

Professional Standards Annual Report Australia

For the financial year ended 30 June 2023

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Executive Summary

The purpose of this report is to detail the work of the Australian Professional Standards team at CA ANZ (the Professional Standards Team) in performing its education, monitoring and disciplinary functions. As prescribed by the Supplemental Charter, CA ANZ's principal objects include:

- to advance the theory and practice of accountancy;
- to promote quality, expertise and integrity in the profession of accountancy;
- to prescribe high standards of practice and professional conduct for, and to maintain the observance of such standards by, members;
- to prescribe disciplinary procedures and sanctions;
- to exercise disciplinary powers and to impose sanctions for the better observance of the standards of practice and professional conduct of CA ANZ by members; and
- to do all such things as may advance the profession of accountancy.

The Professional Standards Team has a substantial role to play in carrying out these objects and to promote the pursuit of the public interest by its members.

The Professional Standards Team has three functional objectives:

- To help support and educate members;
- To monitor members' compliance with CA ANZ's By-Laws, Regulations and professional standards issued by the Accounting Professional and Ethical Standards Board (APESB); and
- To protect the reputation of all members and the public by disciplining those members who fail to meet their obligations in the By-Laws, Regulations and ethical, technical and professional standards.

Our Mission

- Promote and improve professional standards
- Provide timely and practical guidance to the profession
- To help support & educate our members
- Ensure compliance with the professional standards scheme
- Protect members of the public
- Conduct timely and impartial investigations

Our co-regulatory environment

The Australian accounting profession operates within a co-regulatory environment, which means that our members may be subject to oversight by regulatory bodies and CA ANZ in respect of the same matter. Regulatory and professional monitoring and oversight activities should be complementary. CA ANZ's professional standards activities, and in particular our Quality Review and Professional Conduct and Discipline programs, are elements of the co-regulatory framework which are designed to serve our membership and the public by upholding standards and protecting the pre-eminence of the CA designation.

2023 Highlights

2023 has been a challenging year for the Australian profession. CA ANZ has responded to events by applying the conduct and discipline By-Laws to the fullest extent possible with a view to meeting members' and community expectations as a professional membership body. This report provides a summary of the important activities of the Australian Professional Standards Team over the reporting period. We have also included a brief summary of the findings and planned actions arising from the Professional Conduct Framework Review.

Key achievements to call out are:

- We advocated for members on the scope of and use of Accountant's letters, with financiers and the Australian Banking Association, prepared and contributed to learning events and podcasts on the risks and issues in giving such letters and in May 2023 issued a practical resource for members: the [Accountants letters toolkit](#).
- Our Quality Review team introduced a quarterly webinar to help members selected for Quality Review to understand the process, how they can prepare for a review and importantly to not be afraid of the review process but to embrace it as a great opportunity to check in to see how their practice is going.
- The Professional Conduct team have been closely involved in the Professional Conduct Framework Review, completing benchmarking against fifteen other associations on almost 100 data points. The intelligence acquired from assessing the operation of other programs confirmed that CA ANZ's program is at, or above, international standards. More importantly, it has also shown how we can continue to develop and improve our program.
- Since its launch in 2022, our [Ethics Hub](#) continues to be regularly updated with information relating to ethics, training events and initiatives to empower members to be aware of ethical issues. One of those new initiatives is a series of ethical articles – the Practical Ethics Advice Series. Article topics are

based on commonly asked member questions to advisors in our Professional Standards Team. The aim of the Hub is to play a pivotal role in providing timely, practical information and guidance to support our members.

- In 2023 CA ANZ launched another support hub, namely the "[Professional Standards Support Hub](#)" which consists of resources solely dedicated to assist members with compliance requirements and to provide greater mentorship and support to public practice owners. The "Professional Standards Advice Series", located within this Hub, contains a series of articles based on commonly asked member questions relating to Professional Standards and practice management issues.
- We continue to draw on matters before our conduct entities as a source for articles in Acuity magazine. The aim of these articles is to inform and educate members about conduct matters and what corrective action can be taken so they do not have a complaint before the conduct entities. Articles published this year include, [Wrongdoing has a Long Reach](#) – a reminder of the importance of notifying CA ANZ of matters that give rise to a conduct investigation, [Dangerous Liaisons](#) – how sometimes it is better to disengage from a client, [Convictions, Conflicts and Competency](#) – a precis of themes from recent conduct matters.

2024 Plans

The objectives of the FY24 Professional Standards programs are consistent with prior years' plans and we remain committed to protecting the CA brand and keeping the CA designation in high esteem.

Our plans for 2024 include:


- Implementing recommendations of the Professional Conduct Framework Review (PCFR), which includes consolidating and publishing data about our programs, providing more information for the public and members to better understand CA ANZ's professional conduct framework and for members, to better understand their professional obligations,

including duties under the By-Laws to self-report disclosure and notification events, as well as to create more learning opportunities regarding ethics.

- Increasing awareness and promoting the Chartered Accountants Advisory Group (CAAG) and the Professional Standards Advisory Team so that more members can seek their assistance.
- Strengthening our quality review program by:
 - Completing an increased number of quality reviews.
 - Identifying and training more members to join our pool of quality reviewers, to enable us to help more members in public practice maintain and improve the quality of the services they provide to their clients.
 - Completing a project to deliver improvements to the questionnaires used in the quality review program.
- Obtaining a 12-month extension to our Professional Standards Scheme to July 2025 and then progressing to a re-make of our Scheme for a period of five years to July 2030.

- Developing and working with other stakeholders to deliver a Trust and Accountability Roadmap for the accounting profession. Actions include seeking Board approval to increase the ethics continuing professional development requirements for members and improving knowledge requirements for Affiliate membership.

With the publication of this inaugural report, with information regarding reviews, conduct, discipline and other relevant information CA ANZ is confident that it will strengthen and improve transparency and independent oversight of CA ANZ's member monitoring and oversight activities, including its Professional Conduct Framework.



Ainslie van Onselen
Chief Executive Officer

Helping and Educating Members

Dedicated telephone and email support line

CA ANZ is proud of the work it does to help support and educate members. In 2023, the Australian Professional Standards Enquiry team responded to over 1,300 member requests for information and advice. These are summarised in the chart below.

