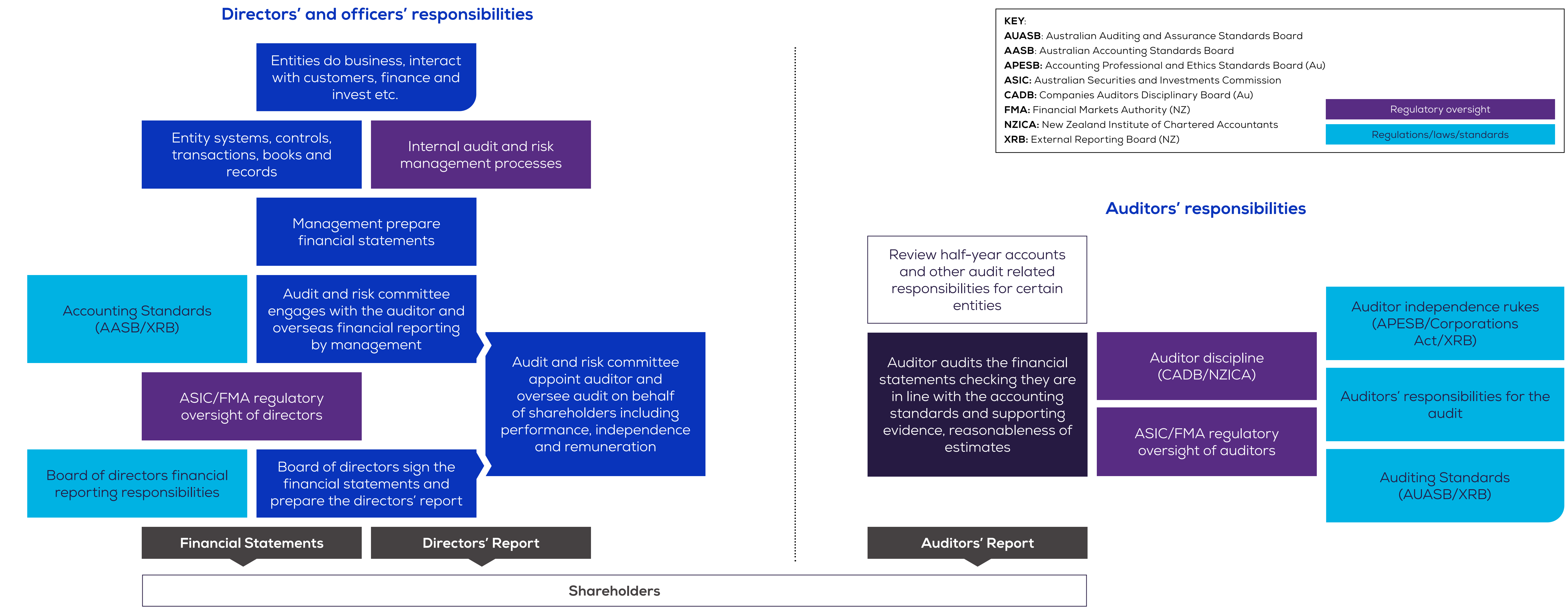
Audit firms across Australia and New Zealand employ more than 50,000 people. Auditors maintain integrity in the economy by auditing the financial statements of more than 3,000 publicly traded/listed entities, and tens of thousands of large private companies, charities, not-for-profits, and other organisations each year.

Over the past several decades, audit regulation has been reformed and re-reformed to tackle evolving risks, complexity, and public expectations. Consequently, both Australia and New Zealand enjoy regulatory regimes on par or exceeding international best practice.

In this publication, through a series of frequently asked questions, we want to empower readers to better understand and appreciate the vital role of auditors in maintaining the integrity of capital markets.

Simon Grant FCA
Group Executive Advocacy and
International Development

Where audit fits into the financial reporting regulatory eco-system



What the outputs do and don't cover

Financial Statements (audited)		**Directors' Report** (not audited)		**Auditors' Report**	
Do provide information on:	**Don't provide information on:**	**Does provide information on:**	**Doesn't provide information on:**	**Does provide opinion on**	**Doesn't provide opinion on:**
Historical financial performance Financial position at a point in time once a year Financially material matters	Controls and processes Future prospects of the entity Matters that are not financially material for the entity as a whole	Governance, dividends, director remuneration Operations and financials Independence of auditor Solvency at a date of the report Future prospects and likely developments	Not audited (but auditor checks for consistency with financials where relevant Controls and processes Non-material risks and issues Commercially sensitive information	Whether the historical financial statements are materially reliable If the financial statements are in line with the accounting standards Key financial reporting matters are looked at in the audit	Controls or processes Future prospects of the entity Non-financially material matters and risks Whether non-material fraud or misconduct has taken place

Frequently asked questions

1. What is an audit?

To explain its financial operations, an entity must prepare financial statements. There is legislation and standards around how to prepare these, for example what to include, how items are valued, and what explanations to provide. For listed entities, in Australia these rules are the accounting standards issued by the Australian Accounting Standards Board (AASB) which have force of law under the *Corporations Act 2001*. In New Zealand these rules are the accounting standards issued by the External Reporting Board (XRB) which have force of law under the *Financial Markets Conduct Act 2013*.

