



**ASIC**

Australian Securities & Investments Commission

REGULATORY GUIDE 180

# Auditor registration

June 2016

## 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.

### 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 June 2016 and is based on legislation and regulations as at the date of issue. The cross-references in the text on the first page of Document C in Appendix 1 were updated in August 2016.

Previous versions:

- Superseded Regulatory Guide 180, issued 29 October 2007, reissued 24 January 2008, 15 April 2010 and 28 September 2012
- Superseded Policy Statement 180, issued 1 July 2004, 21 December 2004 and rebadged as Regulatory Guide 180 5 July 2007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.

## Contents

<b>A</b>	<b>Overview</b> .....	<b>4</b>
	Registering as a registered company auditor .....	4
	Registering as an authorised audit company .....	5
	Approval of an auditing competency standard .....	5
	Lodging annual statements.....	6
	Underlying principles .....	6
<b>B</b>	<b>Registering as a registered company auditor</b> .....	<b>10</b>
	How to apply for registration .....	10
	Qualifications and experience: s1280(2)(a) .....	12
	Skills: s1280(2)(b) .....	16
	Capable, fit and proper: s1280(2)(c).....	25
	Other eligibility requirements .....	29
	Overseas applicants .....	29
	Conditions on registration .....	31
	New Zealand auditors .....	32
<b>C</b>	<b>Registering as an authorised audit company</b> .....	<b>34</b>
	How to apply for registration .....	34
	Fit and proper: s1299B(a).....	36
	Professional indemnity insurance: s1299B(d) .....	37
	Conditions on registration .....	40
<b>D</b>	<b>What happens next</b> .....	<b>43</b>
	How we will deal with your application .....	43
	Decision to grant or refuse registration.....	45
	Cancellation or suspension of registration.....	46
	Applying for deregistration as a company .....	47
<b>E</b>	<b>Approval of auditing competency standards</b> .....	<b>48</b>
	Verification of competency.....	48
	Consistency .....	48
	Skills.....	48
	Harmonisation.....	49
	Competency standards we have approved .....	50
<b>F</b>	<b>Lodging annual statements</b> .....	<b>51</b>
	How to lodge your statement.....	51
	Extensions of time .....	51
	<b>Appendix 1: Sample documents (registered company auditor)</b> .....	<b>52</b>
	Document A: Practical auditing and other equivalent experience .....	53
	Document B: Supervisor declaration .....	59
	Document C: Capability report.....	61
	Document D: Capability declaration .....	63
	Document E: Auditor competencies logbook.....	65
	<b>Appendix 2: Minimum insured amounts for professional indemnity insurance cover (authorised audit companies)</b> .....	<b>77</b>
	<b>Appendix 3: 2004 competency standard (issued 24 November 2004)</b> ...78	
	<b>Key terms</b> .....	<b>83</b>
	<b>Related information</b> .....	<b>86</b>

## 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 2001* (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 of the Corporations Act, 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 1: For a discussion of these requirements and how we will assess them, see Section B.

Note 2: References in this guide to s1280 (for example) are to a section of the Corporations Act.

**Table 1: Eligibility requirements for registration as an RCA**

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 AND have completed a prescribed course in auditing; OR</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); OR</li> <li>• have the prescribed level of practical experience OR 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; AND</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 AAC**

Directors: s1299B(a)	Share structure and voting rights: s1299B(b)–(c)	Professional indemnity insurance: s1299B(d)	External administration: s1299B(e)
Each director must: <ul style="list-style-type: none"> <li>• be an RCA; AND</li> <li>• not be 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; OR</li> <li>• the legal personal representative of an individual.</li> </ul> The majority of the votes at a general meeting must attach to shares that are owned by RCAs.	The company must have professional indemnity insurance that is: <ul style="list-style-type: none"> <li>• adequate; AND</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 you may satisfy us that you have the skills (demonstrated by sufficient practical experience) to be registered as an RCA.

RG 180.4 Under s1280A, we may approve an auditing competency standard if we are satisfied that:

- the standard provides that your 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 your work to be able to give that verification;
- the standard is not inconsistent with the Corporations Act or any other law of the Commonwealth under which we have regulatory responsibilities;
- the standard adequately addresses the level of skill needed for registration as an RCA; and
- 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 our approval of an auditing competency standard.

Note: See RG 180.16–RG 180.17 for competency standards that we have approved and revoked.

## Lodging annual statements

RG 180.6 RCAs and AACs must lodge an annual statement with ASIC within one 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 undertaken 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 CLERP 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 prepared 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 CLERP 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. Paragraph 5.201 of the Explanatory Memorandum to the CLERP 9 Bill states that:

Allowing auditors to incorporate will address some of the concerns relating to the professional liability of auditors. Incorporation will also provide accounting firms with an additional option in terms of how they structure their operations.

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.

## Auditing competency standards

### Approval and revocation 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.

Note: References in this guide to reg 9.2.01 (for example) are to a regulation of the Corporations Regulations.

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.

RG 180.16 We approved the *Auditing competency standard for registered company auditors*, issued by CPA Australia (CPAA) and the former Institute of Chartered Accountants in Australia (ICAA), on 24 November 2004 (2004 competency standard).

Note: ICAA is now the Chartered Accountants Australia and New Zealand (CA ANZ).

RG 180.17 On 27 June 2016, we made [ASIC Corporations \(Approval of Auditing Competency Standard\) Instrument 2016/474](#) approving the *Auditing competency standard for registered company auditors*, issued by CPAA, CA ANZ and the Institute of Public Accountants (IPA) (2016 competency standard). On the same day, we made [ASIC Corporations Revocation and Repeal Instrument 2016/475](#) revoking the 2004 competency standard: see RG 180.18–RG 180.20 for transitional arrangements that apply.

### Transitional arrangements

RG 180.18 Transitional arrangements for applications under the auditing competency standards will apply for 12 months until 30 June 2017 (transition period): see Section E.

RG 180.19 We will continue to accept applications lodged under the 2004 competency standard during the transition period: see Appendix 3.

RG 180.20 From 1 July 2017, following the end of the transition period, you can only make applications under the 2016 competency standard: see RG 180.41–RG 180.68.

### Lodgement of annual statements

RG 180.21 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 180.22 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.* Annual statements from RCAs should be submitted using Form 912A *Annual statement by an auditor*. You can download a copy of Form 912A or Form 912B at [www.asic.gov.au/forms](http://www.asic.gov.au/forms) under [Form 912](#).

## 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. You must:

- meet the educational requirements prescribed by the Corporations Regulations OR have qualifications and experience that are, in our opinion, *equivalent* to those requirements (see RG 180.24–RG 180.35);
- meet an approved competency standard OR have practical experience as prescribed by the Corporations Regulations (see RG 180.36–RG 180.96);
- be capable of performing the duties of an auditor AND be a fit and proper person (see RG 180.97–RG 180.115); and
- satisfy the other eligibility requirements relating to disqualifications and residency in Australia (see RG 180.116–RG 180.117).

Overseas applicants must also satisfy the requirements in s1280: see RG 180.118–RG 180.130.

We will impose conditions on all registrations: see RG 180.131–RG 180.134.

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 for registration

**Table 3: Lodging your application for registration as an RCA**

<b>Step 1</b>	<p>You must apply using <a href="#">Form 903AA</a> <i>Application for registration as an auditor</i>. You can either:</p> <ul style="list-style-type: none"> <li>• complete and lodge the form online at <a href="http://www.asic.gov.au/auditregistration">www.asic.gov.au/auditregistration</a>; or</li> </ul> <p>Note: Even if you lodge Form 903AA online, you must still send us a copy of your completed form, signed and dated in the spaces provided together with the supporting material. Our preference is for you to send us your signed application and supporting material by email in PDF format or, alternatively, by post: see Step 4.</p> <ul style="list-style-type: none"> <li>• complete and lodge the paper form—download a copy of Form 903AA at <a href="http://www.asic.gov.au/auditregistration">www.asic.gov.au/auditregistration</a>, obtain a copy from an ASIC Service Centre or call ASIC on 1300 300 630.</li> </ul> <p>Note: You will need to send us your signed paper application form and supporting material by post: see Step 4.</p> <p>Note: It is more expensive to lodge a paper application.</p>
<b>Step 2</b>	<p>Your application (i.e. the completed Form 903AA and supporting material) 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 in the Corporations Act (see this section and Appendix 1);</li> <li>• be dated not more than three months before the application is lodged; and</li> <li>• be accompanied by the application fee (see <a href="http://www.asic.gov.au/fees">www.asic.gov.au/fees</a> for the current fee).</li> </ul>

<b>Step 3</b>	<p>You should ensure the application (and supporting material) lodged with us is correct and complete, and copies are provided where required: see RG 180.163–RG 180.164. Under s1308, 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 180.165–RG 180.168.</p> <p>If the application is not complete we may refuse to register or receive it. In this case, you would need to re-submit an application for registration.</p>
<b>Step 4</b>	<p>Send a copy of your online application and supporting material by email as a PDF file to: <a href="mailto:auditor.registration@asic.gov.au">auditor.registration@asic.gov.au</a>. You can pay the application fee for your online application using the payment options available at the point of submission.</p> <p>OR send your paper application, supporting material and a cheque for the application fee by post to:</p> <p style="padding-left: 40px;">Auditor Registration Team Australian Securities and Investments Commission PO Box 4000 Gippsland Mail Centre VIC 3841</p> <p>It is more expensive to lodge a paper application.</p> <p>Note: We can only start processing your application after we have received the application fee.</p>