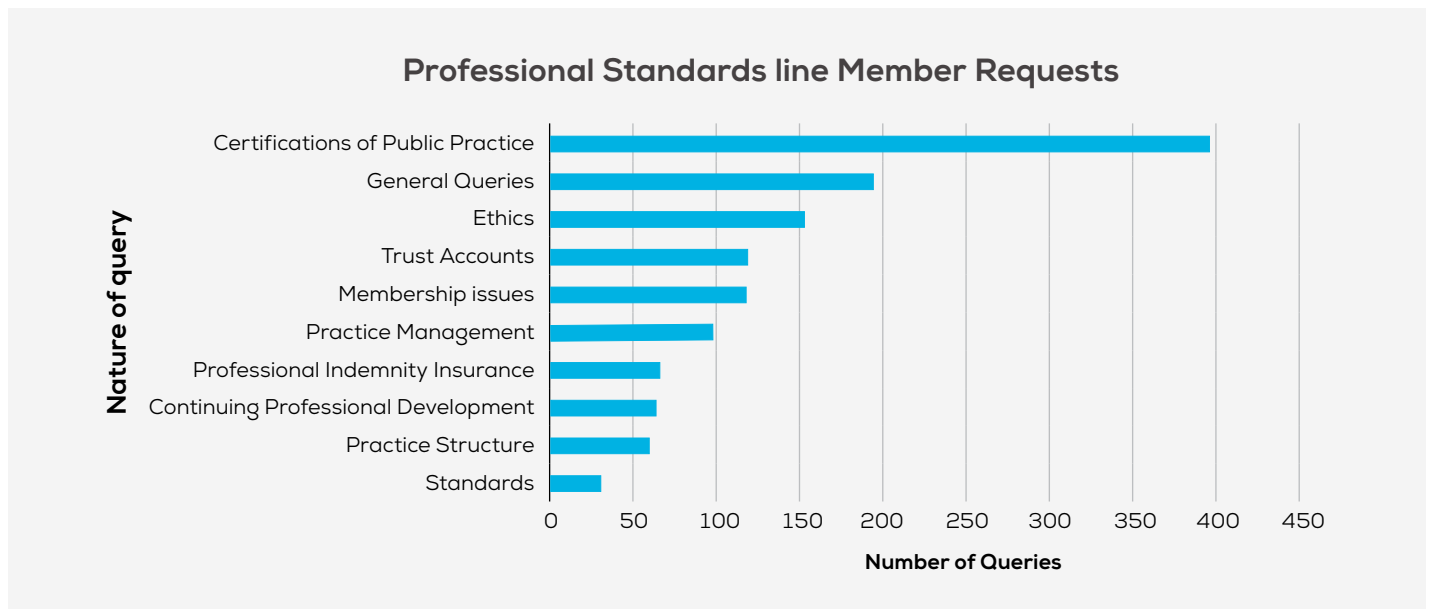
Chartered Accountants Advisory Group

Originally established in Queensland in 2000, CAAG is a free, confidential advice and support service provided by trusted and experienced members to other members. In 2023, our network across all States and Territories of 45 CAAG members assisted 68 members experiencing an unfamiliar or difficult ethical or professional matter.

Virtual Roadshow for practice support

Our annual [Professional Standards Roadshow](#) (the Roadshow) made a comeback, while not on the road, virtually in February 2023. 600 members joined our online live session. The Roadshow focused on:

- the resources available on the CA ANZ website;
- thematic findings from the Australian Quality Review Program;
- changes to the system of quality management standards;
- navigating practical examples of conflicts of interest; and
- an update on common professional conduct matters and more focused information on integrity, conflicts of interest, unprofessional behaviour and notification events.



Provision of webinars on Ethics

We are pleased with the ever-increasing number of members joining our complimentary or subsidised webinars. In 2023 we produced and broadcasted three webinars focused on ethics which were attended by approximately 4,300 members:

- [Global Ethics Day](#)
(October 2022) – a panel discussion led by our CEO Ainslie van Onselen and attended by 2,000 participants;
- [Members in Business Ethics Update #1](#)
(April 2023) – a presentation providing a recap of the key elements of the Code of Ethics with a focus on CAs in business. The panel included standard setters and a very experienced member in business and International Federation of Accountants (IFAC) Board member, Taryn Rulton FCA; and
- [Members in Business Ethics Update #2](#)
(July 2023) – a presentation providing a deeper dive into elements of the Code of Ethics focused on members in business and discussing common areas of the Code that result in professional conduct complaints and findings.

Redesigning of the PPP program

The Professional Standards Team also assisted in the redevelopment of the [Public Practice Program](#) (PPP). In February 2023, the new digital platform for the PPP was launched, creating an improved learning experience for members. Completion of this program is a threshold requirement for CA ANZ members who wish to obtain a Certificate of Public Practice (CPP). The aim of the program is to prepare members for leadership roles in public practice and it offers a flexible and interactive learning experience to improve engagement with members.

Creation of on demand micro course on ethics

The number of learning opportunities for members in the broad subject of ethics was increased with the introduction of on-demand Ethics Micro courses in April 2023. This series was designed for members to elaborate on the fundamental principles of professional behaviour, professional competence and due care, and confidentiality. Participation in the micro courses is highly encouraged and specifically designed to allow members to take time to reflect on their ethical obligations as a member. The course topics are as follows:

- MC1 – Ethics: Fundamentals of the code
- MC2 – Ethics: Applying the code
- MC3 – Ethics: Conflicts of interest
- MC4 – Ethics: Professionals in business
- MC5 – Professionals in Practice

Highlights for 2023

Accountant's Letter Toolkit

A highlight of 2023 was the support we have given to members regarding Accountant's Letters. Members in public practice, especially those providing services to small and medium enterprises, informed us they were being asked for letters from clients' financiers. They told us they were unsure about how to respond to requests and how to manage the risks of either assuming credit risk or contravening consumer credit laws. In response to this, in May 2023 we created the [Accountant's Letter's Toolkit](#), in collaboration with the other Australian accounting associations, CPA Australia (CPA) and the Institute of Public Accountants (IPA).

The toolkit was designed with direct feedback from members and provides information and resources such as letter templates, working paper file checklists, financial templates and client information fact sheets for information that can be provided to lenders under specific circumstances and conditions.

The toolkit was supported by a webinar held in [August 2023](#) and an [episode](#) in CA ANZ's Podcast series – Small Firm Big Impact to help members further understand their professional obligations when it comes to Accountant's letters.

Podcast series Small Firm, Big Impact

The launch of our podcast series [Small Firm Big Impact](#) in November 2022, proved successful and it continued to thrive during 2023.

This podcast series is full of factual and practical content from experts, giving Chartered Accountants, the up-to-date information they need to do their jobs. In each episode CA ANZ Public Affairs Manager, Gillian Bowen interviews a range of people across the profession including CA ANZ experts as well as guests knowledgeable about public practice. For the financial year ending 30 June 2023 there have been over 10,000 downloads of the series. Topics to date include:

Episode 1 – The ATOs New Working from Home Deduction Method (22 November 2022)

Episode 2 – Cybersecurity for SMPs (6 December 2022)

Episode 3 – Remuneration and the fight for talent (20 December 2022)

Episode 4 – Accountant's Financing Letters (10 January 2023)

Episode 5 – Auditing & Reporting Changes in 2023 (24 January 2023)

Episode 6 – Listen Up! Transform your Listening Skills for Workplace Success (7 February 2023)

Episode 7 – FEE-HELP opening the CA ANZ talent door (21 February 2023)

Episode 8 – How to find balance in your firm (7 March 2023)

Episode 9 – Why acting early to restructure can save your client's small business (21 March 2023)

Episode 10 – Finding space for professional development (4 April 2023)

Episode 11 – Accounting and generative A.I. (2 May 2023)

Episode 12 – NZ Budget Breakdown (19 May 2023)

Episode 13 – How the 2023 Federal Budget impacts you (19 May 2023)

Episode 14 – Public Practice Program Revamp (1 June 2023)

Episode 15 – Professional Conduct Framework Review (9 June 2023)

Episode 16 – Reach your full potential (14 June 2023)

Episode 17 – Sustainability reporting – what SMPs need to know (28 June 2023)

Continuing Professional Development

In 2023 members could select from over 900 professional learning and development opportunities – from micro courses in ethics, data and sustainability; multi-day conferences in audit, accounting, tax and professional skills; contextualised onsite training at employer organisations, to complimentary access to LinkedIn learning and Sharing Knowledge webinars. During 2023 our Education Store recorded over 50,000 registrations for both complimentary and paid CPD; and we trained over 13,000 learners across 667 on-site training sessions.

Monitoring Members

As a professional association it is important that we conduct monitoring activities to ascertain that members are complying with CA ANZ By-Laws, Regulations and applicable technical and professional standards. Our monitoring focuses on a number of areas, including:

1. Continuing Professional Development;
2. Professional Standards Scheme compliance;
3. Inclusion in Certificate of Public Practice framework;
4. Client Monies; and
5. Practice systems of quality management.

Continuing Professional Development

CA ANZ members are obliged, through [Regulation CR 7 Continuing Professional Development](#) (CR 7), to maintain professional and technical competency in keeping with their employment and field of expertise. CR 7 stipulates members must complete a minimum of 120 hours of continuing professional development (CPD) on a three-year (triennium) basis.

Member Tip

CPD doesn't have to be accounting related – it can be anything that improves your ability to undertake your current role or role in the future.

CPD through CA ANZ is automatically logged against your member profile in the Member Portal and you can upload details of other activities, which makes demonstrating compliance easy.

