

Policy and guidance

---

**Revisions to Continuing Professional  
Development (CPD) Requirements for  
New Zealand Licensed Auditors**

*(Effective 1 January 2021)*

---

## Revised CPD Policy for New Zealand licensed auditors

The CPD policy for New Zealand licenced auditors was introduced from 1 July 2016 to comply with the requirements of International Education Standard 8: Professional Competence for Engagement Partners responsible for Audits of Financial Statements (IES 8) published by the International Federation of Accountants (IFAC). The policy is set out in Schedule 3 to CR 7.

IES 8 was subsequently revised by IFAC in October 2019, with revisions effective from 1 January 2021. The changes mainly relate to the revision of learning outcomes affecting the following competence areas:

- Audit
- Information and Communications Technologies
- Interpersonal and communication
- Personal
- Commitment to the public interest
- Professional scepticism and professional judgment
- Ethical principles

Chartered Accountants Australia and New Zealand (CA ANZ) is revising its existing CPD policy for New Zealand licenced auditors to adopt the revised learning outcomes in Appendix A.

This revision should be read in conjunction with Schedule 1 of CR 7- Continuing Professional Development (Issued **TBC**) and will be effective from 1 January 2021<sup>1</sup>.

---

<sup>1</sup> The revisions to CR 7 take effect for trienniums commencing from 1 July 2021 with early adoption permitted. It is important to note that all licensed auditors are required to comply with the requirements of IES 8 with effect from 1 January 2021. This is in accordance with the Auditor Regulation Act 2011 (Prescribed Minimum Standards and Conditions for Licensed Auditors and Registered Audit Firms Notice 2012 (as at 13 November 2015)

Revisions to the CPD Requirements for New Zealand licensed auditors. Effective 1 January 2021.

**APPENDIX A:  
Revised Learning Outcomes for the Professional Competence of an Engagement Partner**

| Competence Area                        | Learning Outcomes  |
|--|--|
| <b>Technical Competence</b>            |  |
| (a) Audit                              | <ul style="list-style-type: none"> <li data-bbox="724 479 1410 546">(i) <u>Lead the audit through active involvement during all phases of the audit engagement.</u></li> <li data-bbox="724 568 1426 672">(ii) <u>Lead the identification and assessment of the risks of material misstatement <del>as part of an overall audit strategy.</del></u></li> <li data-bbox="724 689 1299 757">(iii) <u>Develop an audit plan that responds to the risks of material misstatements identified.</u></li> <li data-bbox="724 775 1299 842">(iv) Evaluate responses to the risks of material misstatement.</li> <li data-bbox="724 860 1442 963">(iv) <u>Conclude on the appropriateness and sufficiency of all relevant audit evidence, including contradictory evidence, to support audit opinion</u></li> <li data-bbox="724 981 1474 1196">(vi) <u>Evaluate whether the audit was performed and documented in accordance with <del>applicable auditing standards (e.g., ISAs)</del> International Standards on Auditing or other relevant auditing standards, and relevant laws and regulations applicable to an audit of the financial statements.</u></li> <li data-bbox="724 1214 1394 1317">(ivii) - Develop an appropriate audit opinion and related auditor's report, including a description of key audit matters as applicable.</li> </ul> |
| (b) Financial accounting and reporting | <ul style="list-style-type: none"> <li data-bbox="724 1344 1442 1478">(i) Evaluate whether an entity has prepared, in all material respects, financial statements in accordance with the applicable financial reporting framework and regulatory requirements.</li> <li data-bbox="724 1500 1426 1671">(ii) Evaluate the recognition, measurement, presentation, and disclosure of transactions and events within the financial statements in accordance with the applicable financial reporting framework and regulatory requirements.</li> <li data-bbox="724 1693 1458 1760">(iii) Evaluate accounting judgments and estimates, including fair value estimates, made by management.</li> <li data-bbox="724 1783 1410 1917">(iv) Evaluate the fair presentation of financial statements relative to the nature of the business, the operating environment, and the entity's ability to continue as a going concern.</li> </ul>  |