An audit assesses whether the financial statements materially comply with these rules and give a true and fair view of the entity's financial operations (see question 4 for an explanation of materiality).

While the word 'audit' may be used in plain language to refer to many types of reviews or checks, in auditing standards the word very specifically refers to financial statement audits conducted under those extensive standards. An audit is one type of assurance engagement.

2. What is an assurance engagement?

The five elements of an assurance engagement are:

- **A three-party relationship** – the auditor or assurance practitioner (practitioner), the party that is responsible for the information on which the practitioner is engaged to give an opinion or conclusion (the governing body), and the people for whom the practitioner prepares a written report for (stakeholders).
- **A subject matter** – the focus of the engagement, this could be financial or non-financial information, a system, process or behaviour.
- **Suitable criteria** – the benchmarks or standards used to evaluate the subject matter. For example, for financial statements the suitable criteria is the applicable accounting standards.
- **Sufficient appropriate evidence** – the data or information obtained by the practitioner to support their opinion or conclusion.
- **A written assurance report** – to communicate the practitioner's opinion or conclusion.

3. What are some examples of assurance and non-assurance engagements?

In addition to financial statement audits, practitioners also undertake certain other assurance engagements, such as reviewing half year financial reports, assuring regulatory returns, or assuring an entity's adherence to certain rules. Assurance engagements involve the practitioner expressing a view designed to enhance trust and confidence that a given subject matter meets specified criteria.

Agreed-upon procedures engagements are often referred to as "assurance-like" engagements as the practitioner carries out similar procedures to what they would in an assurance engagement. However, they are not assurance engagements and the practitioner does not express a view, instead they report on factual findings.

4. Do audits and assurance engagements provide certainty?

Due to the sampling approach that audits and assurance engagements are based on, they do not 'verify', 'confirm' or give a 100% guarantee. Assurance engagements can either be 'reasonable assurance' or 'limited assurance'

Reasonable assurance involves a greater work effort, and the practitioner expresses a positive view, i.e., *"I conclude subject matter X is, in all material respects, in line with requirement Y"* (audits of financial reports are reasonable assurance engagements).

Limited assurance involves less work, and the practitioner expresses a negative form of conclusion, i.e., *"Nothing has come to my attention that subject matter X is not in line, in all material respects, with requirement Y"*.

Examples of assurance and non-assurance engagements

Assurance

- Compliance audits, regulator returns
- Internal control assurance
- Audit of financial report
- Half year review

Non assurance

- Preparing financial statements
- Agreed-upon procedures
- Risk and culture review

5. What does "material" mean?

Users of financial statements need to be able to rely on the accuracy of the information included to make their investment decisions. In an audit, an auditor obtains reasonable assurance about whether the financial statements are free from "material" misstatement, which may arise due to fraud or error. Materiality is related to significance, and refers to information that if omitted or incorrect, would be significant enough to impact users' decisions.

Practitioners do not check every transaction as it is cost prohibitive and time intensive. Rather they perform sample testing of controls, transactions, and balances, and they review assumptions e.g., around valuations. A common materiality level for a listed entity is 5% of profit before tax. One way to think about materiality is that it means the auditor designs their testing to identify errors, either individually or in aggregate, that are greater than a certain threshold. For example, say the profit before tax is $100 million, the auditor will design their audit to identify misstatements in the financial statements greater than $5 million (i.e., 5% of $100 million).

The materiality level drives the scope of the auditor's work such as sample sizes, and which areas of the entity the auditor should focus on. Thus, if an auditor finds aggregated errors greater than materiality either the entity amends its results, or the auditor would modify their report by issuing a qualified, adverse or disclaimer of opinion.

6. What do you need to consider when choosing between assurance or non-assurance engagements?

If there are no legal or other requirements that require an assurance engagement, opting for a non-assurance engagement may be more fit-for-purpose. The decision depends on whether the people for whom the practitioner prepares their report for are seeking to rely on an opinion or conclusion, or whether they just need some additional, objective information that they can use to form their own opinion or conclusion regarding specific matters. In which case a non-assurance engagement may be able to provide what they need and be a more cost effective, and possibly more targeted, option.