Changes to CPD requirements from July 2021

From July 2021 there were some changes to [CPD requirements](#), which include:

- The CPD exemption for members aged over 60 was replaced with an exemption for members who have permanently retired from the work force.
- All Members, other than those holding a CPP, who are working reduced hours or are on long career breaks can calculate the pro rata reduction of their CPD requirements themselves.
- 50% of verifiable CPD can be achieved via on-the-job training. This is a reflection that 70% of adult learning is conducted “on the job”.
- Every member must complete at least two hours of verifiable ethics related learning every triennium.

Monitoring activities

By monitoring member compliance with this obligation, CA ANZ actively works to ensure clients and employers receive competent professional services based on the latest developments in practice, law and business.

In 2023 the three main activities CA ANZ undertook to assess and monitor Australian member compliance with CPD obligations were:

- **Annual notifications:** members were required to notify CA ANZ of their total CPD hours for the year as part of their annual notifications.
- **Quality Review:** each quality review includes a review of the CPD records for the practice's CPP holders and affiliate members.

- CPD monitoring program:** Members are selected and required to provide details of their CPD activities to CA ANZ. Members are from all member segments and randomly selected. The CA ANZ Scheme Compliance team review the records submitted by members to assess compliance with CR 7. In total 1,439 members were assessed under the 2022 monitoring program and 89% were found to be compliant with CR 7. We are pleased with this result, showing a high compliance rate with meeting member CPD obligations.

Member Tip

Free CPD is available to all members via Linked In learning.

Instances of non-compliance

We work with members who are found to be non-compliant to bring them back into compliance in a timely manner. The table below summarises the action taken depending on the member’s level of non-compliance.

Shortfall in required CPD hours is	
Less than 10 hours	Member contacted by phone and follow up email to discuss and request catch up in following triennium.
Between 10 and 30 verifiable hours	Member contacted by phone and follow up email to discuss and member included in next monitoring program.
More than 30 hours	<p>Member contacted by phone and follow up email to discuss shortfall and agree a remediation plan.</p> <p>Member required to submit training plan and included in next triennium monitoring program and may be required to submit records after 12 months.</p>
Member is non-compliant because they have failed to respond to requests for records, submit records or a training plan or have repeated non-compliance in a second monitoring cycle	Member may be excluded from membership for non-compliance. Each year a small number of members are excluded for this reason.

Professional Standards Scheme Compliance

Annual questionnaire

Every Australian practice is required to complete the Professional Standards Scheme Questionnaire (the Questionnaire) annually. The Questionnaire is an important source of information used by CA ANZ to meet its reporting requirements to the Professional Standards Council (PSC).

It also helps obtain a better understanding of members' compliance with the professional indemnity insurance (PII) requirements, services provided by their practice and whether they have had any professional indemnity insurance claims made against their practice. Every year more than 98% of practices complete the questionnaire. Practices that do not complete the questionnaire may be subject to disciplinary action. In 2022, Scheme questionnaires were sent to 8,232 practice PI contacts.

Professional Indemnity Insurance

From the 2022 survey results, we have determined that less than 1% of members do not have PII that complies with [CR 2A Professional Indemnity Insurance](#) (CR 2A). We have found that most instances of non-compliance are due to a lack of understanding of the requirements of CR 2A and that when members are made aware of the requirements, they quickly get their policies amended and return to compliance.

Member Tip

A Scheme Self check-up can be found [here](#).

Aon Preferred Professional Indemnity Member Benefits Partner for Practitioners

In January 2023, Aon was appointed CA ANZ's preferred professional indemnity member benefits partner for practitioners. As subject matter experts for all the typical insurance needs of Chartered Accountants, Aon delivers industry specialised insurance backed by specialised advice and service. Aon also provides a variety of industry-leading thought leadership content and materials including FAQ guides, PII checklists and educational video content aimed at helping members better understand the professional risks they face and their obligations with regards to the scheme. An example of this is a webinar "[Risk & Insurance: Industry Insights to Mitigate Your Professional Indemnity Exposure](#)" held on 2 May 2023.

Limited liability disclosure requirements

Our Scheme surveys and quality review program have identified that a small number of Australian resident members/practices are not including the correct PSC disclosure statement on all their business stationery to current or prospective clients. There is considerable risk in failing to use the correct disclosure statement. A failure to include the disclosure statement on business documents may result in being ineligible to take the benefit of the statutory liability cap in the event of a claim.

[CR 3 Public Practice Regulation](#) (CR 3) sets out the details of the disclosure statement and what should be included on documents, including stationery and the practitioner's website. Findings show that small practices have increasingly been establishing websites over the past few years, and the disclosure statement is sometimes omitted during the set-up process. Practices quickly come into compliance once advised of the omission. In other instances, the disclosure statement was included on stationery but there were minor issues noted such as being less than the minimum required font size, using incorrect font, being included as part of a sentence or where there was a minor change to the required disclosure which did not change the meaning.

Extension to our current Scheme

In July 2023, the PSC advised that the commencement date for our current Professional Standards Scheme (Scheme) was 13 July 2019 not 8 October 2019 as previously communicated to CA ANZ. This is because the commencement date was triggered by the date our Scheme was gazetted, being 12 July 2019, not the date of commencement as prescribed in the Scheme instrument.

There is no gap in Scheme coverage as a result of this changed date. We have applied for a one-year extension of our current Scheme to July 2025 to allow us to work with the PSC to progress a re-make of our Scheme to July 2030. We continue to have a positive and respectful relationship with the PSC and the staff of the Professional Standards Authority and are not aware of any impediments to both the extension or Scheme re-make being approved in due course.

Certificate of Public Practice Framework

CPP requirements

CA ANZ Regulation 2 (CR 2) sets out the requirement for members to hold a CPP where they are acting as a principal in public practice. To be awarded a CPP, a member must satisfy requirements pertaining to:

- Insurance;
- Experience;
- Completion of the PPP program; and
- Satisfaction of fitness and proper person tests in connection with the provision of public accountancy services.

CPP holders are subject to quality and practice review. At least one CPP holder in the practice must be designated to complete the annual Questionnaire.

CPP monitoring activities

To ensure that all members who are acting as principals in public practice hold a CPP, CA ANZ conducts a number of compliance activities, including:

- Review of principals as advised by members from their various applications;
- Review of responses to annual mandatory notifications; and
- Follow up upon becoming aware in other ways of members acting as a principal.

If non-compliance is identified, in the first instance, CA ANZ endeavours to work with members to attain their compliance. Where a member does not become compliant, the member may be referred to our Professional Conduct team.

Client Monies

Scope of Client Monies

Australian members who deal in client monies by holding, receiving and disbursing client monies in a trust account or a client bank account must comply with [APES 310 Client Monies](#), which includes a requirement to obtain an annual assurance report. Members who have received a modified assurance report need to provide a copy of this to us within a certain timeframe. This is an important way we seek to provide a level of comfort to the public that our members deal with client money in accordance with their client's instructions.

Member Tip

Remember to notify CA ANZ if you change the auditor of your trust account.

Request & review of Trust Account reports

We also request trust account reports from members for other reasons. For example, practice reviews can identify instances where a practice is not having client monies audited (or reviewed) on an annual basis. Similarly, the Questionnaire which is sent to CPP holders each year helps us to identify members who have declared that they are dealing in client monies but haven't conducted an annual audit or review in accordance with APES 310.

Instances of non-compliance

In instances of non-compliance, we work with the member and the practice to help them understand their ethical obligations and request copies of their audit report for several years following. Continued refusal to work with us in complying with the standard or repeated instances of failure to respond can result in a referral of the member to Professional Conduct.

Quality Review Program (QRP)

How the QRP works

The Quality Review Program (the Program) is an integral part of the Australian co-regulatory framework functions. The aim of the Program is to assess whether our practitioner members have designed and implemented an appropriate system of quality management in their practices to meet professional, technical and legislative requirements. Where this requires enhancement, we work with individual practices to remediate problem areas. Importantly, we also use the knowledge gained from the Program to promote continuous improvement throughout the accounting profession.