**Table 4: Meeting the eligibility requirements in s1280 for registration as an RCA**

Eligibility requirement	Explanation in this guide	Sample documents in Appendix 1* to include in your application	
<b>Qualifications and experience: s1280(2)(a)</b>	Prescribed academic qualifications: s1280(2A)	<ul style="list-style-type: none"> <li>• RG 180.24;</li> <li>• Table 5; and</li> <li>• RG 180.25–RG 180.28</li> </ul>	N/A
	Equivalent qualifications and experience: s1280(2B)	<ul style="list-style-type: none"> <li>• RG 180.24;</li> <li>• Table 6; and</li> <li>• RG 180.29–RG 180.35</li> </ul>	N/A
<b>Skills: s1280(2)(b)</b>	Approved auditing competency standard: s1280(2)(b)(i)	<ul style="list-style-type: none"> <li>• RG 180.36;</li> <li>• Table 7; and</li> <li>• RG 180.37–RG 180.68</li> </ul> <p>Note: See Appendix 3 for details of the 2004 competency standard (which may be applied during the transition period).</p>	<ul style="list-style-type: none"> <li>• Document E (details of your competency under the 2016 competency standard)</li> </ul> <p>Note: You can obtain a copy of the 2004 logbook from the CPAA and CA ANZ websites (details of your competency under the 2004 competency standard during the transition period).</p>
	Prescribed practical experience: s1280(2)(b)(ii) and reg 9.2.01(a)	<ul style="list-style-type: none"> <li>• RG 180.36;</li> <li>• Table 7; and</li> <li>• RG 180.69–RG 180.96</li> </ul>	<ul style="list-style-type: none"> <li>• Document A, Tables A1.1 and A1.2 (details of your practical and supervisory experience); and</li> <li>• Document B (supervisor declaration)</li> </ul>
	Equivalent practical experience: s1280(2B) and reg 9.2.01(b)	<ul style="list-style-type: none"> <li>• RG 180.36;</li> <li>• Table 7; and</li> <li>• RG 180.69–RG 180.96</li> </ul>	<ul style="list-style-type: none"> <li>• Document A, Tables A2.1, A2.2 and A2.3 (details of your equivalent practical, overseas and supervisory experience); and</li> <li>• Document B (supervisor declaration)</li> </ul>

Eligibility requirement		Explanation in this guide	Sample documents in Appendix 1* to include in your application
<b>Capable, fit and proper: s1280(2)(c)</b>	Capable	<ul style="list-style-type: none"> <li>• RG 180.97;</li> <li>• Table 8; and</li> <li>• RG 180.98–RG 180.106</li> </ul>	<ul style="list-style-type: none"> <li>• Document C (capability report); and</li> <li>• Document D (capability declaration)</li> </ul>
	Fit and proper	<ul style="list-style-type: none"> <li>• RG 180.97;</li> <li>• Table 8; and</li> <li>• RG 180.107–RG 180.115</li> </ul>	<ul style="list-style-type: none"> <li>• Document D (capability declaration)</li> </ul>
<b>Other eligibility requirements: s1280(3)–(4)</b>	Not a 'disqualified' person/resident in Australia	<ul style="list-style-type: none"> <li>• RG 180.116–RG 180.117; and</li> <li>• question 9 in Form 903AA</li> </ul>	N/A

\* Word versions of the sample documents in Appendix 1 are reproduced on our website at [RG 180](#).

RG 180.23 In this section, we summarise the information you must include with your application to show us that you meet each of the eligibility requirements in s1280 for registration as an RCA, and how we will assess this information.

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

RG 180.24 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 5; or
- (b) equivalent qualifications and experience under s1280(2B) as summarised in Table 6.

**Table 5: Summary of prescribed academic qualifications under s1280(2A)**

What you need to have	What you must include in your application
<p>You must hold a degree, diploma or certificate from a prescribed university or another prescribed institution in Australia: see reg 9.2.02.</p>	<ul style="list-style-type: none"> <li>• A 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> </ul>
<p>AND</p>	
<p>Your degree, diploma or certificate must represent a course of study in:</p> <ul style="list-style-type: none"> <li>• accountancy (including auditing) of not less than three years duration; and</li> <li>• commercial law (including company law) of not less than two years duration.</li> </ul>	<ul style="list-style-type: none"> <li>• A copy of your statement of academic record certified by 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> </ul> <p>Note: A statement of academic record certified by that university or institution satisfies s1280(2A)(b). In this guide, 'certified' generally means a copy of the certification by a person authorised to do so on behalf of the university or institution.</p>
<p>AND</p>	
<p>You must have completed a course in auditing prescribed by the Corporations Regulations: see reg 9.2.03.</p>	<ul style="list-style-type: none"> <li>• The certified statement of academic record from the university or institution should indicate 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 three years duration; and</li> <li>– commercial law (including company law) of not less than two years duration.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• A copy of a certificate or statement of academic record certified by that university or institution indicating that you have satisfactorily completed a course in auditing prescribed by reg 9.2.03.</li> </ul>

**Table 6: Summary of equivalent qualifications and experience under s1280(2B)**

What you need to have	What you must include in your application
<p>You may be eligible for registration if you can satisfy ASIC that you have qualifications and experience equivalent to the requirements in s1280(2A).</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• A statement setting out: <ul style="list-style-type: none"> <li>– the qualifications and 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 a relevant assessing authority. The Australian accounting bodies are relevant assessing authorities for this purpose. This letter should confirm the comparability of your qualifications and an Australian undergraduate degree from a prescribed university or institution: see <a href="http://www.internationaleducation.gov.au/services-and-resources/pages/qualifications-recognition.aspx">www.internationaleducation.gov.au/services-and-resources/pages/qualifications-recognition.aspx</a></p> </li> <li>• A 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 copy of your statement of academic record certified by 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. <p>Note: In this guide, 'certified' generally means a copy of the certification by a person authorised to do so on behalf of the university or institution.</p> </li> <li>• A copy of your certificate or statement of academic record certified by each university or institution 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. <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 your course and the course conducted by the Australian body.</p> </li> <li>• A copy of your certificate of membership of one of the professional accounting bodies or other professional body.</li> </ul>

## Prescribed academic qualifications: Meeting the requirements in s1280(2A)

### Degree, diploma or certificate from a prescribed institution

RG 180.25 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 for registration based on equivalent qualifications and experience under s1280(2B): see Table 6 and RG 180.29–RG 180.35.

### Statement of academic record

RG 180.26 If you are unable to provide a copy of your statement of academic record certified by the prescribed university or institution indicating the subjects undertaken in obtaining your qualification, you may not satisfy s1280(2A)(b). However, you can prepare a statement stating the subjects

undertaken and lodge it together with a copy of the course content or syllabus, if available. We may request you provide a letter from the prescribed university or institution confirming your enrolment in that course of study: see Table 6.

### **Auditing course**

- RG 180.27 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 for registration based on equivalent qualifications and experience under s1280(2B): see RG 180.29–RG 180.35.
- RG 180.28 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.

### **Equivalent qualifications and experience: Meeting the requirements in s1280(2B)**

- RG 180.29 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: For overseas applicants, see RG 180.118–RG 180.121

### **Statements showing equivalent qualifications and experience**

- RG 180.30 You must state which subjects referred to in your academic record are accounting subjects, and which are legal subjects. You must also state the duration of each of these subjects (e.g. one semester or one year).
- RG 180.31 You must identify:
- (a) which of the accounting subjects included auditing; and
  - (b) which of the legal subjects included company law.
- Do not refer to subjects that are not accounting subjects or legal subjects.
- RG 180.32 If you are relying on meeting an ASIC-approved competency standard to satisfy the skills requirement (see RG 180.37–RG 180.68 or Appendix 3), you do not have to repeat details of your audit experience in your statement for this requirement if you are already providing these details under the relevant competency standard (e.g. in a logbook).
- RG 180.33 If you are relying on practical experience to satisfy the skills requirement (see RG 180.69–RG 180.96), you do not have to repeat details of your

practical experience in your statement for this requirement if you are also providing this information in sample document A in Appendix 1.

- RG 180.34 However, in both the above cases, you must still give reasons in your statement for this requirement as to why we should treat the experience in your logbook or in sample document A as being equivalent to the educational qualifications under s1280(2A).
- RG 180.35 There is no preferred format for the statement. It may, for example, be in the form of a letter or in a table. However, you must sign and date this statement.

## Skills: s1280(2)(b)

- RG 180.36 To satisfy us that you meet this requirement, you must show that you either:
- (a) comply with an approved competency standard under s1280(2)(b)(i) (see RG 180.37–RG 180.68); or
  - (b) have:
    - (i) prescribed practical experience in auditing under s1280(2)(b)(ii) (see reg 9.2.01(a)); or
    - (ii) 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 7.

**Table 7: Summary of skills requirement under s1280(2)(b)**

Eligibility requirement*	What you need to have	What you must include in your application
Approved auditing competency standard: s1280(2)(b)(i) OR	You must satisfy all the components of an approved competency standard.  OR	<ul style="list-style-type: none"> <li>• Your completed 2016 logbook (see sample document E in Appendix 1), including your statement by assessor and/or statement(s) by referee.</li> </ul> <p>Note: Alternatively, you can lodge a completed copy of the 2004 logbook (available from the CPAA and CA ANZ websites) during the transition period.</p> <ul style="list-style-type: none"> <li>• A copy of your certificate of membership of CPAA, CA ANZ, IPA or other professional body.</li> </ul>
Prescribed practical experience: s1280(2)(b)(ii) and reg 9.2.01(a) OR	You must have at least 3,000 hours work in auditing during the five years immediately before the date of your application, including at least 750 hours spent supervising audits of companies.  OR	<ul style="list-style-type: none"> <li>• A statement setting out details of your practical and supervisory experience. See Tables A1.1 and A1.2 in sample document A in Appendix 1 for the preferred format of this statement.</li> <li>• A supervisor declaration from each RCA who supervised your work. See sample document B in Appendix 1 for the preferred format of this statement.</li> </ul>



Eligibility requirement*	What you need to have	What you must include in your application
Equivalent practical experience: s1280(2B) and reg 9.2.01(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 equivalent practical, overseas (see RG 180.118–RG 180.130) and supervisory experience. See Tables A2.1, A2.2 and A2.3 in sample document A in Appendix 1 for the preferred format of this statement.</li> <li>A supervisor declaration from each RCA who supervised your work. See sample document B in Appendix 1 for the preferred format of this statement.</li> </ul>

\* To satisfy the skills requirement, you need only meet one of the eligibility requirements listed in this table: see RG 180.36.