7. What standards apply to auditing and assurance engagements?

An extensive volume of standards applies to auditing and assurance engagements. A suite of 37 auditing standards run to over 1,000 pages for financial statement audits. These are the Australian Standards on Auditing (ASAs) in Australia, and the International Standards on Auditing (New Zealand) (ISAs (NZ)) in New Zealand. In addition, there are standards for review engagements, and other assurance engagements such as assurance over greenhouse gas emissions, and compliance audits.

There is also a standard that requires audit firms to have a system of quality management in place. The standards are equivalent to those issued by the International Auditing and Assurance Standards Board (IAASB) which have been adopted in more than 120 jurisdictions. Some of the requirements adopted locally exceed the international requirements.

Australia

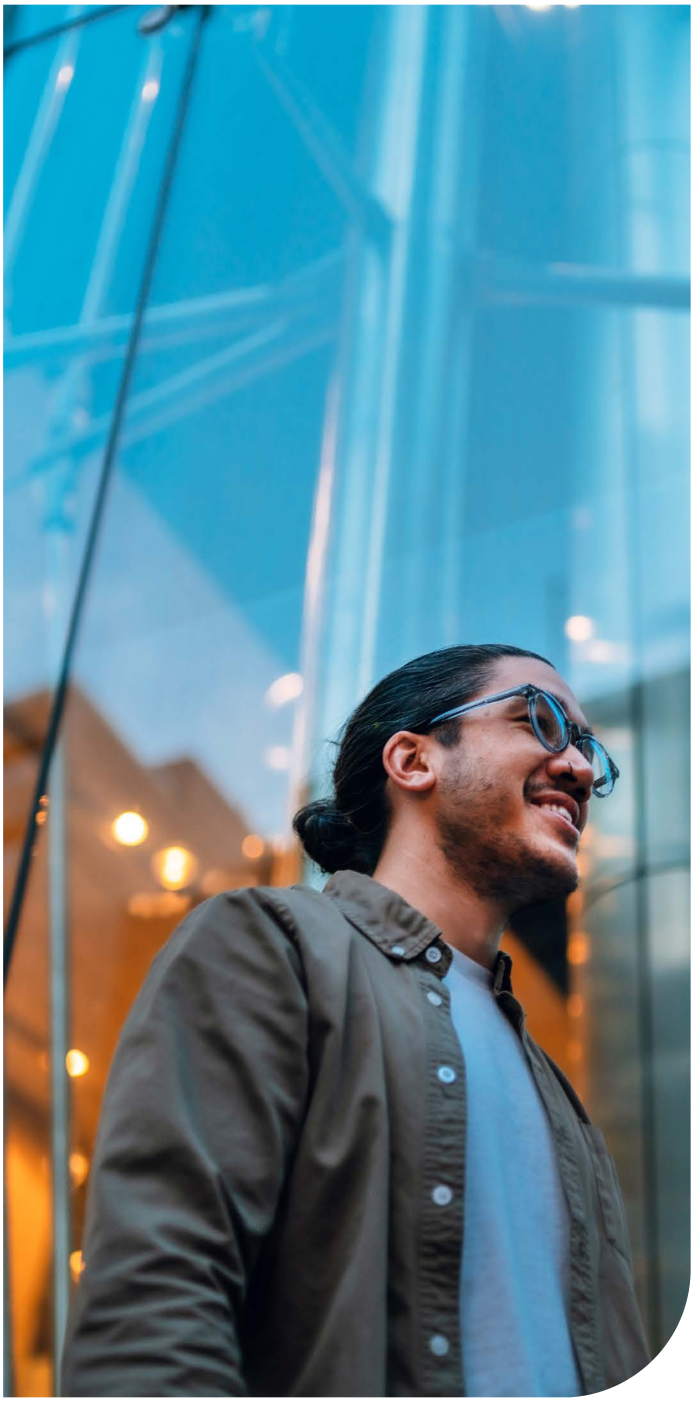
The Australian Auditing and Assurance Standards Board (AUASB), an independent statutory body established under the *Australian Securities and Investments Commission Act 2001*, issues auditing and assurance standards.

New Zealand

The New Zealand Auditing and Assurance Standards Board (NZAuASB), under delegated authority from the External Reporting Board (XRB) – an independent Crown Entity, issues auditing and assurance standards, and professional and ethical standards that govern the professional conduct of audit and assurance practitioners.

8. What is "independence"?

Practitioners are required to be independent from the entity that is the subject of an audit or assurance engagement. Independence comprises both "independence of mind" and "independence in appearance", both of which are required to enable practitioners to act, and be seen to act, with integrity and exercise objectivity and professional scepticism.