Member Tip

If you want to know how you are doing - you can do a self-assessment: just download the [checklist](#).

Regulation CR 2

CA ANZ Regulation CR2 Certificate of Public Practice (CR 2) requires members holding a CPP to undergo a quality review. The Program is designed to satisfy the requirements of CR 2 and CA ANZ's obligations as a member of IFAC. These obligations require audit practices to be an area of focus. IFAC permits consideration to be given to the inspection program of regulatory authorities such as the Australian Securities and Investment Commission (ASIC) when planning our review program so as to avoid duplication.

Types & frequency of reviews

The table below summarises the types and frequency of review for different practice types.

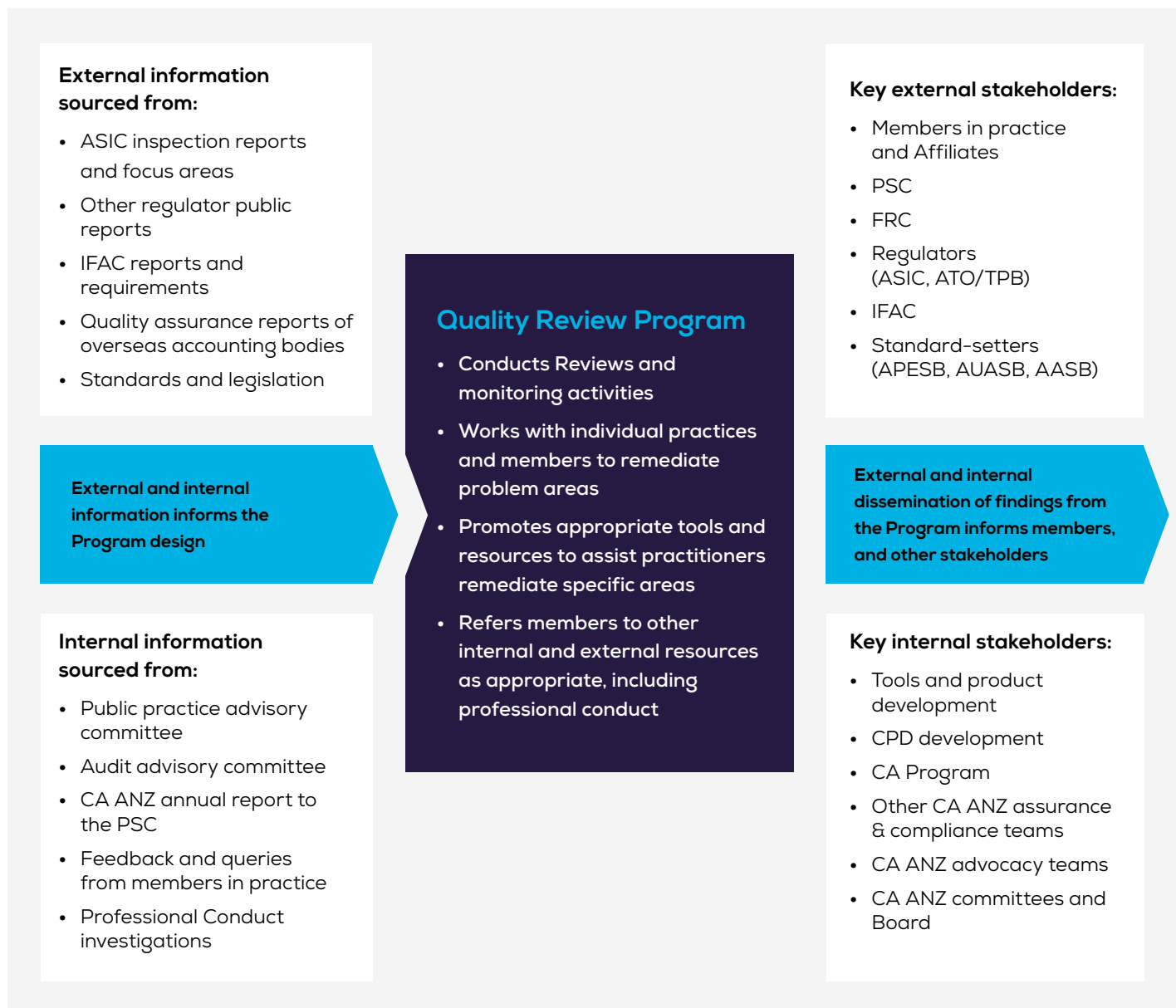
Practice Type	Review Frequency
IFAC required reviews	
Large Practice	Every three years
Audit Practice (listed entity clients)	Every three years
Audit Practice (non-listed entity clients)	Every six years
Superfund audit Practice	Every six years
Other Reviews	
Small Practice	Random sample based on risk
Other Practice	Random sample based on risk

Who conducts the reviews

Our reviews are conducted by experienced practitioners who work, or have worked, in public practice and are respected professionals with extensive practical experience and a strong commitment to continuous improvement in the profession. Each reviewer must complete training and agree to comply with specific terms and conditions to ensure the integrity of the Program.

The Quality Review framework

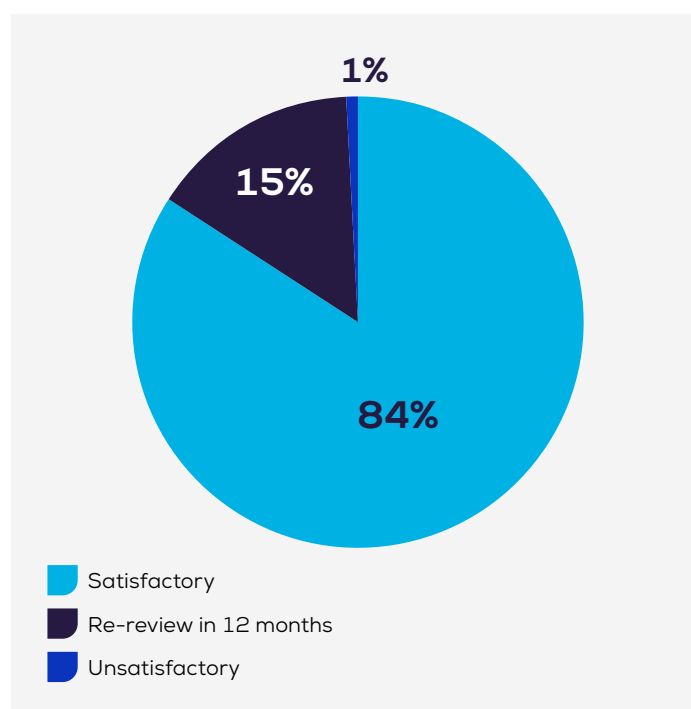
The Quality Review framework for Australian resident members is illustrated below:



Results for 2023

In 2023 we completed reviews of 305 Australian practices¹, including two major firms. The results of these reviews are consistent with prior years and show that a high percentage of practices are assessed as satisfactory.

The 2023 reviews revealed that most practices reviewed had adequate quality controls in place. The majority of re-reviews were required as a result of inadequate quality control procedures and/or insufficient documentation of audit evidence, with the majority of unsatisfactory reviews resulting from practices not adequately addressing these issues at their re-review. No matters identified were so serious as to warrant referral to CA ANZ's Professional Conduct Committee, ASIC or other relevant regulators.



Key findings from Reviews

The table below summarises the key findings from the reviews completed during the period 1 July 2022 to 30 June 2023 (issues identified in 10% or more reviews):

All practice types	
PSL	The mandatory limitation of liability disclosure statement is not on the practice's website or is incorrectly disclosed on a practice's stationery or website.
APES 320	Quality management policies and procedures have not been documented. Quality management policies and procedures have not been fully documented or fully implemented.
CR 7	CA ANZ members have not completed the minimum hours for CPD.
APES 325	A risk management framework has not been fully documented or implemented or may be incomplete.
Assurance Practices	
ASA 240	Audit of fraud consideration not documented or procedures insufficient.
ASA 315	Risk assessment not documented and/or audit procedures do not reflect assessed risks.
ASA 560	No or insufficient subsequent events review.
Compilation and Taxation Practices	
APES 305	No evidence client relationship procedures carried out and/or no documented engagement terms.
APES 315	Compilation report issued, but not fully in accordance with APES 315.
APES 220	Taxation client not provided with written statement regarding the engagement.