### How we will assess compliance with an approved competency standard under s1280(2)(b)(i)

- RG 180.37 You must satisfy us that you meet all the components of an approved competency standard.
- RG 180.38 On 27 June 2016, we made a legislative instrument approving the 2016 competency standard for RCAs, issued by CPAA, CA ANZ and IPA. On the same day, we also made a legislative instrument revoking the 2004 competency standard.
- RG 180.39 During the transition period until 30 June 2017 (see RG 180.18–RG 180.20), we will continue to accept applications under either the 2004 competency standard or the 2016 competency standard: see Appendix 3 for the requirements under the 2004 competency standard.
- RG 180.40 The 2004 competency standard will not apply beyond the transition period. Applications lodged after the transition period (i.e. from 1 July 2017) will therefore need to be made under the 2016 competency standard.

#### 2016 competency standard

- RG 180.41 You, your assessor and/or referee do not have to be members of CPAA, CA ANZ or IPA to rely on the 2016 competency standard. However, your assessor and/or referee must be an RCA.
- RG 180.42 We will generally accept that you meet all components of the 2016 approved competency standard if:

- (a) you have been employed by an accounting firm for at least five years OR you have been admitted as a member of CPAA, CA ANZ or IPA for at least two years;

Note: You must provide a copy of your certificate of membership of one of the professional accounting bodies in Australia or other professional body.

AND

- (b) your auditor competencies 2016 logbook (sample document E in Appendix 1) shows that you have demonstrated competency in all of the

tasks/activities 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/activity;

AND

- (c) your statement by assessor and/or statement(s) by referee contain all relevant information required by the 2016 competency standard.

*Employment or membership*

- RG 180.43 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.
- RG 180.44 In our view, most people will not have obtained sufficient knowledge and skills to begin demonstrating competence in any of the tasks/activities within the first five years of their first employment by an accounting firm, or before being admitted as a member of a professional body for at least two years.
- RG 180.45 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 activity. Their work on an audit engagement will generally not be at the decision-making level inherent in many of the activities.

Note: See paras 4.5–4.6 of the 2016 competency standard.

*Assessment period*

- RG 180.46 We will generally require you to demonstrate auditing competency on a number of audit engagements over the 3–5 year period preceding your application. We will generally take the earliest date on which you first demonstrate competency in one of the tasks/activities as being the start of the 3–5 year period.
- RG 180.47 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/activity. If you are also relying on earlier audit work, we will look at the earliest date that your statement by referee indicates you gained competency in that task/activity.
- RG 180.48 You should submit a statement by referee attesting that you have acquired and retained the competency necessary to perform a task/activity, as well as the basis for this opinion, if:
- (a) you last demonstrated competency in that task/activity more than five years before applying for registration—this is because your competency may have lapsed over time; or

- (b) you demonstrated competency in that task/activity:
  - (i) within a period of less than two years, starting from the date you were first admitted as a member of a professional accounting body (CPAA, CA ANZ or IPA); and/or
  - (ii) within a period of less than five years, starting from the date you were first employed by the accounting firm at which you acquired that competency.

Note: See paras 4.5–4.6 and 7.9 of the 2016 competency standard.

#### *Types of audits*

- RG 180.49 You may rely on Corporations Act or other audits to demonstrate competency under the 2016 competency standard where the task/activity permits.
- RG 180.50 This includes audits of non-reporting entities (e.g. self-managed superannuation funds, solicitor’s trust accounts, real estate agency trust accounts and incorporated associations).
- RG 180.51 You are expected to acquire and demonstrate your audit competencies on a number of audit engagements, at appropriately senior levels, over a continuous period of time. We consider that it will be very difficult for you to demonstrate competency in all tasks/activities 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 RG 180.100–RG 180.103.
- RG 180.52 If this is the case, you or your assessor may have to provide more information about how your competency was assessed.

#### *Assessors*

- RG 180.53 Your application must include details of your assessor. If these details are incorrect, we may treat your application as incorrect: see RG 180.167. The 2016 competency standard explains an assessor’s obligations—in particular, the assessor should consider your demonstration of professional scepticism, ethics and values in the performance of an audit. 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.

Note: See Sections 5 and 6 of the 2016 competency standard (in particular, paras 5.3, 6.5 and 6.7).

- RG 180.54 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).

- RG 180.55 Under the 2016 competency standard, you can have only one assessor at any one time. If you have more than one assessor over the 3–5 year period, each assessor, at the relevant time, should:
- (a) ensure that your logbook is correctly completed during the course of their assessment; and
  - (b) sign off on your competency in a task/activity in Table E1 and complete, sign and date the statement by assessor (see sample document E in Appendix 1).

*Self-employed*

- RG 180.56 If you have been self-employed for the past five years, you will not have an assessor and will not have undertaken any Corporations Act audits. In this case, you must:
- (a) complete your logbook providing details of audit engagements over a 3–5 year period where you have performed each of the tasks/activities; and
  - (b) provide us with any further information we may require.

- RG 180.57 However, we consider that it will be very difficult for you to demonstrate competency in all tasks/activities if you have not undertaken any Corporations Act audits, or only a small number of audits generally, or if you have not identified any reasonably complex audit issues in your capability report: see RG 180.100–RG 180.103.

*Completing your 2016 logbook*

- RG 180.58 The 2016 competency standard requires you to keep evidence of your competency and this may be documented in the format of a logbook: see sample document E in Appendix 1. This logbook lists eight tasks you must perform, as well as the indicative activities within each task.
- RG 180.59 Your logbook must be a contemporaneous record over 3–5 years of when you first attained competency in and subsequently performed a task/activity competently.
- RG 180.60 It is not acceptable to complete your entire logbook on one particular date, as you must demonstrate competency over a continuous period of 3–5 years under formal assessment.
- RG 180.61 For each task/activity, you must record:
- (a) the name of the audit engagement(s) during which the activity was performed;
  - (b) the financial year end(s) for the audit engagement(s); and
  - (c) your performance of the activities and demonstration of your competency.

RG 180.62 You must record all audit engagements over the 3–5 year period where you demonstrated competency in a task/activity to your assessor, and subsequently performed the task/activity competently.

RG 180.63 When you are competent in a task/activity, your assessor should sign the summary of auditor competencies at Table E1 in sample document E in Appendix 1 for that task/activity. When you have completed the logbook, your assessor must complete, sign and date the statement by assessor. If you have more than one assessor, each assessor must complete a separate statement by assessor.

Note: See para 6.5 of the 2016 competency standard for assessment methodologies.

RG 180.64 After your assessor has certified your competency in a task/activity, they do not need to sign the statement again for that task/activity. However, you must continue to record in your logbook other audit engagements where you perform that task/activity competently.

RG 180.65 We will look at your logbook to see that you have demonstrated competency in a task/activity on several occasions over the 3–5 year period: see sample document E.

RG 180.66 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/activity over the 3–5 year period because this range of work is unlikely to demonstrate all competencies consistently.

RG 180.67 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 superannuation fund).

Note: See paras 4.3 and 4.8 of the 2016 competency standard.

RG 180.68 Your logbook must be typed to ensure legibility. Handwritten logbooks will be returned. If your logbook is incorrectly completed, you may have to resubmit it, or we may refuse your application.

### **Practical experience: Meeting the requirements in s1280(2)(b)(ii) and s1280(2B)**

#### **Direction of a registered company auditor**

RG 180.69 You can only rely on auditing work undertaken under the direction of an RCA. This means that the auditor has:

- (a) provided instruction about how the audit is to be undertaken; and
- (b) actively supervised, reviewed and monitored your work on a continuous basis during the audit.

**Five years practical experience: reg 9.2.01(a)**

- RG 180.70 You must satisfy us that during the five years immediately before the date of your application, you have undertaken at least 3,000 hours of audit work under the direction of an RCA, including:
- (a) appraising the operations of companies and forming opinions on matters specified in s307, 308 and 309 of the Corporations Act; AND
  - (b) spending at least 750 hours supervising audits of companies.
- RG 180.71 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, your supervisor may provide an estimate of the number of hours you have spent and must disclose this in the supervisor declaration.
- RG 180.72 For the preferred format of this information, see Tables A1.1 and A2.1 in sample document A in Appendix 1.

**Audits under reg 9.2.01(a)**

- RG 180.73 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:
- (a) disclosing entities;
  - (b) public companies;
  - (c) large proprietary companies;
  - (d) registered schemes;
  - (e) small proprietary companies that have been directed under s293 and 294 to prepare a financial report and have it audited; and
  - (f) small proprietary companies that are or have been controlled by a foreign company and that must prepare a financial report under s292(2).
- RG 180.74 For the preferred format of this information, see Table A1.1 in sample document A in Appendix 1.
- RG 180.75 If you include audits of other entities, we may treat your application as incorrect: see RG 180.167. You cannot rely on overseas audit experience for the purposes of reg 9.2.01(a).

Note: Do not include overseas audit experience in Table A1.1. The overseas audit experience can be included in Tables A2.1 and A2.3 (see sample document A).

**Equivalent experience: reg 9.2.01(b)**

- RG 180.76 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).