9. What are the rules around independence?

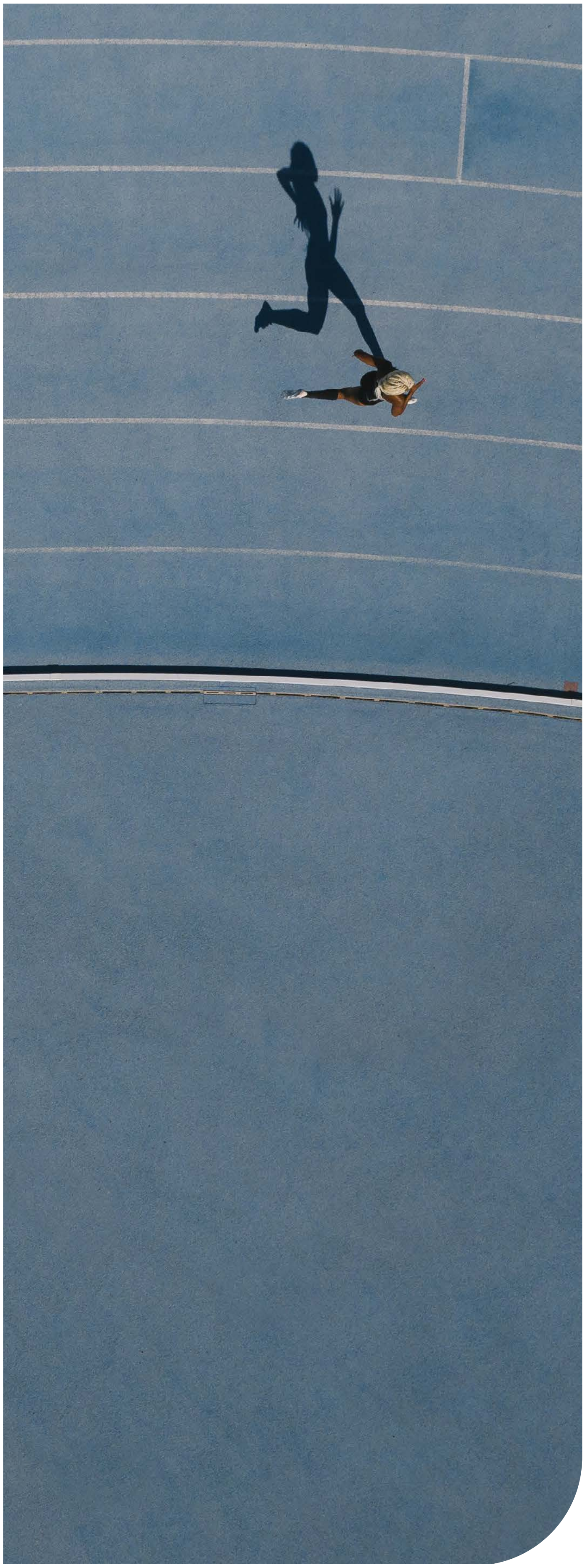
There are extensive rules around independence which are contained in **APES 110** Code of Ethics for Professional Accountants (including Independence Standards) for Australia, and **PES 1** International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) for New Zealand. The standards are equivalent to the International Code of Ethics for Professional Accountants ("the Code") issued by the International Ethics Standards Board for Accountants (IESBA) which has been adopted in more than 130 jurisdictions. Some of the requirements adopted locally exceed the international requirements.

Australia

The *Corporations Act 2001* and APRA Prudential Standards contain specific additional requirements, such as stricter auditor rotation requirements than APES 110, an additional conflict-of-interest test, and more restrictions on relationships between audited entities and the audit firm. In addition, practitioners are required to give the directors of a company a written declaration that there have been no contraventions of these independence requirements, a copy of which must be included in the directors' report.

New Zealand

The NZX Listing Rules require the key audit partner to be changed at least every five years.



10. What are some of the main issues related to independence, or other potential conflicts of interest, and how are they addressed in the independence rules?