1. 305 reviews in Australia, 183 reviews in New Zealand: 488 reviews in total.

Key findings are recorded if there is any non-conformance within the broader compliance area. For example, a subsequent events review may have been appropriately completed but was up to the day before the audit report was signed rather than the same day. Another common example is a practice has the disclosure statement on all business documents except their website. As part of the review process, the practice is advised of the areas for improvement during the review. All practices are required to undertake to rectify the finding in a timely manner. Overall findings and other learnings from the quality review program are shared with the membership on our website and in learning events so that other members can improve prior to a review taking place.

New quality management standards ASQM1

In accordance with the new quality management standards, [Auditing Standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements](#) (ASQM1) and [Auditing Standard ASQM 2 Engagement Quality Reviews](#) (ASQM2), practices that perform audits or assurance engagements are required to design, implement and operate a system of quality management using a risk-based approach. This new system was required to be in place by 15 December 2022. Practices are also required to establish a monitoring and remediation process, with the first evaluation occurring by 15 December 2023.

Member Tip

Not sure where to start – log in and check out our guides, toolkits, templates and recordings all in the [one place](#).

Changes to APES 320

For Australian practices which do not perform assurance engagements, there have been changes to [APES 320 Quality Management for Firms that provide Non-Assurance Services](#) (APES 320) to achieve high-level alignment with the standard for practices that perform assurance engagements. This revised system needed to be in place by 1 January 2023.

The CA ANZ quality review program recognises that the changes are quite substantive, especially for assurance practices. Whilst we are reviewing practices against these new standards, we are also focused on helping members to understand the changes that need to be made. There are many [tools and learning opportunities](#) to assist with implementing the new standards.

Protecting the brand

CA ANZ Obligations & Powers

CA ANZ has an obligation to ensure all members act and provide professional services in a manner befitting the Chartered Accountants designation and requires members to meet high ethical, technical and professional standards.

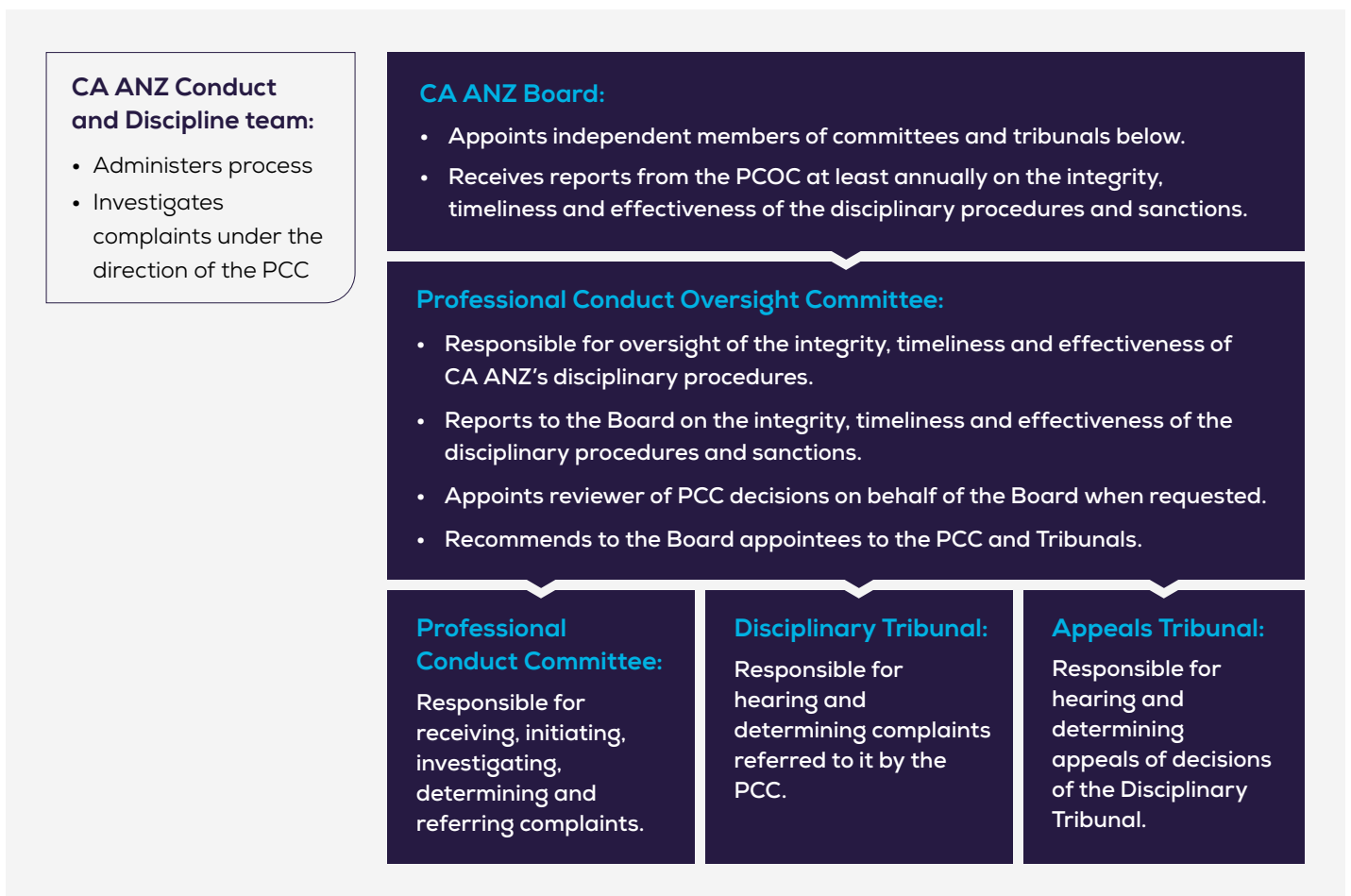
To protect its own reputation and that of its members, it is necessary for CA ANZ to call members to account when material issues arise. We do this by investigating complaints and other issues relating to the conduct of members.

CA ANZ is not a government or statutory authority, regulatory body (though it is contractually empowered to apply the By-Laws) or a court of law. CA ANZ does

not have legal power to seek redress on behalf of the community, nor to punish offenders. However, via its disciplinary bodies, it can impose membership-related sanctions.

CA ANZ Professional Conduct and Disciplinary Function

The structure of the Australian CA ANZ professional conduct and disciplinary function is summarised in the diagram below. As illustrated in the diagram, all matters of professional judgement relating to a complaint or disciplinary outcome are determined by the independent disciplinary bodies established by the CA ANZ By-Laws: the Professional Conduct Committee (PCC), Disciplinary Tribunal (DT) or Appeals Tribunal (AT), under the oversight of the Professional



Conduct Oversight Committee (PCOC). These bodies operate in accordance with the By-Laws and under charters approved by the CA ANZ Board and operating guidelines that give effect to the By-Laws and charters.

Our Complaint process

Complaints are confidential. The complaint form used to initiate a complaint includes provisions which require the complainant to treat information received during the process as confidential and CA ANZ Regulation CR8 requires members to treat complaint information as confidential. Confidentiality allows complaints to be investigated in a way that minimises privacy law risks and reputational harm to parties. The process, as outlined below, is designed to achieve a balance between protecting the public interest and providing the member with appropriate procedural fairness, all in a timely manner.

