

Appendix

Conditions applying to your firm's registration

Section 28(1) of the Act provides that the registration of a firm is subject to any conditions that NZICA thinks fit. NZICA has decided to make your firm's registration subject to the following conditions:

- The firm complies with FMA's Prescribed Minimum Standards;
- The firm promptly advises NZICA if there is a change to any information recorded in the register (as per s41(2) of the Act and s7(2) of the 2012 Regulations);
- The firm promptly notifies NZICA of all information required as part of the continuous information disclosures (such as issuer audit engagements that the firm has accepted, declined or resigned from, significant changes in financial position or issuer entities and changes in engagement partner or EQCR);
- The firm provides NZICA with the information requested as part of the annual disclosure requirements (primarily the information requested in the Annual Survey);
- The firm satisfactorily addresses any action plan arising from a Quality Review undertaken under the Act within an agreed timeframe;
- The firm promptly advises NZICA if any partner of the firm ceases to be a partner, or any new partner is appointed (refer to FMA's Prescribed Minimum Standards);
- The firm provides NZICA with the detail of any adverse findings of any internal or external reviews of the firm's audit practice (which may be part of a wider firm review) including steps taken, or to be taken, to correct any adverse findings and implement any recommendations. If any recommendations are not implemented, the firm should explain why;
- The firm must provide, or make available through an external provider, appropriate education and training to all audit staff and keep records of the same; and
- The firm satisfactorily address any action plan arising from a Quality Review undertaken under the Act within an agreed timeframe.

NZICA intends to monitor your firm's compliance with these conditions. Failure to comply with a condition of registration may be grounds for NZICA to cancel your firm's registration.

¹ Prescribed minimum standards for registration as a registered audit firm

For the purposes of section 25(1)(b) and section 26(1)(d) of the Act, the following minimum standards are prescribed under section 32(1)(d) of the Act in respect of each audit firm that applies for registration:

- a) at least 75% of all partners of an audit firm must be members of an appropriate professional body;
- b) 50% of all partners of an audit firm must be members of an approved professional accounting body and hold a practising certificate issued by that professional accounting body;
- c) all partners of an audit firm must be fit and proper persons, as assessed by the relevant authority;
- d) the audit firm must have systems, policies and processes which:
 - i. comply with the requirements of PES1 (Revised) and PES3 (Amended); or
 - ii. in the case of an overseas audit firm:
 - 1. materially comply with the requirements of PES1 (Revised) and PES3 (Amended); and
 - 2. comply with the requirements of the corresponding standards applicable in the audit firm's home jurisdiction;
- e) all audit firms must have any other systems, policies and procedures which are necessary or desirable to reasonably ensure compliance with the requirements of New Zealand auditing and assurance standards relating to issuer audits;
- f) key decisions and judgements involved in an issuer audit must be subject to engagement quality control review by another licensed auditor;
- g) each audit firm must have professional indemnity insurance that is adequate and appropriate for the nature and scale of the audit firm's business activities.