Threat	How mitigated?	Australia Specific	New Zealand Specific
Providing non-audit services to audit clients, for instance consulting services	The Code includes a list of non-audit services that practitioners are not allowed to provide to public interest entities (entities which have a larger number and wider range of stakeholders) they audit. The rules essentially prohibit any work that might pose a threat to auditor independence, such as where the audit firm would assume a management responsibility, or work that impacts the financial statements which are subject to audit, as well as where the fees generated represent a large proportion of the revenue from an individual partner's clients, or the revenue of an individual office of the firm.	The *Corporations Act 2001* requires inclusion of the fees paid/payable to the auditor to be included in the directors' report, along with a statement whether they are satisfied the non-audit work is compatible with and does not compromise the independence requirements imposed by the Act. In addition, the *Corporations Act 2001* and the APRA Prudential Standards contain a legal test that prohibits a "conflict of interest situation" with an audit client. It is based on what a reasonable person would conclude. If an auditor becomes aware of a conflict of interest situation, they must notify ASIC.	
Auditor becomes too familiar with the audited entity over time	The Code requires a "cooling-off" period of between two and five years, depending on the audit partner's role, during which time they must not be involved in the audit. The Code also prohibits an individual from being a key audit partner for more than seven years for public interest entities.	The *Corporations Act 2001* imposes stricter audit partner rotation requirements of five years for listed entities, which can be extended to seven years with director approval.	The NZX Listing Rules impose stricter audit partner rotation requirements of five years for listed entities.
Partners or staff move from audit firm to the audited entity	The Code deems independence to be compromised if a former member of the audit team joins the audited entity as a director/officer or another position able to exert significant influence over the preparation of the financial statements which are subject to audit, where a significant connection remains between the audit firm and the individual.	The *Corporations Act 2001* imposes a mandatory period of two years before a partner of an audit firm/director of an audit company who was on the audit team for the audited entity may become an officer of the audited entity. There is also a prohibition on more than one former partner of an audit firm/director of an audit company (within five years) from being a director or taking a senior management position within the audited entity at any one time. The directors' report must also include the names of directors who were previously partners of the audit firm at any time the audit firm conducted an audit.	

Threat	How mitigated?	Australia Specific	New Zealand Specific
Auditor is appointed and paid by the audited entity	Company boards and audit committees serve as the representative for shareholders in the auditing process, independent from management, having responsibility for auditor appointment, setting of fees, and oversight of the audit engagement (see question 14). The Code requires a "pre-issuance review" by someone external to the audit firm before the audit opinion for the second year is issued if the total fees from the audited entity are more than 15% of the total fees received by the audit firm for two consecutive years. If this fee dependence continues for five consecutive years, the audit firm shall cease to be the auditor after the audit opinion for the fifth year is issued.	Audit partners are prohibited from being incentivised, either directly or indirectly, to sell non-assurance services to audit clients.	
Auditor can be removed/replaced by the audited entity		The *Corporations Act 2001* provides for the auditor to be removed by resolution at a general meeting. Unlike the resignation of an auditor, ASIC's consent is not required except for certain types of entities, such as those with financial service licenses, registered schemes, or compliance plan.	The *Companies Act 1993* provides for the auditor to be replaced by giving at least 20 working days' written notice, and a reasonable opportunity to make representations to the shareholders, e.g., speaking at a general meeting.

11. What does the audit regulatory regime cover when it comes to listed entities and major financial institutions?

Beyond financial statement audits, some specific assurance engagements exist around risks and non-financial matters. In some cases, risks are addressed by different forms of review but are not always subject to the assurance standards or the independence rules.

Australia

Half year (interim) financial reports are required to be reviewed (limited assurance). Registered Superannuation Entities (RSEs) must get assurance over compliance with regulatory requirements, and controls around APRA reporting forms. Greenhouse and energy assurance engagements are used to determine whether registered corporations are complying with the *National Greenhouse and Energy Reporting Act 2007*.

New Zealand

Financial Markets Conduct reporting entities must get assurance over their register of securities. Registered banks are required to obtain assurance over their disclosure statements. From 2024, climate reporting entities will be required to have assurance over the greenhouse gas emissions disclosures in their climate statements.

12. Does the audit regulatory regime target risks such as fraud and misconduct?

Fraud and misconduct that have a material impact on an audited entity's financial statements are within the scope of what an audit cover. An audit does consider the risk of fraud and the auditor is required to adapt their audit process where the risk of fraud is high due to poor controls within an entity. However, it is recognised in the auditing standards that it is not always possible to detect fraud, for example where there is collusion. In the Code of Ethics there is a robust framework for practitioners responding to identified or suspected non-compliance with laws and regulations by people within the audited entity.

Australia

Under the *Corporations Act 2001*, practitioners are required to report to ASIC any "significant contraventions" of the Act, and those matters they believe will not be adequately dealt with by commenting on it in the auditor's report or bringing it to the attention of the directors.

New Zealand

The *Financial Markets Conduct Act 2013* requires practitioners to report to the supervisor and/or FMA any "serious problems" if they have reasonable grounds to believe that the entity has contravened, may have contravened, or is likely to contravene an obligation of the Act in a material way.

13. Do audits flag or prevent corporate collapses?

Practitioners form a view on boards' and managements' assessment of whether the audited entity can continue as a going concern for the 12 months following the date of the auditor's report. If there is material doubt surrounding the entity's ability to continue, this, along with any mitigating factors, is disclosed in the financial statements and the auditor will flag this in the auditor's report. The going concern concept is different to solvency/insolvency i.e., the entity's ability to pay debts as and when they fall due. As circumstances can change quickly , a corporate collapse does not necessarily mean there has been an audit failure. The auditor makes an assessment at a particular point in time and cannot predict future events.