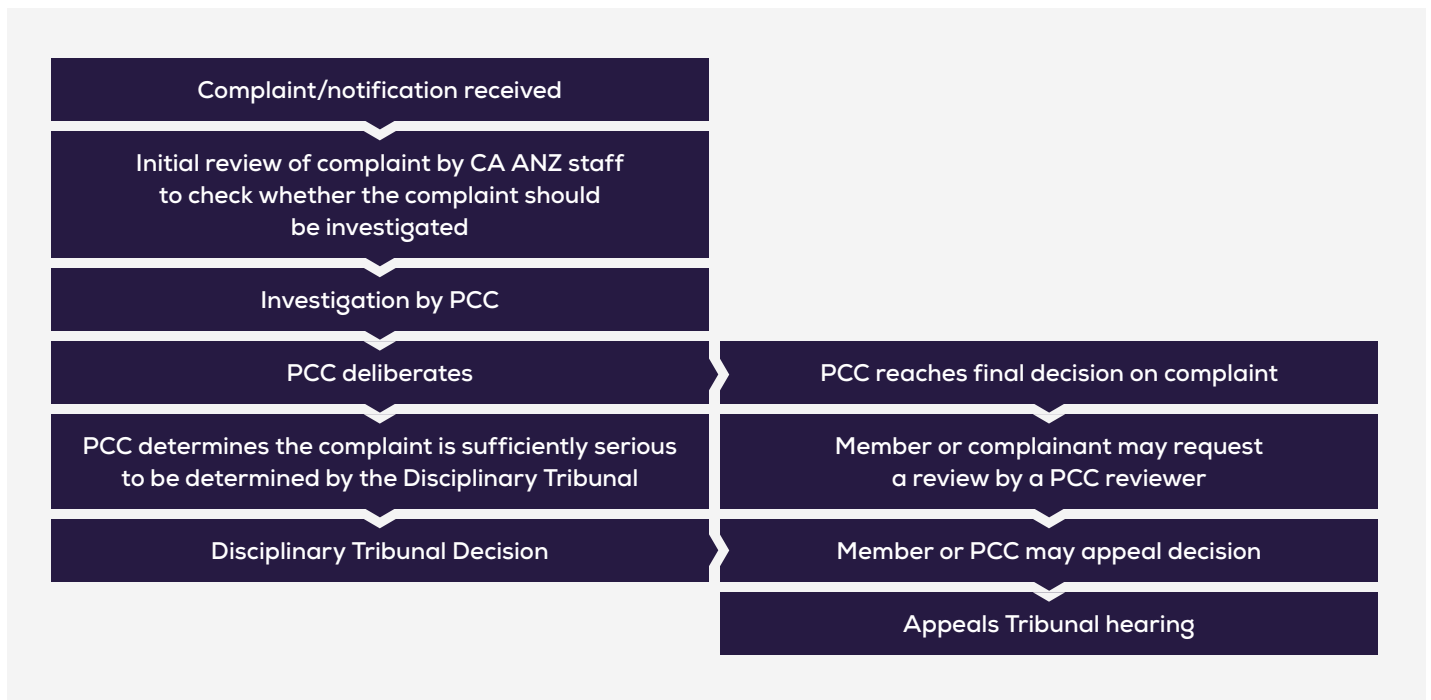
In financial year 2023 the Australian PCC received 212 (FY 2022 – 238) complaints about CA ANZ members and opened a complaint as a result of

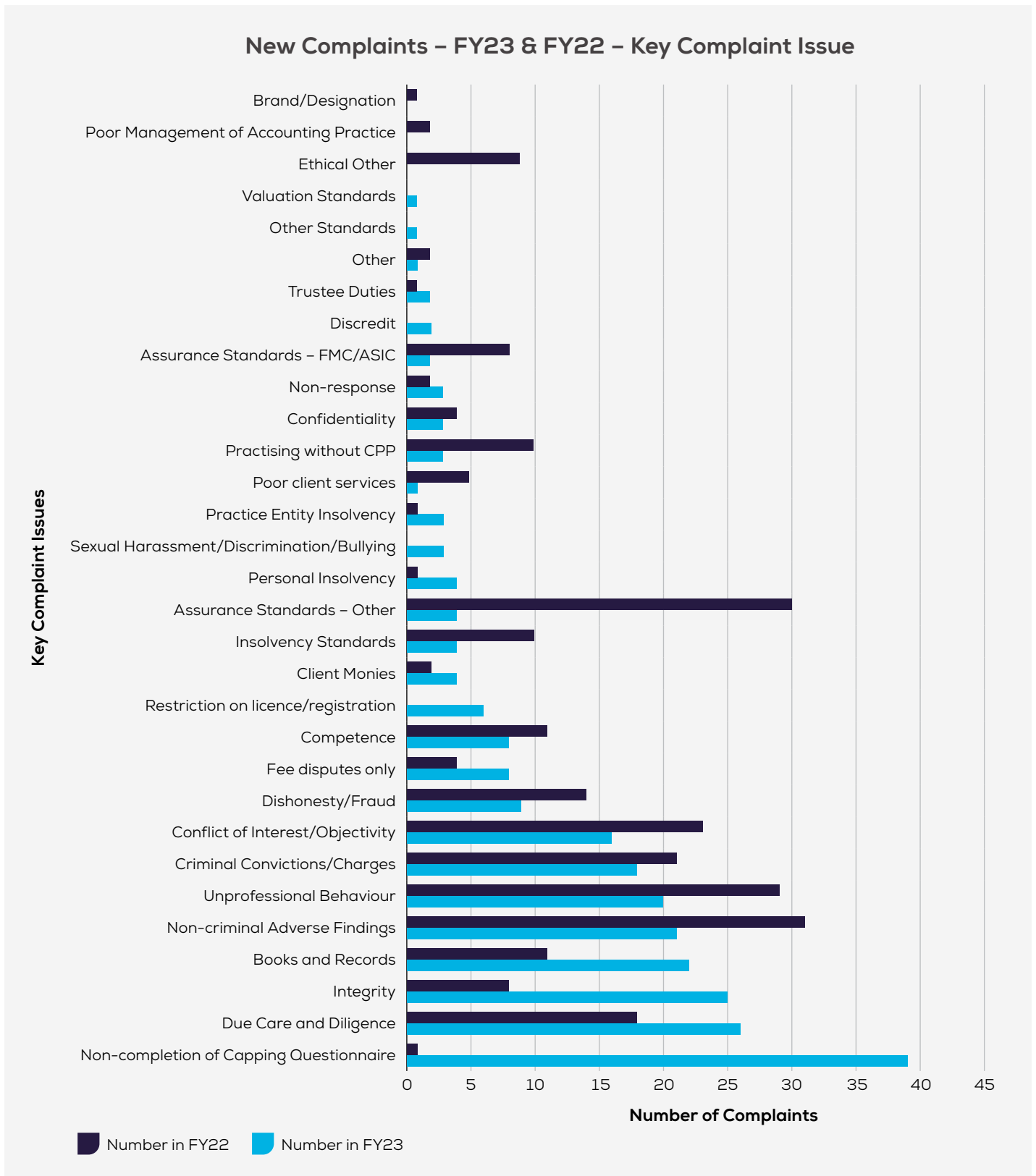
CA ANZ’s monitoring activities in 48 (FY 2022 – 30) instances. The graph entitled New Complaints – FY23 and FY 22 – Key Complaint Issue, summarises the underlying reason for the complaint, with most complaints coming from an adverse finding against a member in a legal or other regulatory matter. Another common matter giving rise to complaints are conflicts of interest. To try and reduce the number of complaints in this area we have included materials in the [Professional Standards Roadshow](#) and have written informative articles for [Acuity](#).

During FY 2023 39 (2022 – 39) members notified the Australian PCC of the occurrence of a notification event. A notification event is any event when a member of CA ANZ becomes liable to a disciplinary sanction under the By-Laws.

Member Tip

A good way to avoid a complaint is to make sure your engagement terms are clear and understood.





Most complaints which are investigated are resolved at the PCC level with an average time, from receipt of complaint to closure, of 24 weeks. Matters progressing to the DT and AT take longer with an average of 46

and 72 weeks respectively. As at 30 June 2023, in Australia, we had fourteen active complaints over 12 months old, this indicates that our conduct function is working hard to close complaints in a timely manner.