- RG 180.77 If you are relying on overseas auditing experience, we will assess your experience to see whether it is equivalent to these requirements.
- RG 180.78 You must still have undertaken at least 3,000 hours of audit work under the direction of an RCA (or equivalent) during the five years immediately before the date of your application, including 750 hours supervising audits.
- RG 180.79 For the preferred format of this information, see Tables A2.1 and A2.3 in sample document A in Appendix 1.

**Audits under reg 9.2.01(b)**

- RG 180.80 We may consider that you satisfy this requirement if you have, for example, 2,500 hours experience that meets the requirements in reg 9.2.01(a) and 500 hours in equivalent practical experience.
- RG 180.81 We will not generally consider as equivalent:
- (a) practical experience undertaken more than five years before the date of your application; or
  - (b) accounting experience.
- RG 180.82 Experience we have previously, or may, recognise as equivalent includes:
- (a) audits of proprietary limited companies undertaken at management's request (not s293 direction);
  - (b) audits other than s302 audits, but that are still required to be performed under the Corporations Act (e.g. audits of AFS licensees);
  - (c) audits of companies reporting under the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act);
  - (d) expert reports provided for the purposes of court proceedings; and
  - (e) 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.
- RG 180.83 If you include these audits, we will need to decide whether or not to count them. You may have to provide more information—for example:
- (a) the basis on which the entity is considered a reporting entity under Statement of Accounting Concepts SAC 1 'Definition of the reporting entity';
  - (b) the legislation requiring the audit; and
  - (c) the complexity of the particular audit.
- RG 180.84 For the preferred format of this information, see Tables A2.1 and A2.3 in sample document A in Appendix 1.

- RG 180.85 Experience we have previously *not*, and generally will *not*, recognise as equivalent includes:
- (a) solicitors' trust account audits;
  - (b) real estate agents' trust account audits;
  - (c) self-managed superannuation fund audits;
  - (d) incorporated association audits for non-reporting entities that have insignificant gross operating revenue, insubstantial gross assets, and/or a small number of employees; and
  - (e) compliance audits (including compliance plans of managed investment schemes).

RG 180.86 Legal decisions have established that experience in these audits is not equivalent to the experience required by law: see *Re Bird: Bird v NCSC* (1985) 3 ACLC 24, *Re Murphy: Murphy v ASIC* [2004] AATA 1371. This is because the scope of this audit work is generally much more narrow than audits under the Corporations Act.

**Work under previous laws: reg 9.2.01(c)**

RG 180.87 We consider that only in rare circumstances would an applicant rely on work of the kind and duration in reg 9.2.01(c) undertaken 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.

**Supervisory experience**

RG 180.88 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).

RG 180.89 If you include audits of entities other than companies, we may treat your application as incorrect: see RG 180.167.

RG 180.90 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).

RG 180.91 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.

RG 180.92 For the preferred format of this information, see Tables A1.2 and A2.2 in sample document A in Appendix 1.



### Supervisor declaration

- RG 180.93 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).
- RG 180.94 We will generally only consider practical experience for the purposes of our assessment if it is verified by a supervisor declaration.
- RG 180.95 For the preferred declaration format, see sample document B in Appendix 1.
- RG 180.96 If you are relying on overseas auditing experience, you must still provide a supervisor declaration from your overseas supervisor in a form acceptable to us.

Note: You may need to contact ASIC to discuss what modifications, if any, you should make to the declaration in sample document B.

## Capable, fit and proper: s1280(2)(c)

- RG 180.97 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:
- (a) are capable of performing the duties of an auditor; and
  - (b) are otherwise a fit and proper person to be registered as an auditor.

These requirements are summarised in Table 8.

**Table 8: Summary of character requirements in s1280(2)(c)**

Eligibility requirement	What you must include in your application	For more details
Capable	<i>Capability report</i> —A capability report explaining the scope and complexity of your audit experience.	See RG 180.100–RG 180.103. See sample document C in Appendix 1 for the preferred format of this report.
Capable and fit and proper	<i>Capability declaration</i> —A statutory declaration from the person named in Form 903AA as your supervisor or referee for the audits described in your capability report.	See RG 180.104–RG 180.105. See sample document D in Appendix 1 for the preferred format of this declaration.
Fit and proper	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>	See RG 180.111–RG 180.114.

## How we will assess whether you are capable of performing the duties of an auditor

- RG 180.98 We consider you are ‘capable’ of performing your professional responsibilities as an RCA if you can perform your duties in a manner that is not negligent.
- RG 180.99 We will only consider you to be capable of performing your professional duties in a manner that is not negligent if you can demonstrate you have performed audit work exposing you 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.

## What you must include in your application

### *Capability report*

- RG 180.100 You should prepare a capability report to explain the scope and complexity of your audit experience: see sample document C in Appendix 1. You must give a copy of your capability report to ASIC.
- RG 180.101 In this report, you should describe your role and work in three of the most significant audits you have worked on under the supervision of the RCA who is providing a supervisor declaration, or who assessed you under the competency standard.
- RG 180.102 In completing the capability report, you should consider providing details on the following:
- (a) the complex issues addressed;
  - (b) what role you played in the scope/planning of the audit; and
  - (c) the type of opinion issued and the basis for the opinion.
- RG 180.103 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 preceding the date of your application.

### *Capability declaration*

- RG 180.104 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 D in Appendix 1.
- RG 180.105 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.

Note: You may need to contact ASIC to discuss what modifications, if any, you should make to the declaration in sample document D.

**Final checks: Capability**

RG 180.106 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.

**How we will assess whether you are a ‘fit and proper’ person**

RG 180.107 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 180.108 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 180.109 We will consider that you are not fit and proper to be registered if any of the following apply to you:

- (a) in the past 10 years, you have been convicted of any offence of which one element is dishonesty (e.g. theft or fraud), even though that conviction does not make you a disqualified person under Pt 2D.6;
- (b) in the past 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 180.110 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.

**What you must include in your application**

RG 180.111 To assess whether you are a fit and proper person, you must provide details in Section 9 of Form 903AA about whether:

- (a) any of the criteria in RG 180.109 apply to you;
- (b) any legal action is pending against you, or has been taken against you in the past 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 past 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 previous application for registration as an RCA or liquidator that has been refused; or
- (g) in the past 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 331AAA(2A)–(2C)).

*If you answer 'no'*

RG 180.112 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'*

RG 180.113 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:

- (a) previous disqualifications;
- (b) disciplinary action taken;
- (c) litigation matter;
- (d) administration;
- (e) conviction;
- (f) previous application for registration; or
- (g) resignation or removal as an auditor.

RG 180.114 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**

RG 180.115 We will generally be satisfied that you are a fit and proper person if:

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

## Other eligibility requirements

- RG 180.116 Under s1280:
- (a) we 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) we may refuse to register as an RCA a person who is not resident in Australia.
- RG 180.117 You must provide us with information about these issues in Form 903AA as part of the registration process.

## Overseas applicants

### Overseas qualifications: Meeting the requirements in s1280

- RG 180.118 If you are relying on qualifications obtained in foreign jurisdictions, you must lodge with ASIC certified copies of the documents specified in Table 6 relating to the particular qualification.
- RG 180.119 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.
- RG 180.120 In addition, if you are relying on an overseas accounting and legal qualifications, you may have to provide an assessment letter from a relevant assessing authority. The Australian accounting bodies are relevant assessing authorities for this purpose. This letter should confirm the comparability of your qualifications and an Australian undergraduate degree from a prescribed university or institution.
- RG 180.121 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 may have to provide an assessment letter from one of the Australian professional accounting bodies that conducts such courses in Australia, confirming the comparability of your course and the course conducted by the Australian body.

## Overseas skills: Meeting the requirements in s1280

### Practical experience

- RG 180.122 If you are an overseas applicant, we will consider the length of time during which you have been gaining experience in Australia. We will generally consider at least 12 months practical experience in Australia as being reasonable for the purposes of assessing equivalent skills.
- RG 180.123 When 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.
- RG 180.124 We recognise the following countries as having auditing standards that are equivalent to Australian standards:
- (a) the United States; and
  - (b) 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 IFAC's International Auditing and Assurance Standards Board. We may require confirmation of this from your overseas professional body.
- RG 180.125 If you are applying on the basis of practical experience and are relying on overseas auditing experience, you must still provide supervisor declarations from your supervisors in the relevant jurisdictions in a form acceptable to us. You may need to contact ASIC to discuss what modifications, if any, you should make to the declaration in sample document B (see Appendix 1).

### Auditing competency standard

- RG 180.126 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. You must have obtained experience in a country that we consider to have auditing standards that are equivalent to Australian standards: see RG 180.124.
- RG 180.127 However, if you wish to rely on your overseas experience under the competency framework, you will need to provide the information in the format of a logbook. As the overseas assessor who supervised you on the audit work may not be able to complete the statement by assessor, the assessor must also provide a statement by referee in accordance with the competency

standard requirements: see paragraphs 7.9 and 7.10 of the 2016 competency standard.

- RG 180.128 You may only be assessed under an ASIC-approved competency standard for audits undertaken in Australia.

### How we will assess capability

- RG 180.129 We consider that you are ‘capable’ of performing your duties as an individual auditor if you can perform your duties in a manner that is not negligent: see RG 180.98–RG 180.106.

### How we will assess ‘fit and proper’

- RG 180.130 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 in any jurisdiction: see RG 180.107–RG 180.115 and Section 9 of Form 903AA.

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.

## Conditions on registration

- RG 180.131 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 9 summarises the standard conditions we will impose on all RCAs registered on or after 1 July 2004 as set out in PF 215.
- RG 180.132 The minimum insured amount for professional indemnity (PI) insurance imposed on RCAs applying for registration on or after 30 June 2016 will be \$2 million dollars. PF 215 has been amended to incorporate the revised requirement. For both existing and new RCAs that are covered by a limited liability scheme, a minimum PI insurance requirement of at least \$2 million will generally apply as a requirement of coverage by the scheme.