Australia

A practitioners' responsibility to report significant contraventions of the *Corporations Act 2001* outlined above includes trading while insolvent.

New Zealand

A practitioners' responsibility in the *Financial Markets Conduct Act 2013* to report serious problems outlined above includes if the entity is, or is likely to become, insolvent, or the financial position of the entity or the security of benefits or the management of the entity is otherwise inadequate.

14. What are the responsibilities of management and boards for financial reporting?

Whilst they can delegate day to day responsibility to management, boards are responsible for the oversight of the financial reporting process, including preparing the financial statements in accordance with the rules, and for the internal controls to prevent fraud or error. They are also responsible for assessing the entity's ability to continue as a going concern.

Australia

The CEO and CFO must give the board a written declaration in relation to whether a listed entity's financial statements comply with Australian Accounting Standards and give a true and fair view. The directors' declaration in the financial report must include whether the financial statements comply with Australian Accounting Standards and give a true and fair view. The board must also prepare a directors' report that includes information such as the non-audit services provided by the audit firm, the practitioners' independence declaration, and a remuneration report about key management personnel compensation.

New Zealand

The board must prepare an annual report that includes information such as the total remuneration and the value of other benefits received by each director or former director. The board must also include the amounts paid/payable to the audit firm for audit services and, as a separate item, non-audit services.

15. How do boards support the audit process?

Boards are responsible for appointing practitioners (with confirmation by shareholders at the annual general meeting) and overseeing financial statement audits. Whilst not detailed in legislation, this usually includes running the tender process, setting the audit fee, making sure the independence rules are met, and engaging with the auditor around risks and other financial reporting matters. In larger listed entities, a subcommittee of the board called an audit committee facilitates the boards' work on these matters.

Australia

Audit committees are only mandatory for entities in the S&P All Ordinaries Index (the 500 largest entities by market cap), and only those included in the S&P/ASX 300 Index must also comply with the best practice recommendations set out by the ASX in relation to the composition, operation, and responsibility of the audit committee.

New Zealand

Audit committees are mandatory for all NZX listed entities, but optional for all other FMC reporting entities.

16. How are investors involved in audits?

Listed entities must hold an annual general meeting (AGM) which may include voting on auditor appointment where there is a change in auditor. However, investors are not directly involved in the audit itself. Under the current regime, company boards serve as the main representative for shareholders in the auditing process including auditor appointment, setting of fees, and oversight of the audit engagement.

