

# CR 7 – Continuing Professional Development

Issued 8 October 2019

## 7.1 Purpose

This Regulation sets out the continuing professional development (**CPD**) requirements for Individual Members of CA ANZ, to develop and maintain the professional competence necessary to provide high quality services to clients, employers, and other stakeholders, and to strengthen public trust in the profession.

## 7.2 Definitions

Unless expressly defined in this Regulation, capitalised terms used in this Regulation are defined in By-Law 2.

## 7.3 Mandatory CPD for all Individual and Affiliate Members

Subject to the exemptions identified in CR 7.4, all Individual and Affiliate Members are required to undertake CPD as prescribed in the Schedules to this Regulation.

## 7.4 Exemptions

### (a) Seniority exemption

Where an individual Member is:

- (i) at least 60 years of age; and
- (ii) does not hold a Certificate of Public Practice or is not a specialist in accordance with CR 6,

the Member is exempt from the requirement in CR 7.3 to undertake prescribed CPD. However, such a Member should maintain a level of competence appropriate to any position that they hold, which may require completion of appropriate CPD.

### (b) Pro-rata exemptions

An application may be made to CA ANZ to exempt an individual Member, on a pro-rata basis, from the requirement in CR 7.3 to undertake prescribed CPD, if:

- (i) the Member, by reason of exceptional circumstances acceptable to the Board, would experience particular hardship or difficulty in completing the required CPD; or
- (ii) the Member has been or will be absent from public practice or employment because of parenting leave, unemployment or illness; or
- (iii) the Member is not employed full-time or has part-time or casual employment; or
- (iv) the Member holds a Certificate of Public Practice but is not currently engaged in practice.

## 7.5 Record-keeping

Individual and Affiliate Members obliged to undertake CPD are required to keep appropriate records of prescribed CPD activities undertaken. These records must be provided to CA ANZ upon request.

## 7.6 Dual members of recognised accountancy bodies

Where an individual or Affiliate Member is:

- (a) also a current member of another accountancy body which CA ANZ has recognised for the purposes of this provision;
- (b) resident outside Australia or New Zealand;

- (c) not holding a Certificate of Public Practice or not a specialist in accordance with CR 6; and
- (d) in compliance with that other body's CPD requirements,

written evidence supplied by the member of compliance from that other body will be accepted as compliance with the requirements of this Regulation.

#### **7.7 Non-compliance**

Individual and Affiliate Members who fail to comply with the requirements of this Regulation may be excluded from membership in accordance with By-Law 23(c).

## Schedule 1 to CR 7 – CPD Requirements for CA ANZ Members not resident in New Zealand

This Schedule sets out the requirements for CPD for Members of CA ANZ not resident in New Zealand, from the first of a Member's trienniums (3 year period) commencing on or after 1 July 2015.

References to membership classes in this Schedule include Fellows of those classes where applicable. Members resident in New Zealand should refer to Schedule 2 to CR 7 for their CPD requirements.

If you have queries relating to CPD compliance, including confirming the date on which your triennium commences, you should contact CA ANZ.

### 1. Members obliged to undertake CPD

Subject to the exemptions set out in CR 7.4, the following Members are required to undertake CPD:

- (a) all individual Members as defined in the CA ANZ By-Laws, which includes those admitted to membership as a Fellow, Chartered Accountant, Associate Chartered Accountant or Accounting Technician, whether or not holding a Certificate of Public Practice; and
- (b) all Affiliate Members.

### 2. Minimum annual requirements

The minimum annual requirements for CPD are:

- (a) **Chartered Accountants (CAs)** and **Affiliate Members** are required to complete 120 hours of relevant CPD over each rolling triennium, of which 90 hours must be formal CPD. A minimum of 20 hours CPD must be completed in each year.
- (b) **Associate Chartered Accountants (ACAs)** are required to complete 90 hours of relevant CPD over each rolling triennium, of which 45 hours must be formal CPD. A minimum of 15 hours CPD must be completed in each year.
- (c) **Accounting Technicians (ATs)** are required to complete 60 hours of relevant CPD over each rolling triennium, of which 30 hours must be formal CPD. A minimum of 10 hours CPD must be completed in each year.