**Table 9: Standard conditions imposed on RCAs**

<b>Professional development</b>	You must document and complete a specified level of continuing professional development.
<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 (Clarity)</i> .

<b>Professional indemnity insurance</b>	You must maintain a specified level of professional indemnity insurance.
<b>Complaint management procedures</b>	<p>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.</p> <p>However, your complaint management procedures should be consistent with Australian/New Zealand Standard AS/NZS 10002:2014 <i>Guidelines for complaint management in organizations</i> (previously Australian Standard AS ISO 10002—2006 <i>Customer satisfaction—Guidelines for complaints handling in organizations</i>).</p>

- RG 180.133 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 180.134 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 180.135 If you are an individual licensed to audit issuers under the Auditor Regulation Act (NZ), you can apply to be a registered company auditor under simplified arrangements under the *Trans-Tasman Mutual Recognition Act 1997*.
- RG 180.136 If you are an individual who is a licensed New Zealand 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(s) or otherwise regarding matters relevant to the notice;
- (i) states your date and place of birth;
- (j) is accompanied by a copy of an instrument demonstrating 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
- (k) is verified by statutory declaration.

RG 180.137 Licensed New Zealand auditors do not need to provide any of the other information outlined in this regulatory guide.

RG 180.138 We will impose the conditions outlined in Table 9 on a licensed New Zealand auditor who is registered as an RCA.

RG 180.139 Your application must be accompanied by the application fee for an equivalent online application: see [www.asic.gov.au/auditregistration](http://www.asic.gov.au/auditregistration) for fees.

## 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 of the Corporations Act, which cover:

- ownership and control of the company (i.e. directors, shareholding and voting rights) (see Table 11);
- fit and proper directors (see RG 180.140–RG 180.143);
- professional indemnity insurance (see RG 180.144–RG 180.157); and
- external administration (see Table 11).

We will impose conditions on all registrations: see RG 180.158–RG 180.161.

Note 1: For the legal requirements on ownership and control, and external administration, see s1299B(a)–(c) and (e). We only discuss these requirements in Table 11 in relation to the 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: see our website for guidance on the resignation and removal of auditors.

## How to apply for registration

**Table 10: Lodging your application for registration as an AAC**

<b>Step 1</b>	<p>You must apply using <a href="#">Form 903AB</a> <i>Application for registration as an authorised audit company</i>. You can either:</p> <ul style="list-style-type: none"> <li>• complete and lodge the form online at <a href="http://www.asic.gov.au/auditregistration">www.asic.gov.au/auditregistration</a>; or</li> </ul> <p>Note: Even if you lodge Form 903AB online, you must still send us a copy of your completed form, signed and dated in the spaces provided. Our preference is for you to send us your signed application and supporting material, by email in PDF format or, alternatively, by post: see Step 4.</p> <ul style="list-style-type: none"> <li>• complete and lodge the paper form—download a copy of Form 903AB at <a href="http://www.asic.gov.au/auditregistration">www.asic.gov.au/auditregistration</a>, obtain a copy from an ASIC Service Centre or call ASIC on 1300 300 630.</li> </ul> <p>Note: You will need to send us your signed paper application and supporting material either by post: see Step 4.</p> <p>Note: It is more expensive to lodge a paper application.</p>
<b>Step 2</b>	<p>Your application (i.e. the completed Form 903AB and supporting material) 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 in the Corporations Act (see reg 9.2.A.01 and the summary in Table 11);</li> <li>• be dated not more than three months before the application is lodged; and</li> <li>• be accompanied by the application fee (see <a href="http://www.asic.gov.au/fees">www.asic.gov.au/fees</a> for the current fee).</li> </ul>

<b>Step 3</b>	<p>You should ensure the application (and supporting material) lodged with us is correct and complete, and copies are provided where required: see RG 180.163–RG 180.164. Under s1308, 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 180.165–RG 180.168.</p> <p>If the application is not complete we may refuse to register or receive it. In this case, you would need to re-submit an application for registration.</p>
<b>Step 4</b>	<p>Send a copy of your online application and supporting material by email as a PDF file to: <a href="mailto:auditor.registration@asic.gov.au">auditor.registration@asic.gov.au</a>. You can pay the application fee for your online application using the payment options available at the time of submission.</p> <p>OR send your paper application, supporting material and a cheque for the application fee by post to:</p> <p style="padding-left: 40px;">Auditor Registration Team Australian Securities and Investments Commission, PO Box 4000 Gippsland Mail Centre VIC 3841</p> <p>It is more expensive to lodge a paper application.</p> <p>Note: We can only start processing your application after we have received the application fee.</p>

**Table 11: Summary of eligibility requirements in s1299B for registration as an AAC**

Requirement	What you must show	What to include in your application
Directors: s1299B(a)	<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.
Share structure: s1299B(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>	<p>See question 4 in Form 903AB:</p> <ul style="list-style-type: none"> <li>• a signed statement providing details of the current shareholdings; and</li> <li>• a signed statement advising ASIC 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>
Voting rights: s1299B(c)	<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>	<p>See question 4 in Form 903AB:</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>

Requirement	What you must show	What to include in your application
Professional indemnity insurance: s1299B(d)	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>See question 5 in Form 903AB:</p> <ul style="list-style-type: none"> <li>• an original or copy of a certificate of currency;</li> <li>• a 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 in its balance sheet as at the date of the application; and</li> <li>• an estimate of the anticipated Corporations Act audit engagement fee that the AAC will charge for conducting an audit.</li> </ul> <p>See <a href="#">Pro Forma 217 Deed: Authorised audit company run-off insurance cover</a> (PF 217):</p> <ul style="list-style-type: none"> <li>• a pro forma deed from each director 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 seven years after it ceases to be registered.</li> </ul> <p>Note: This is a condition on the registration of the AAC: see Table 12.</p>
External administration: s1299B(e)	The company is not an externally administered body corporate.	<p>See question 4 in Form 903AB:</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); and</li> <li>• a signed statement containing details of the proceedings (if any) or other action being taken against the company.</li> </ul>

## Fit and proper: s1299B(a)

RG 180.140 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 180.141 We will consider that a director is not a fit and proper person if:
- (a) in the past 10 years, the director has been convicted of any offence of which one element is dishonesty (e.g. theft or fraud), even if that conviction does not make the director a disqualified person under Pt 2D.6;
  - (b) in the past 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 180.142 We may consider that a director is not a 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 180.143 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 180.141 apply to them;
  - (b) any legal action is pending against them or has been taken against them in the past 10 years:
    - (i) for any offence (other than a traffic offence); or
    - (ii) in relation to the conduct of an audit (whether or not the audit was under the Corporations Act);
  - (c) they have been excluded from practice as an RCA or liquidator (including by having their registration cancelled);
  - (d) any legal or disciplinary action has been taken against them in the past 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 previous application for registration as an RCA or liquidator that has been refused; or
  - (g) in the past 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 331AAA(2A)–(2C)).

## Professional indemnity insurance: s1299B(d)

- RG 180.144 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 that is 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 180.145 As a guide, we generally consider either of the methods used to determine the minimum insured amount, as outlined in Appendix 2, to be adequate for the purposes of s1299B. We will make this assessment on a case-by-case basis.

Note: 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%.

RG 180.146 This approach for calculating the adequacy of insurance cover held by an AAC is in accordance with limitation by liability schemes approved under professional standards legislation. If the AAC is not eligible to be covered by a limitation of liability scheme or is eligible under other limitation of liability schemes, the AAC is required to meet either of the methods used to determine the minimum insured amounts as outlined in Appendix 2.

RG 180.147 We consider that the minimum insured amount 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 180.148 To be considered appropriate insurance under s1299B, the professional indemnity insurance must have the following features. The policy must:

- (a) cover claims made in respect of Corporations Act audits;
- (b) only be subject to usual or standard exclusions for policies of that type;
- (c) cover costs and expenses, including the legal costs and expenses of investigating, defending and settling claims;
- (d) cover fraud by the officers and/or the employees of the insured;
- (e) 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, be written by an insurer subject to Australian Prudential Regulatory Authority (APRA) supervision (APRA-regulated insurer).

- RG 180.149 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 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 ASIC on 1300 300 630.

- RG 180.150 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 180.151 In particular, we will require the insurance to:
- (a) have broad coverage subject to limited, reasonably common exclusions;
  - (b) cover the 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.

### **How we will assess insurance arrangements**

- RG 180.152 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 180.153 In particular, the directors of an AAC must:
- (a) advise us, on application for registration, of the 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 any information or documents about the AAC’s professional indemnity insurance arrangements that 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 net tangible assets 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 their best endeavours to ensure that the AAC maintains run-off cover for a minimum of seven years after it ceases to be registered (see Table 12).

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 180.154 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 180.155 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 180.156 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 the operating rules of a licensed financial market: see s793C.
- RG 180.157 We will require that the policy covers 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.

### Conditions on registration

- RG 180.158 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 12 summarises the standard conditions we will impose on the registration of all AACs on or after 1 July 2004 as set out in PF 216.
- RG 180.159 The minimum insured amounts for professional indemnity (PI) insurance imposed on AACs applying for registration on or after 30 June 2016 are outlined in Appendix 2. PF 216 has been amended to incorporate the revised



requirements. For both existing and new AACs that are covered by a limited liability scheme, minimum PI insurance requirements of at least these amounts will generally apply as a requirement of coverage by the scheme.