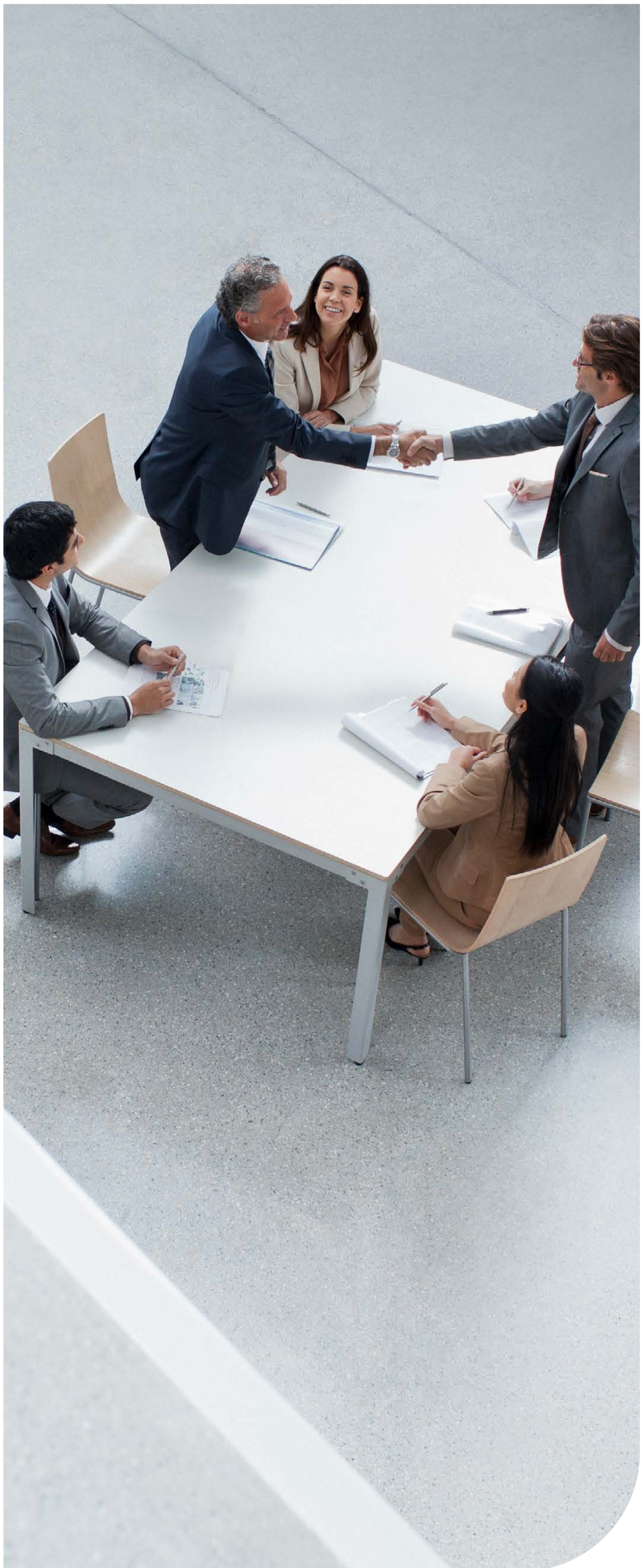
Australia

The auditor is required to attend a listed entity's AGM and the chairman must give the shareholders the opportunity to ask the auditor questions at the AGM.

New Zealand

The board of a company is required to inform and permit an auditor to attend an AGM however it is not mandated by the *Companies Act 1993*. The board of a company is required to inform and permit an auditor to attend an AGM, however attendance is not mandatory.

17. How does auditor registration/licensing work?



Australia

Only Registered Company Auditors (RCA) can perform audits under the *Corporations Act 2001*, including listed entities. To become an RCA, individuals need to demonstrate to ASIC that they meet certain requirements, including; specified qualifications or equivalent qualifications and experience, skills contained in an ASIC-approved competency standard or have an equivalent number of hours of practical experience, and be capable, and be considered a fit and proper person to be registered as an auditor. There are also requirements that must be met in order to maintain registration.

New Zealand

Audits, other assurance engagements, and some non-assurance engagements under the *Financial Markets Conduct Act 2013* and related regulations must be performed by a Licensed Auditor or a Registered Audit Firm under the *Auditor Regulation Act 2011*. To become a Licensed Auditor or a Registered Audit Firm, the FMA's prescribed minimum standards and conditions must be met including: academic qualifications, membership of an accredited body, practicing certificate, audit-specific professional qualification, and post-qualification experience. There are also ongoing competence requirements.

18. What regulatory oversight exists around audit quality?

Australia

The Australian Securities and Investments Commission (ASIC) is responsible for oversight of audit firms that audit entities that are required to have an audit under the *Corporations Act 2001*, in addition to its wider role as corporate and capital markets regulator. ASIC performs file inspections at audit firms that audit listed entities and significant public interest entities. Refer to **ASIC's website** for further information about its oversight activities.

The Financial Reporting Council (FRC) is responsible for overseeing the effectiveness of the financial reporting framework in Australia, including providing strategic advice in relation to the quality of audits conducted by Australian practitioners, and advising the Minister on these and related matters to the extent that they affect the financial reporting framework in Australia. The **FRC's website** and its **annual reports** provide further information about audit quality oversight in Australia.

ASIC may refer a disciplinary matter to the Company Auditors' Disciplinary Board (CADB), an independent statutory body with the primary role of serving as a disciplinary tribunal. Refer also to the **CADB website** and the **FRC's Auditor Disciplinary Processes: Review Report**.

Chartered Accountants Australia and New Zealand (CA ANZ) also undertakes reviews of members in practice. The program monitors whether our members offering services to the public have quality control systems in place to ensure they comply with the Code of Ethics, professional standards, and legal and regulatory requirements. However, it does not seek to replicate the coverage of ASIC's inspections or specifically target audit files individually. Other major professional accounting bodies in Australia undertake similar programs.

New Zealand

The Financial Markets Authority (FMA) is responsible for the oversight of practitioners of Financial Market Conduct (FMC) reporting entities, in addition to its wider role enforcing securities, financial reporting and company laws as they apply to financial services and financial markets. The FMA reviews the 'big 4' firms every two years, and all other audit firms every three years. It has a Memorandum of Understanding (MOU) with the Auditor General, so can also review audits of FMC reporting entities carried out by private audit firms on behalf of the Auditor General. The FMA has an Auditor Oversight Committee (AOC) which provides an independent forum to review the consistency and fairness of all quality review reports. Refer to the **FMA's website** for further information about its oversight activities.

The New Zealand Institute of Chartered Accountants (NZICA) and the Institute of Chartered Accountants of Australia (ICAA) formally amalgamated on 1 January 2015 to form Chartered Accountants Australia and New Zealand (CAANZ). However, NZICA continues to regulate the accountancy profession for members who are resident in New Zealand. NZICA is an accredited body under the *Auditor Regulation Act 2011*.