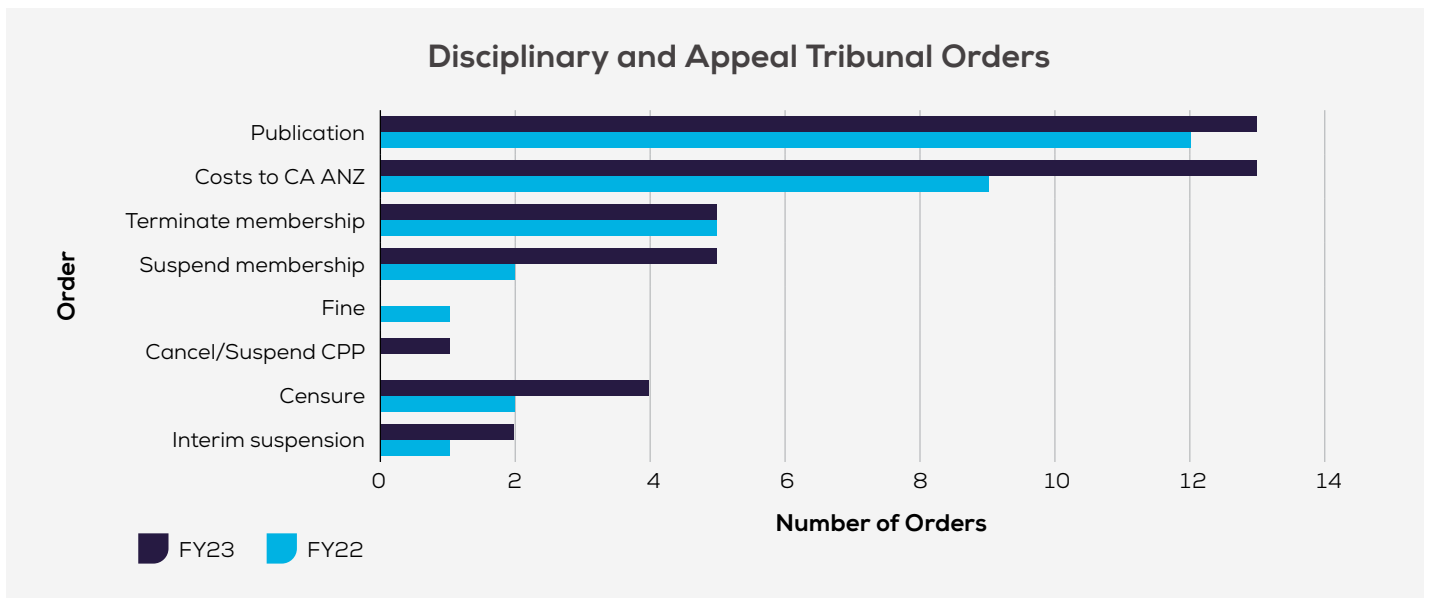
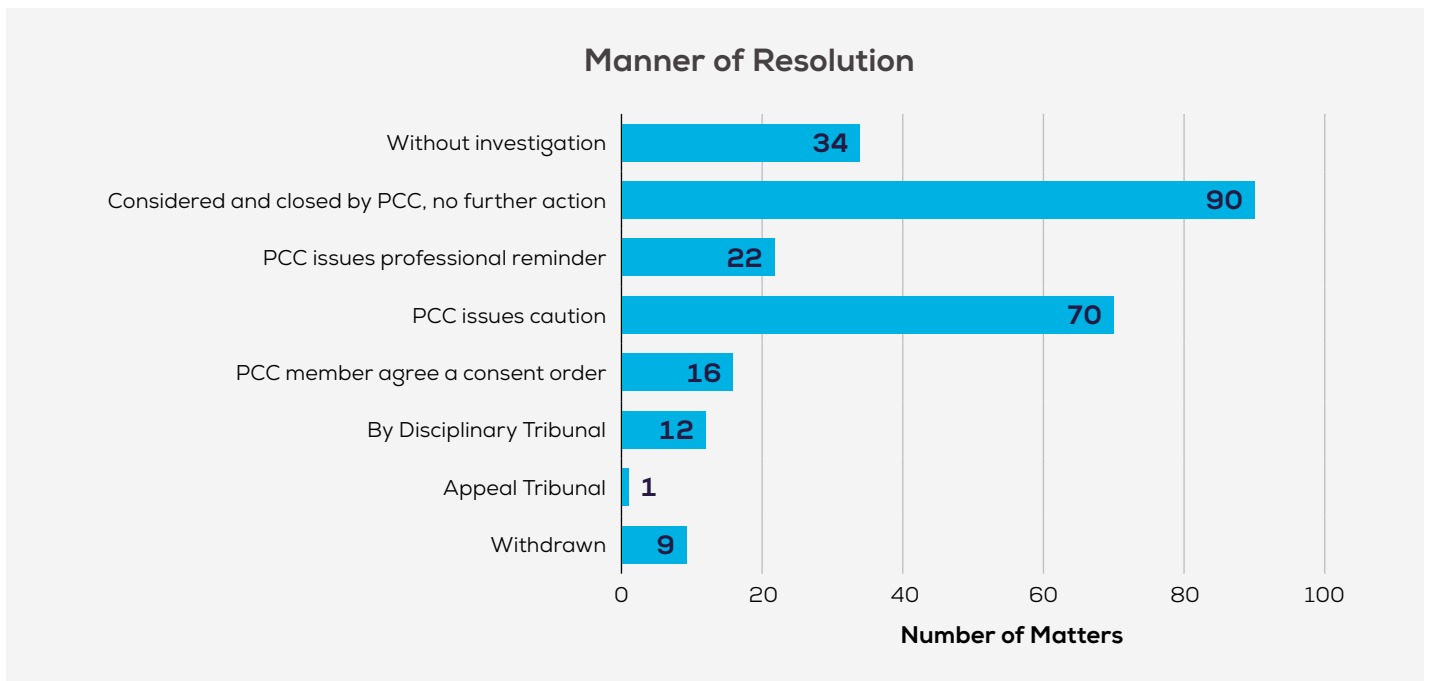
Outcomes for 2023

In 2023 the Australian conduct team closed 254 complaints against members, with 51% resulting in a finding against a member. The reasons for no finding being made against the member are prescribed by the By-Laws. Specifically, By-Law 40 (4.3) permits a complaint to be dismissed without investigation for a range of reasons including because they are vexatious, come within the jurisdiction of another forum or relate to historical issues that are no longer practical to investigate. The most common reason for the PCC to consider and close a matter with no further action

is because, on the basis of the available evidence, it determined no breach of the By-Laws was established. The table below, entitled Manner of Resolution, sets out how complaints were resolved in 2023.

The chart excludes interim suspensions as these are not considered to be resolved matters.

The highest sanction the Disciplinary Tribunal can impose is to either terminate or suspend a member’s membership. The table below summarises the Disciplinary and Appeal Tribunal findings in 2022 and 2023.



Other sanctions imposed by the Australian DT and AT during this period included cancellation of a member's CPP, imposition of a fine, issuing of a censure, requiring a member to have a practice review or to attend specified continuing professional development training.

All disciplinary bodies can impose costs against a member and depending on the complexity of the matter these can be substantial. At the DT level these are ordinarily between \$10,000 – \$20,000 per matter.

In 2023 over 90% of the external costs incurred were passed on to the relevant CA ANZ member/s by way of a DT or AT costs sanction.

We continue to publish the findings of the disciplinary bodies on the CA ANZ website, with references to the published decisions in Acuity. The table below includes a summary of these decisions in FY 2023, including three decisions of the PCC where the PCC exercised their discretion to publish information about a matter.