**Table 12: Standard conditions imposed on registered AACs**

<b>Professional indemnity insurance</b>	<p>As an AAC, your company must maintain a specified level of professional indemnity insurance: see RG 180.144–RG 180.157.</p> <p>We may undertake targeted or random surveillance to ensure that your company continues to comply with this condition after registration.</p>
<b>'Run-off' cover</b>	<p>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 seven 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 180.153(e).</p> <p>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 seven years after ceasing practice as an accountant.</p>
<b>Complaint management procedures</b>	<p>Your company must implement complaint management procedures that are consistent with AS/NZS 10002:2014.</p>
<b>Notifying ASIC of breaches or ineligibility</b>	<p>You must notify us:</p> <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 seven days, if you become aware that your company is no longer eligible to be registered as an AAC.</li> </ul> <p>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.</p> <p style="text-align: center;">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 180.187.</p>
<b>Other conditions</b>	<p>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.</p> <p>If we intend to impose additional conditions on an AAC, or vary or revoke existing conditions, we will first give the AAC the opportunity to make submissions on the matter.</p>

RG 180.160 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). Paragraph 5.201 of the Explanatory Memorandum to the CLERP 9 Bill states that:

Allowing auditors to incorporate will address some of the concerns relating to the professional liability of auditors. Incorporation will also provide

accounting firms with an additional option in terms of how they structure their operations.

RG 180.161 The conditions aim to ensure that audit clients are not disadvantaged if they deal with AACs compared to an RCA or audit firm.

## D What happens next

### Key points

We will assess your application for registration based on the information you submit with your application: see RG 180.162–RG 180.172.

We aim to form a view about whether to grant or refuse your application for registration within four weeks of receiving all the required information and documents: see RG 180.173.

We may cancel or suspend the registration of an RCA or an AAC if you cease to be eligible to be registered or fail to comply with any conditions of registration: see RG 180.185–RG 180.186.

You can apply for deregistration as an RCA or an AAC at any time: see RG 180.184–RG 180.187.

### How we will deal with your application

RG 180.162 We will only start to process your application if you have followed all the steps in Sections B or C. To find out about the progress of your application contact ASIC on 1300 300 630.

#### Failure to provide supporting material

RG 180.163 We can only start assessing your application after you have provided:

- (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.

Note: We may refuse to register or receive your application if it is incomplete or contains errors or omissions. In this case, you would need to re-submit an application for registration.

RG 180.164 If we refuse to register or receive your application, your application fee will be refunded.

#### Failure to provide correct information

RG 180.165 You must ensure that all the details in your application are correct. If your application contains incorrect information or omissions, we may refuse to register or receive your application. You can reapply at a later date when you have corrected or included the relevant information.

- RG 180.166 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 180.167 After we have registered your application and we find during the assessment process that your application contains incorrect information, we may refuse your application or you may have to withdraw your application and resubmit it in the correct form together with an application fee.
- RG 180.168 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 180.169 We may grant an extension of time to provide information to support your application. We will grant extensions of time on a case-by-case basis. You should not assume that an extension of time will be automatically granted.
- RG 180.170 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 180.171 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 180.172 In particular, you should contact ASIC 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-General 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 180.173 We aim to form a view about whether to grant or refuse your application for registration within four 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 that we may request from third parties about information in your application.

We summarise the next steps in the registration process below.

### If you satisfy the requirements

RG 180.174 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.

RG 180.175 We aim to register you and issue your certificate of registration within five business days of being satisfied that you meet the requirements.

RG 180.176 We will write to you advising that your application for registration has been successful and that you are registered as an RCA or an AAC.

RG 180.177 If you provide an email address with your application, we will send you the letter and certificate of registration by email. If you have not provided an email address with your application, we will send you the letter and certificate of registration by post.

### If you do not satisfy the requirements

RG 180.178 If our view is that you do not satisfy the requirements in the Corporations Act in some material way, we will:

- (a) send you a requisition letter by post and/or email explaining why; and
- (b) give you an opportunity to provide further information.

RG 180.179 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).

RG 180.180 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).

RG 180.181 We will send you a letter:

- (a) stating that we propose to refuse your application for registration;

- (b) identifying the basis of our proposed refusal; and
- (c) 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.

RG 180.182 We will refuse your application for registration if:

- (a) you do not wish to appear at a hearing;
- (b) you fail to notify us within the required time that you wish to appear at a hearing; or
- (c) after holding the hearing, we are still of the view that you do not satisfy the requirements.

RG 180.183 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). You may seek a review of our decision by the Administrative Appeals Tribunal (AAT): s1317B.

## Cancellation or suspension of registration

### Registered company auditors

RG 180.184 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 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 180.185 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 12.

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 180.186 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 180.187 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 180.188);
- consistency with other laws (see RG 180.189);
- the level of skills needed for registration (see RG 180.190–RG 180.193); and
- harmonisation with other standards (see RG 180.194–RG 180.196).

### Verification of competency

- RG 180.188 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 180.189 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 a provision of that 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 180.190 As a minimum, a competency standard should require evidence of the competent performance of tasks involving the ability to:
- (a) plan an audit, assess risk, review and assess internal controls, do substantive tests, document and prepare conclusions on work performed and form an opinion;
  - (b) supervise staff and manage an audit;
  - (c) exercise professional scepticism and independent decision making on reporting and other issues; and



- (d) apply, in practice, knowledge of auditing standards, ethical requirements and all relevant financial reporting standards and legislation including the Corporations Act and Australian tax law.

RG 180.191 A competency standard should set out objective criteria to assess these matters. The standard should require evidence that the criteria are met.

RG 180.192 In addition to basic auditing competencies (e.g. planning an audit, control and substantive testing, and opinion forming), we would expect a competency standard to require assessment of the following considerations:

- (a) the 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) the 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 180.193 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 180.194 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 180.195 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.

RG 180.196 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 180.197 On 24 November 2004, we approved the *Auditing competency standard for registered company auditors* issued by CPAA and ICAA (2004 competency standard).
- RG 180.198 On 27 June 2016, we made ASIC Corporations (Approval of Auditing Competency Standard) Instrument 2016/474 approving the 2016 competency standard issued by CPAA, CA ANZ and IPA. On the same day, we made ASIC Corporations (Revocation and Repeal) Instrument 2016/475 revoking the 2004 competency standard. We will continue to accept applications lodged under the 2004 competency standard during the transition period: see RG 180.18–RG 180.20.

Note: See Appendix 3 for the requirements under the 2004 competency standard.

## F Lodging annual statements

### Key points

RCA and AAC must submit an annual statement to us within one month of the anniversary of the RCA's or AAC's registration: see RG 180.199–RG 180.200.

In exceptional circumstances, we may grant an extension of time: see RG 180.201–RG 180.202.

### How to lodge your statement

- RG 180.199 You can lodge your annual statement with us electronically on our website. For the required content of the statement, see Form 912A (for RCAs), and reg 9.2A.03 and Form 912B (for AACs). You can download a copy of these forms at [www.asic.gov.au/forms](http://www.asic.gov.au/forms) under Form 912.
- RG 180.200 We will use the information in annual statements to monitor the activities of RCAs and AACs after registration.

### Extensions of time

- RG 180.201 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 180.202 We will not provide a time extension solely on the basis of:
- (a) unexpected heavy workload;
  - (b) adverse financial or personal circumstances;
  - (c) unavailability of company records; or
  - (d) unavailability of the auditor (e.g. because they were interstate or overseas).

## Appendix 1: Sample documents (registered company auditor)

RG 180.203 You should use the following sample documents in this appendix when completing your application for registration as an RCA. However, sample documents A and B will generally not be required if you are relying on an ASIC-approved competency standard.

Note: During the transition period, we will continue to accept applications under either the 2004 competency standard or the 2016 competency standard. From 1 July 2017, we will only accept applications made under the 2016 competency standard.

**Table 13: Sample documents to use when applying for registration as an RCA**

Number	Title	Summary
<b>Document A</b>	Practical auditing and other equivalent experience	Document A gives details of your practical experience in auditing. It must be completed and signed by you.
<b>Document B</b>	Supervisor declaration	Document B verifies your practical auditing experience. It must be signed by your supervisor.
<b>Document C</b>	Capability report	Document C gives three examples that demonstrate your capabilities in auditing. It must be completed and signed by you.
<b>Document D</b>	Capability declaration	Document D verifies the examples you have given showing your capability. It must be signed by your supervisor or your assessor under the ASIC-approved competency standard.
<b>Document E</b>	Auditor competencies logbook	Document E verifies your competencies on a range of audit engagements. It must be signed by your assessor who is an RCA.

Note: You can download the sample documents listed in Table 13 in Word format from ASIC's website at [Tips for applying for auditor registration](#).



**Table A1.2: Supervisory experience (hours per year <sup>[9]</sup>) of audits under s301 of the Corporations Act <sup>[2]</sup>**

No. <sup>[3]</sup>	Entity name <sup>[4]</sup> and [type] <sup>[5]</sup>	Identifier <sup>[6]</sup>	Year 1 <sup>[7]</sup>	Year 2	Year 3	Year 4	Year 5	Total hours
<b>Total hours <sup>[8]</sup></b>								

<b>Supervisor signature</b>	<b>Date</b>	<b>Witness signature</b>	<b>Date</b>
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**Table A2.1: Practical experience (hours per year <sup>[1]</sup>) of audits NOT under s301 and other equivalent (including overseas) experience <sup>[10]</sup>**

No. <sup>[3]</sup>	Entity name <sup>[10]</sup> and [type] <sup>[11]</sup>	Identifier <sup>[6]</sup>	Year 1 <sup>[7]</sup>	Year 2	Year 3	Year 4	Year 5	Total hours
<b>Total hours <sup>[8]</sup></b>								

<b>Supervisor signature</b>	<b>Date</b>	<b>Witness signature</b>	<b>Date</b>
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**Table A2.2: Supervisory experience (hours per year<sup>[9]</sup>) of audits NOT under s301 and other equivalent (including overseas) experience<sup>[10]</sup>**

No. <sup>[3]</sup>	Entity name <sup>[10]</sup> and [type] <sup>[11]</sup>	Identifier <sup>[6]</sup>	Year 1 <sup>[7]</sup>	Year 2	Year 3	Year 4	Year 5	Total hours
<b>Total hours <sup>[8]</sup></b>								