| Competence Area                                 | Learning Outcomes   |
|---|---|
| (c) Governance and risk management              | <del>(i)</del> — Evaluate corporate governance structures and risk assessment processes affecting the financial statements of an entity as part of the overall audit strategy.  |
| (d) Business environment                        | <del>(i)</del> — Analyze relevant industry, regulatory, and other external factors that are used to inform audit risk assessments including, but not limited to, market, competition, product technology, and environmental requirements.   |
| (e) Taxation                                    | <del>(i)</del> — Evaluate procedures performed to address the risks of material misstatement in the financial statements in respect of taxation, and the effect of the results of these procedures on the overall audit strategy.   |
| (f) Information technology                      | <del>(i)</del> — Evaluate the information technology <u>and communications technologies</u> (ICT) environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.   |
| (g) Business laws and regulations               | <del>(i)</del> — Evaluate identified or suspected non-compliance with laws and regulations to determine the effect on the overall audit strategy and audit opinion.   |
| (h) Finance and financial management            | (i) Evaluate the various sources of financing available to, and financial instruments used by, an entity to determine the impact on the overall audit strategy.<br><br>(ii) Evaluate an entity's cash flow, budgets, and forecasts, as well as working capital requirements to determine the impact on the overall audit strategy.                  |
| <b>Professional Skills</b>                      |   |
| <del>(i)</del> — Intellectual                   | <del>(i)</del> — <u>Resolve audit issues using inquiry, abstract and logical thought, and critical analysis to consider alternatives and analyze outcomes.</u>  |
| <del>(ii)</del> Interpersonal and communication | (i) Communicate effectively and appropriately with the engagement team, management, and those charged with governance of the entity.<br><br>(ii) <u>Evaluate the potential impact of cultural and language differences on the performance of audit.</u><br><br><del>(iii)</del> Resolve audit issues through effective consultation when necessary. |

| Competence Area  | Learning Outcomes   |
|--|---|
| (kj) Personal  | <ul style="list-style-type: none"> <li>(i) Promote and undertake lifelong learning.</li> <li>(ii) Act as a role model to the engagement team.</li> <li>(iii) Act in a mentoring or coaching capacity to the engagement team.</li> <li><u>(iv) Promote reflective activity.</u></li> </ul>   |
| (lk) Organizational                                    | <ul style="list-style-type: none"> <li>(i) Evaluate whether the engagement team, including auditor's experts, collectively has the appropriate objectivity and competence to perform the audit.</li> <li>(ii) Manage audit engagements by providing leadership and project management of engagement teams.</li> </ul>   |
| <b>Professional Values, Ethics, and Attitudes</b>      |   |
| (ml) Commitment to the public interest                 | <p><del>(i)</del>—Promote audit quality <u>and compliance with professional standards and regulatory requirements in all activities</u> with a focus on protecting the public interest.</p>   |
| (am) Professional scepticism and professional judgment | <ul style="list-style-type: none"> <li>(i) Apply <del>a skeptical mindset and</del> professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.</li> <li><u>(ii) Promote the importance of the application of professional skepticism during all phases of the audit engagement.</u></li> <li><u>(iii) Apply professional skepticism to critically assess audit evidence obtained during the course of an audit and reach well-reasoned conclusions.</u></li> <li><u>(iv) Evaluate the impact of individual and organizational bias on the ability to apply professional skepticism.</u></li> <li><u>(v) Apply professional judgment to evaluate management's assertions and representations.</u></li> <li><u>(vi) Resolve audit issues using critical thinking to consider alternatives and analyze outcomes.</u></li> </ul> |

| Competence Area         | Learning Outcomes  |
|-------------------------|--|
| (en) Ethical principles | <p>(i) <del>Apply the ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in the context of an audit and determine an appropriate resolution to ethical dilemmas</del> <u>Promote the importance of compliance with the fundamental principles in ethics.</u></p> <p>(ii) Evaluate and respond to threats to objectivity and independence that can occur during an audit.</p> <p><del>(iii) Protect the confidential information of the entity in accordance with ethical responsibilities and relevant legal requirements.</del></p> |