Date ²	Member Name	Conduct Entity	Description of circumstances	Sanction/s
05/07/2022	Member C	PCC	Criminal conviction relating to fraud and dishonesty Cancellation of liquidator registration	Severe reprimand Undertaking to resign and not seek readmission to membership Costs Publication of the sanction
05/07/2022	Richard John Vergona FCA	PCC	Failure to comply with mandatory audit standards	Severe reprimand Undertaking to cancel SMSF and auditor registration and to submit to a quality review Notification to other parties Costs Publication of the sanction including the member's name
07/07/2022	Member D	PCC	Failure to provide evidence of a trust account audit and to respond to CA ANZ correspondence	Severe reprimand Agreement to complete additional training, to submit to a quality review and to provide trust account assurance reports to CA ANZ Costs Publication of the sanction
12/07/2022	Khanh Huynh CA	DT	Adverse finding from the TPB regarding professional and business conduct, competency and integrity Failure to comply with a reasonable and lawful direction from CA ANZ Discredit	Suspension of membership Costs Publication and notification to other parties Cancellation of CPP

2. Date of meeting for the PCC matters and date of decision for DT and AT matters.

Date ²	Member Name	Conduct Entity	Description of circumstances	Sanction/s
12/07/2022	Lachlan Graff CA	DT	Failure to observe a proper standard of professional care, skill, competence, or diligence Breach of audit standards	Censure Costs Publication and notification to other parties
10/08/2022	Tony Iammarrone	AT	AT affirmed the decisions of the DT Adverse finding from the TPB regarding professional conduct, competency, and integrity Failure to comply with a reasonable and lawful direction from CA ANZ Discredit	Suspension of membership Costs Publication Additional AT Costs sanction
24/11/2022	Allen James Barnes CA	DT	Adverse finding from the TPB regarding professional and business conduct, competency and integrity Breached the Code of Ethics Failure to comply with a reasonable and lawful direction from CA ANZ Discredit	Termination of Membership Costs Publication
8/11/2022	Reis Cibala Kaluka	DT	Adverse finding from the Tax Practitioners Board (TPB) regarding professional conduct, competency and integrity Failure to comply with a reasonable and lawful direction from CA ANZ Discredit	Suspension of membership Costs Publication and notification to other parties
01/12/2022	Raymon Kaawi CA	DT	Alleged misappropriation of client monies	Interim suspension of Membership Publication and notification to other parties Costs – reserved until final determination
21/12/2022	Lara Saunders	DT/AT	Criminal proceedings	Interim suspension of Membership Publication Costs – reserved until final determination, appeal costs imposed
28/03/2023	Jennifer Lee Nairne	DT	Criminal conviction Discredit	Termination of Membership Costs Publication

Date ²	Member Name	Conduct Entity	Description of circumstances	Sanction/s
28/03/2023	John Anthony Ragg FCA	DT	Failure to comply with a reasonable and lawful direction from CA ANZ Failure to comply with CR 2A regarding professional indemnity insurance	Termination of Membership Costs Publication
29/03/2023	Victor Louie CA	DT	Adverse finding regarding professional and business conduct, competency and integrity Failure to comply with a reasonable and lawful direction from CA ANZ Providing false and misleading information to CA ANZ Discredit	Termination of Membership Costs Publication and notification to other parties
24/04/2023	Gregory James Kennedy CA	DT	Adverse or unfavourable findings regarding professional and business conduct, competency and integrity Discredit	Termination of Membership Costs Publication and notification to other parties
24/04/2023	Julian Nichols CA	DT	Breach of the Code of Ethics Failure to respond to correspondence including that from CA ANZ	Censure Costs Publication and notification to other parties
02/06/2023	Jonathan Dundovic CA	DT	Adverse or unfavourable findings regarding professional and business conduct, competency and integrity Failure to comply with a reasonable and lawful direction from CA ANZ Breaches of the Code of Ethics Discredit	Censure Suspension of membership – up to 5 years Costs Publication and notification to other parties
02/06/2023	Rosemarie Brenda Guerin CA	DT	Adverse or unfavourable findings regarding professional and business conduct, competency and integrity Principal of a practice entity that suffered an insolvency event	Censure Suspension of membership – up to 3 years Costs Publication and notification to other parties

Professional Conduct Framework Review

Like other member organisations with regulatory responsibilities, we periodically review and update our systems and frameworks, to ensure they are robust and in line with best practice. It has been more than five years since we last conducted a major review of our professional conduct By-Laws and framework, and it was timely to revisit them. To this end, in July 2022 CA ANZ announced a Professional Conduct Framework Review (the Review) with member consultation, to include:

- Review of the By-Laws, including alignment with the NZICA Rules and the best practice provisions of other professional member bodies and global peer bodies with any identified amendments to be put to a member vote in October 2023.
- Review of committee and tribunal structures, including their composition and powers and how Code of Ethics breaches are communicated to Members and the public.
- Enhanced support for members relating to ethical disclosure obligations, with protocols, training or guidance about when and how to make a disclosure, and how these should be managed.
- A comprehensive review of the interaction of CA Program academic integrity rules with the By-Laws, considering specifically how allegations of academic misconduct are addressed.

Oversight of the Review

The Review was coordinated and overseen by an 11 member Professional Conduct Framework Review Committee (the Committee) established by the Board (under By-Law 128A) and jointly chaired by CA ANZ Chair John Palermo and CA ANZ Chief Executive Officer Ainslie van Onselen. The Committee conducted a comprehensive and thorough process focused on ensuring that CA ANZ's independent disciplinary bodies operate under a robust and fair framework with clear processes that serve both the interests of Members and the public.

The Review was completed in February 2023 and the Review recommendations were independently reviewed by former Federal Court Justice Dennis Cowdroy AO KC, who provided his report in May 2023. The Review considered and balanced due process, natural justice, rights of individual members, profession and public interest, and provided an opportunity to further strengthen and uphold the reputation and value of the CA designation.

Key recommendations from the Review

Some of the key recommendations from the Review include:

- A five-fold increase in maximum fines for events involving firms, such as certain adverse findings by courts or regulators, criminal or civil convictions and conditions on firm registrations with regulators.
- Introducing voluntary firm membership in New Zealand which aligns with the Australian approach and responds directly to submissions made by firms in New Zealand.
- Changing the current situation in Australia where CA ANZ cannot undertake an investigation into the conduct of former Australian Members, allowing the disciplinary bodies to investigate regardless of membership status.
- Creating more extensive guidance materials for all Members about the independent disciplinary process, their personal self-disclosure obligations and making ethical obligations clear.
- Strengthening the powers of the disciplinary bodies to engage a panel of experts to provide technical guidance on complex matters.
- Introducing measures to make the disciplinary process more efficient, such as a conciliation process to give complainants and CA ANZ/NZICA Members an alternative mechanism for resolving their dispute.

- Enabling better transparency by consolidating decisions of the disciplinary bodies into a single online public register, including statistics and data about complaints dismissed and grounds for dismissal.
- Amplifying and reinforcing the work we do to support our Members' deep knowledge and commitment to the Code of Ethics, which is a threshold requirement of their ongoing membership.

Amendments to the CA ANZ By-Laws to give effect to the Review recommendations were approved by members in October 2023. They will become effective on Governor General assent.

Assessment of CA ANZ Disciplinary Framework

In conducting its Review, the Committee also found that the Disciplinary Framework:

- Meets or exceeds the standards set by the International Federation of Accountants.
- Is consistent with mandatory components of the Professional Standards Council Model Rules.
- Meets or exceeds international and peer benchmarks.
- Responds appropriately and proportionately to proven academic misconduct by Provisional Members, in relation to assessments and examinations undertaken for the conferral of the CA Graduate Diploma.
- Confers powers to the disciplinary bodies to consider certain matters that qualify as Firm Events such as adverse findings against the firm by a court or regulator or conditions placed on a firm's registration with a regulator.

The relevant divisions within CA ANZ have commenced a program of work to implement the Review's recommendations. More details of the Review can also be found on the [CA ANZ website](#).