<b>Supervisor signature</b>	<b>Date</b>	<b>Witness signature</b>	<b>Date</b>
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**Notes to Document A: Practical auditing and other equivalent experience (see also RG 180.69–RG 180.96)**

1. 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 1 January. 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, your supervisor may provide an estimate of the number of hours spent and must disclose that in the supervisor declaration.
2. Only include entities in this table that are required to be audited under s301 of the Corporations Act (detailed in RG 180.73–RG 180.75).
3. Number each item consecutively. Insert additional rows as required.
4. 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.
5. 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.
6. Identifier includes a unique identifier such as ACN, ABN or ARBN.
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 practical audit experience under the direction of an RCA, including 750 hours of supervisory audit experience performed on audits of companies only (see Table 7 in RG 180). You are not required to provide details of your practical audit experience hours once a total of 3,000 hours is reached within Tables A1.1–A2.2.
9. You may only rely on hours spent supervising other professional members of the audit team. This does not include supervising persons who are not professional members of the audit team. Supervisory experience only includes supervision of company audits (see RG 180.88–RG 180.92).
10. Only include in this table entities that are not required to be audited under s301 of the Corporations Act (see RG 180.76–RG 180.79). 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 Tables A2.1–A2.3 rather than in Tables A1.1–A1.2. Please insert blank rows before and after groups of entities to distinguish them from other non-related entities.
11. 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.
12. Insert additional rows as required. The details provided for each item should correspond with the item number and entity in Tables A2.1 and A2.2.
13. Provide details of any other practical experience that you consider equivalent (e.g. providing expert reports). In addition, for overseas experience, provide details of the legislation (if any) requiring the audit.

## 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

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 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 and attached to this application 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 practice 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 Australia and New Zealand, CPA Australia, the Institute of Public Accountants, the Tax Practitioners 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

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

**Notes to Document B: Supervisor declaration**

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 four years: see s11 of the *Statutory Declarations Act 1959*.

Chapter 2 of the Criminal Code applies to all offences against the *Statutory Declarations Act 1959*: see s5A of the *Statutory Declarations Act 1959*.

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

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**Applicant:**

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Explain the scope and complexity of your audit experience for three of the entities referred to in Tables A1.1 or A1.2 of your Document A or the Log Book at Document E, as applicable. Do not identify the entities. Use as much space as you need to provide information for us to make a proper assessment of your capability: see RG 180.97–RG 180.106 for further guidance.

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**Example 1**

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**Example 2**

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**Example 3**

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## 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.<sup>1</sup>
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 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 practice 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 Australia and New Zealand, CPA Australia, the Institute of Public Accountants, the Tax Practitioners 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

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

**Notes to Document D: Capability declaration**

The 'Capability declaration' is to be signed by each supervisor supporting the examples provided in the 'Capability report' (Document C).

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 four years: see s11 of the *Statutory Declarations Act 1959*.

Chapter 2 of the Criminal Code applies to all offences against the *Statutory Declarations Act 1959*: see s5A of the *Statutory Declarations Act 1959*.

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 E: Auditor competencies logbook

### Guidance for applicant

To register as an RCA using the competency standard, you need to demonstrate required competencies on a range of audit engagements, including Corporations Act audits over a period of 3–5 years. The auditor competencies logbook, in Tables E2 to E9, records your achievement of these competencies and provides a record to assist assessment by your supervising RCA<sup>1</sup> (assessor), in Table E1, and eventual completion of the assessor's competency verification.

For each task/activity contained in Tables E2 to E9, complete the relevant company and 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/activity, they need not sign the statement again for that task/activity. However, you must continue to record in your logbook other audit engagements where you perform that task/activity competently. We will look at your logbook to see that you have demonstrated competency in a task/activity 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 (e.g. observation, review of work and discussion). To enable their assessment, you should meet with them regularly to discuss the logbook 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; and will enable your assessor 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 RG 180.48.

### Guidance for assessor

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

When the applicant has completed their logbook, 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 logbook, and that they are sufficiently competent to be registered as an RCA.

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<sup>1</sup> Your assessor and/or referee do not have to be members of CPAA, CA ANZ or IPA to rely on the 2016 competency standard. However, your assessor and/or referee must be an RCA.

<sup>2</sup> See RG 180.65.

<b>Applicant</b>	
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**Statement by assessor<sup>#</sup>**Assessor<sup>#</sup> 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 attained and retained knowledge and is sufficiently competent to be registered as a company auditor under the Corporations Act 2001.<sup>^</sup>

<b>Signature of assessor:<sup>#</sup></b>		<b>Date:</b>	
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<sup>#</sup> The final assessor completing the statement by assessor must be the current supervisor of the applicant and have held this role for at least 12 months.

<sup>^</sup> 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*'.

**Table E1: Summary of auditor competencies (example)**

Assessor name and auditor registration no.	Entity name	Identifier (ACN, ARSN or ARBN)	Year end	Tasks*	Assessor signature** and date competency achieved
A 123	X	321 321 321	30/6/13 to 30/6/14	Table E3: assess risk	
	Y	543 543 543	31/12/13 to 31/12/14	Table E4: internal control review	
	Z	654 654 654	30/6/12	Table E5: substantive testing	
B 456	M	765 765 765	30/6/13 to 30/6/14	Table E7: supervise staff	
	N	876 876 876	31/12/13 to 31/12/14	Table E9: apply knowledge of auditing standards and legislation	
C 789	E	987 987 987	30/6/13 to 30/6/14	Table E8: decision making	

\* Insert table reference and task.

\*\* By signing Table E1, each assessor certifies that they have sufficient knowledge of the applicant's work and that the applicant has demonstrated to the assessor that they are competent in the task(s) specified and detailed in Tables E2 to E9.

Note: This table contains sample text showing how auditor competencies may be recorded under the 2016 competency standard.

**Table E2: TASK: Planning—(1) Plan the audit**

Activity	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)			

\* For Tables E2 to E9, record the entity name only once where you worked on specific activities over a number of years. Insert additional rows as required for different entities and/or activities.

^ For Tables E2 to E9, include all financial year ends that you have worked on this task for the entity.

# 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, and 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 their conclusion in relation to acceptance, continuance, independence, risk and the audit strategy; and
- 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 E3: TASK: Planning—(2) Assess risk**

Activity	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 affected risk assessments, how the risk assessments affected your decisions in relation to the audit strategy, and 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 their conclusion in relation to risk and the audit strategy; and
- 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 E4: TASK: Evidence gathering—(3) Internal control review**

Activity	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 information technology (IT) controls on the audit strategy, and on the 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 affected the risk of material misstatement, how you identified and communicated deficiencies, and how IT controls affected 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 controls) affected their judgements in relation to the audit work to be performed; and
- assess whether audit documentation prepared and/or reviewed by the applicant is sufficient to meet the requirements of the Australian auditing standards.

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

**Table E5: TASK: Evidence gathering—(4) Substantive testing**

Activity	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)			

# 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.

**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 controls) affected their judgements in relation to the audit work to be performed; and
- assess whether audit documentation prepared and/or reviewed by the applicant is sufficient to meet the requirements of the Australian auditing standards.

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

**Table E6: TASK: Opinion formation—(5) Documenting and forming an opinion**

Activity	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, 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 the Australian auditing standards; and
- review the draft report prepared/reviewed by the applicant and determine whether it complies with the Australian auditing standards.

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



**Table E7: TASK: Continuous activities—(6) Supervise staff and manage the audit**

Activity	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, use of substantive analytical, 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 those charged with governance throughout the engagement;
- discuss with the applicant, changes in the audit strategy initiated by the applicant to determine whether their judgements are appropriate;
- review work papers in relation to going concern and attend related meetings with the applicant, management and those charged with governance;
- observe how the applicant demonstrates and documents professional scepticism in their work and encourages and coaches their team to do the same;
- review the applicant's communications with others in the audit and review documentation of the involvement of others, and discuss the group audit strategy with the applicant; and
- discuss significant deficiencies identified by the applicant, review communications prepared in relation to these and attend meetings where the applicant discusses these 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 E8: TASK: Continuous activities—(7) Exercise decision making on reporting and other issues**

Activity	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 with the applicant changes in the audit strategy initiated by the applicant to determine whether their judgements are appropriate;
- review work papers in relation to going concern and attend related meetings with the applicant, management and those charged with governance;
- observe how the applicant demonstrates and documents professional scepticism in their work and encourages and trains their audit team to do the same;
- review the applicant's communications with others involved in the audit, review documentation of consultations with others, and discuss the group audit strategy with the applicant;
- look at the documentation in relation to the involvement of others in the audit; and
- discuss significant deficiencies identified by 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 E9: TASK: Continuous activities—(8) Apply knowledge of auditing standards, the Corporations Act, ethical requirements, tax law and relevant legislation**

Activity	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; and
- 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.*

## Appendix 2: Minimum insured amounts for professional indemnity insurance cover (authorised audit companies)

RG 180.204 Generally, the following methods can be used to determine adequacy of the minimum insured amounts for professional indemnity insurance cover in your application for registration as an AAC.