Accredited bodies have the primary responsibility for investigating potential auditor misconduct. The FMA can investigate only those matters that accredited bodies have referred to it or decided not to investigate. The FMA may refer a matter to the relevant accredited body for further investigation following an audit quality review, a complaint, or any other intelligence obtained by the FMA.

NZICA's professional conduct program is established by the NZICA Rules. It comprises the Professional Conduct Committee, Disciplinary Tribunal and Appeals Council established under the Rules. Refer to **CA ANZ's website** for further information about the professional conduct program.

19. What transparency reporting do audit firms do?

Australia

Audit firms that audit 10 or more significant entities such as listed entities, listed registered schemes, authorised deposit-taking institutions and insurance companies are required by the *Corporations Act 2001* to publish an annual Transparency Report. The report discloses aspects such as the firms' independence practices, revenue relating to audits of financial statements and other services provided to entities it audits, and information about the firms' system of quality management.

New Zealand

Transparency reporting is voluntary.

20. What reviews and reforms of auditing have taken place?

Below is a timeline of significant legislative changes and reviews which have had an impact on the auditing sector the past 15 years. There continues to be ongoing reform of accounting standards, auditing and assurance standards, accounting standards, and ethical standards (including on auditor independence) by the Government and independent standard setters.

Australia

2004: The *Corporate Law Economic Reform Program (Audit Reform & Corporate Disclosure) Act 2004*, commonly called CLERP 9, modified the *Corporations Act 2001* to include new provisions pertaining to auditor independence, some of which are unique to Australia and stricter than international requirements. It also mandated the use of International Financial Reporting Standards (IFRS), gave auditing standards and independence requirements in the ethical standards force of law, and introduced independent audit oversight by ASIC.

2006: The Accounting Professional and Ethical Standards Board (APESB) was established by the Institute of Chartered Accountants in Australia (ICAA) – now Chartered Accountants Australia and New Zealand (CA ANZ), and CPA Australia. The Institute of Public Accountants (IPA) joined in late 2006. It is an independent national standard setting body that develops and issues professional and ethical standards, including on auditor independence, which members of the three professional accounting bodies must comply with.

2010: Treasury conducted a strategic review into audit quality concluding: "Treasury believes that Australia's audit regulation framework is robust and stable and, as a key driver of audit quality, can be considered to be in line with international best practice".

2012: The *Corporations Legislation Amendment (Audit Enhancement) Act 2012* made further changes to the *Corporations Act 2001* to amend the role of the FRC regarding auditor independence, to enable ASIC to publish audit deficiency reports, and to require audit firm transparency reporting.

2019: Parliamentary Joint Committee Inquiry into the Regulation of Auditing in Australia. The Government is yet to respond to the recommendations made, but where possible some of the recommendations are already being implemented.

New Zealand

2011: The External Reporting Board (XRB) – an Independent Crown Entity – was established on 1 July 2011 under the *Financial Reporting Act 1993* with continued existence under the *Financial Reporting Act 2013,* and subject to the *Crown Entities Act 2004*. The XRB is responsible for developing and issuing accounting standards, and auditing and assurance standards, including the professional and ethical standards that will govern the professional conduct of auditors. Previously the accounting standards had been prepared by the Financial Reporting Standards Board (FRSB) of the New Zealand Institute of Chartered Accountants (NZICA) and approved by the Accounting Standards Review Board (ASRB). The XRB is a legal continuation of the ASRB. The auditing and assurance standards had previously been developed and issued by the New Zealand Institute of Chartered Accountants (NZICA) and had no legal standing.

2011: The Financial Markets Authority (FMA) – an Independent Crown Entity – was established on 1 July 2011 under the *Financial Markets Authority Act 2011* to regulate financial markets. It replaced the Securities Commission and took over some roles of the Ministry of Economic Development, in particular the regulatory role of the Government Actuary and some of the roles of the Registrar of Companies.

2012: The *Auditor Regulation Act 2011* came into force on 1 July 2012 and established a co-regulatory oversight regime to regulate auditors and audit firms who carry out financial statement audits for FMC reporting entities. The NZICA is an accredited body under the *Auditor Regulation Act 2011*, and as such is responsible for licensing New Zealand auditors and registering New Zealand audit firms. The FMA is responsible for licensing overseas auditors and registering overseas audit firms. The Companies Office maintains a register of all Licensed Auditors and Registered Audit Firms.

2015: Under the *Financial Reporting Act 2013*, from 1 July 2015, all statutory assurance engagements must be undertaken by a Qualified Auditor. The NZICA is responsible for recognising New Zealand individuals and companies as Qualified Auditors. Companies Office is responsible for recognising overseas individuals as a Qualified Auditors. NZICA maintains a register of all Qualified Auditors.