**Table 14: Total number of principals and annual fee income method**

Applicants	Minimum insured amount
1. Applicants who were in an accounting practice that, at 30 June immediately preceding the application: <ul style="list-style-type: none"> <li>• consisted of less than 20 principals; AND</li> <li>• generated total annual fee income of less than \$10 million for the financial year ended 30 June immediately preceding the application.</li> </ul>	\$2 million
2. Applicants other than those in (1) above and (3) below.	\$10 million
3. Applicants who were in an accounting practice that, at 30 June immediately preceding the application: <ul style="list-style-type: none"> <li>• consisted of more than 60 principals; OR</li> <li>• generated total annual fee income of more than \$20 million for the financial year ended 30 June immediately preceding the application.</li> </ul>	\$75 million

**Table 15: Estimated audit engagement fee method**

Audit engagement fee	Minimum insured amount
If the fee is estimated to be \$100,000 or less	\$2 million
If the fee is estimated to be \$100,000 or more but less than \$300,000	\$5 million
If the fee is estimated to be \$300,000 or more but less than \$500,000	\$10 million
If the fee is estimated to be \$500,000 or more but less than \$1,000,000	\$20 million
If the fee is estimated to be \$1,000,000 or more but less than \$2,500,000	\$50 million
If the fee is estimated to be \$2,500,000 or more	\$75 million

## Appendix 3: 2004 competency standard (issued 24 November 2004)

This appendix contains the requirements under the 2004 competency standard that applied under the previous version of RG 180.

Under the transitional arrangements, we will continue to accept applications lodged under the 2004 competency standard during the transition period: see RG 180.18–RG 180.20.

From 1 July 2017, following the end of the transition period, this appendix will no longer apply and we will only accept applications made under the 2016 competency standard.

RG 180.205 You, your assessor and/or referee do not have to be members of CPAA, CA ANZ or IPA to rely on the 2004 competency standard. However, your assessor and/or referee must be an RCA.

RG 180.206 We will generally accept that you meet all components of the 2004 approved competency standard if:

- (a) you have been employed by an accounting firm for at least five years OR you have been admitted as a member of CPAA, CA ANZ or IPA for at least two years;

Note: You must provide a copy of your certificate of membership of one of the professional accounting bodies or other professional body.

AND

- (b) your 2004 logbook 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;

Note: A copy of the 2004 logbook can be obtained from the CPAA or CA ANZ website.

AND

- (c) your statement by assessor and/or statement(s) by referee contain all relevant information required by the 2004 competency standard.

### *Employment or membership*

RG 180.207 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.

RG 180.208 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 five years of their first employment by an accounting firm, or before being admitted as a member of a professional body for at least two years.

- RG 180.209 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.

Note: See paras 3.3 and 3.6 of the 2004 competency standard and para 9 of the logbook.

#### *Assessment period*

- RG 180.210 The 2004 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.
- RG 180.211 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 that your statement by referee indicates you gained competency in that task/context.
- RG 180.212 If you last demonstrated competency in a task/context more than five 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.
- RG 180.213 This is because your competency may have lapsed over time.

Note: See paras 3.3–3.4, 3.6, 6.2 and Appendix V of the 2004 competency standard.

#### *Types of audits*

- RG 180.214 You may rely on Corporations Act or other audits to demonstrate competency under the 2004 competency standard where the task/context permits.
- RG 180.215 This includes audits of non-reporting entities (e.g. self-managed superannuation funds, solicitor's trust accounts, real estate agency trust accounts and incorporated associations).
- RG 180.216 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 RG 180.100–RG 180.103.
- RG 180.217 In this case, you or your assessor may have to provide more information about how your competency was assessed.

#### *Assessors*

- RG 180.218 Your application must include details of your assessor. If these details are incorrect, we may treat your application as incorrect: see RG 180.167. The 2004 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.

Note: See Section 5 of the 2004 competency standard (particularly para 5.4), and *Assessment of competencies* paragraph of the ICAA information sheet *Auditing competency standard for registration as a registered company auditor*.

- RG 180.219 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).
- RG 180.220 Under the 2004 competency standard, you can have only one assessor at any one time. If you have more than one assessor over the 3–5 year period, each assessor should:
- (a) ensure that your logbook is correctly completed during the course of their assessment; and
  - (b) sign off on your competency in a task/context where required.
- RG 180.221 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.

#### *Self-employed*

- RG 180.222 If you have been self-employed for the past five years, you will not have an assessor and will not have undertaken any Corporations Act audits. In this case, you must:
- (a) complete your logbook providing details of audit engagements over the 3–5 year period where you have performed each of the tasks/contexts; and
  - (b) provide us with any further information we may require.
- RG 180.223 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 RG 180.100–RG 180.103.

#### *Completing your 2004 logbook*

- RG 180.224 The 2004 competency standard requires you to keep a logbook, which lists 20 tasks/contexts you must perform, as well as the indicative sub-tasks.
- RG 180.225 Your logbook must be a contemporaneous record over 3–5 years of when you first attained competency in and subsequently performed a task/context competently.



- RG 180.226 It is not acceptable to complete your entire logbook on one particular date, as you must demonstrate competency over a continuous period of 3–5 years under formal assessment.
- RG 180.227 For each task/context, you must record:
- (a) the name of the audit engagement(s) during which the task was performed;
  - (b) the name of the auditor, audit firm or AAC responsible for the engagement(s);
  - (c) the name of your assessor or the name of the person who reviewed or supervised your work; and
  - (d) the dates (months and year) you performed the task.
- RG 180.228 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.
- RG 180.229 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 2004 competency standard for methodologies.
- RG 180.230 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 logbook other audit engagements where you perform that task/context competently.
- RG 180.231 We will look at your logbook to see that you have demonstrated competency in a task/context on several occasions over the 3–5 year period: see Table 16.
- RG 180.232 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 superannuation fund).
- RG 180.233 Your logbook must be typed to ensure legibility. Handwritten logbooks will be returned. If your logbook is incorrectly completed, you may have to resubmit it, or we may refuse your application.

Note: See para 3.5 of the 2004 competency standard.

**Table 16: Recording competency in a task/context under the 2004 competency standard (example)**

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 logbook 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, you should record details of Company Z and the date you performed the task in your logbook.</p> <p>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.</p>

## Key terms

Term	Meaning in this document
2004 competency standard	<i>Auditing competency standard for registered company auditors</i> issued by CPAA and ICAA and approved by ASIC on 24 November 2004
2016 competency standard	<i>Auditing competency standard for registered company auditors</i> issued by CPAA, CA ANZ and IPA and approved by ASIC
AAC	An authorised audit company
accounting practice	A person or entity that provides public accounting services
ACNC Act	<i>Australian Charities and Not-for-profits Commission Act 2012</i> including regulations made for the purposes of that Act.
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services Note: This is a definition contained in s761A.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act Note: This is a definition contained in s761A.
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	Australian Prudential Regulatory Authority
APRA-regulated insurer	An entity permitted by the <i>Insurance Act 1973</i> to write insurance business in Australia
AS/NZS 10002:2014	Australian/New Zealand Standard AS/NZS 10002:2014 <i>Guidelines for complaint management in organizations</i>
ASA 220	Auditing Standard ASA 220 <i>Quality control for an audit of a financial report and other historical financial information (Clarity)</i>
ASIC	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

Term	Meaning in this document
auditing competency standard	An auditing competency standard approved by ASIC under s1280A of the Corporations Act
Auditor Regulation Act (NZ)	<i>Auditor Regulation Act 2011</i> (NZ)
CA ANZ	Chartered Accountants Australia and New Zealand (formerly ICAA)
claims-made contract	A contract that provides cover for claims made against the insured during the period of cover, although these may have arisen from the conduct of the insured before acquisition of the policy
CLERP 9 Bill	Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003
competency standard	See 'auditing competency standard'
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
Corporations Act audit	An audit: <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
costs-in-addition cover	Provides for payment of legal and other defence costs in addition to the nominated level of cover in a professional indemnity policy
CPAA	CPA Australia
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 (now CA ANZ)
ICAA information sheet	<i>Auditing competency standard for registration as a registered company auditor</i> , issued 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

Term	Meaning in this document
net tangible assets	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	The Oaths Act in New South Wales, Queensland and Tasmania, the <i>Oaths and Affirmations Act 1984</i> in the Australian Capital Territory, the <i>Oaths, Affidavits and Declarations Act 2010</i> in the Northern Territory, the <i>Evidence (Miscellaneous Provisions) Act 1958</i> in Victoria, and the <i>Oaths, Affidavits and Statutory Declarations Act 2005</i> in Western Australia
overseas applicant	An applicant who is relying on qualifications and/or experience obtained in a jurisdiction or jurisdictions other than Australia
PF 215 (for example)	An ASIC pro forma (in this example numbered 215)
professional accounting bodies	CPAA, CA ANZ, and IPA
RCA	A registered company auditor
reg 9.2.01 (for example)	A regulation of the Corporations Regulations (in this example numbered 9.2.01)
registered scheme	A registered managed investment scheme
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)
transitional arrangements	The transitional arrangements that will apply during the transition period for applications under the auditing competency standards
transition period	Period of 12 months until 30 June 2017

## 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

### Instruments and pro formas

[ASIC Corporations \(Approval of Auditing Competency Standard\) Instrument 2016/474](#)

[ASIC Corporations \(Revocation and Repeal\) Instrument 2016/475](#)

[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(2), 293, 294, 301, 302, 307, 308, 309, 324AC(2), 324AE, 324BA, 324BC, 327B(2A)–(2C), 329, 331AAA(2A)–(2C), 601AA, 793C, 1280, 1280A, 1281, 1289A, 1290, 1292, 1299B, 1299C(4), 1299C(5), 1299D, 1299F, 1299G, 1299H, 1299I, 1308, 1317B

Corporations Regulations, regs 9.2.01, 9.2.02, 9.2.03, 9.2.08, 9.2A.01, 9.2A.03

*Statutory Declarations Act 1959*, s5A, 11

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*

[IR 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 practise as, or change to details of, an auditor*

[Form 912A](#) *Annual statement by an auditor*

[Form 912B](#) *Annual statement by an authorised audit company*

## **Standards**

Auditing Standard ASA 220 *Quality control for an audit of a financial report and other historical financial information (Clarity)*

Australian/New Zealand Standard AS/NZS 10002:2014 *Guidelines for complaint management in organizations*