### 3. Start date of triennium

- (a) A Member's first triennium commences on 1 July in the financial year following the date of admission of the Member.
- (b) For Members admitted prior to 1 July 1994, their first triennium commenced on 1 July 1994.

### 4. Particular requirements for holders of certain registrations and licenses

- (a) If you hold any Australian registration or licence identified in (b) below, you are obliged to undertake at least 40% of your minimum CPD requirement in an area appropriate to the registration or licence that you hold (e.g. registered tax agents are required to undertake at least 40% of their hours in tax-related CPD<sup>1</sup>).
- (b) As at June 2015, these registrations are:
  - (i) registered company auditor;
  - (ii) registered company liquidator;
  - (iii) registered trustee in bankruptcy;
  - (iv) Australian Financial Services (**AFS**) license holder;
  - (v) approved Self-Managed Super Fund (**SMSF**) auditor (**SMSF Auditor**); and
  - (vi) registered tax agent.

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<sup>1</sup> As at June 2015 the Tax Practitioners Board requires all of the 90 hours of CPD per 3 year period that they prescribe for registered tax agents to be relevant to the services that the tax agent provides.

- (c) If you hold more than one of these registrations or licenses, the 40% requirement applies to each registration or licence that you hold. Note however that some CPD you undertake may be relevant to more than one of the registrations that you hold, and therefore may be considered more than once in relation to your satisfaction of these 40% requirements.

## **5. Engagement Partners responsible for audits of a Public Interest Entity's financial statements**

A Member who is an Engagement Partner (defined in Schedule 3) responsible for audits of a Public Interest Entity's (defined in Schedule 3) financial statements or who holds an audit licence issued by the New Zealand Financial Markets Authority or by NZICA must also comply with the requirements set out in Schedule 3.

## **6. Approved SMSF Auditors**

- (a) If you apply for approval as an SMSF Auditor, you must have completed a course in the audit of SMSFs.
- (b) If you are an approved SMSF Auditor, at least 30 hours of the minimum CPD requirement that you complete over a 3 year period must comprise:
  - (i) at least 8 hours of formal superannuation CPD;
  - (ii) at least 8 hours of formal financial statement or compliance audit CPD;
  - (iii) at least 4 hours of formal financial accounting CPD; and
  - (iv) no more than 10 hours of technical reading related to this area.
- (c) The CPD that you undertake in order to satisfy these requirements for approved SMSF auditors need not be limited to a specific focus on the audits of SMSFs; a course addressing a broader context may nevertheless be relevant to the competencies needed for the audit of SMSFs.

## **7. Reviews by non-Registered Company Auditors of Second Tier Companies Limited by Guarantee**

- (a) If you are **not** a registered company auditor (**RCA**) and you plan to undertake a review of a Second Tier Company Limited by Guarantee (**STCLG**) for the first time, you must have completed a course which includes reviews of financial statements.
- (b) If you are undertaking STCLG reviews on an ongoing basis, at least 30 formal hours of the minimum CPD requirement that you complete over a 3 year period must comprise a course or courses on reviewing or auditing financial statements and financial accounting training.

## **8. Particular requirements for specialists**

- (a) If you are a Chartered Accountant who holds one or more specialisations in accordance with CR 6, you have specified CPD obligations in relation to those specialisations.
  - (i) CA SMSF Specialists must undertake at least 40% of their minimum CPD requirement in Superannuation, with at least 20 hours per triennium specific to SMSFs.
  - (ii) CA Business Valuation Specialists must undertake at least 40% of their minimum CPD requirement in Valuations with at least 20 hours per triennium specific to Business Valuations.
  - (iii) CA Financial Planning Specialists must undertake at least 40% of their minimum Continuing Professional Development requirement in Financial Planning.
- (b) If you hold more than one of these specialisations, some CPD you undertake may be relevant to more than one of these, and therefore may be considered more than once in relation to your satisfaction of these specialisation requirements.

## 9. Exempt and concessionary categories

- (a) Individual Members aged 60 or over **and** who are **not** holding a Certificate of Public Practice or who are not holding a specialisation in accordance with CR 6 do not have a requirement to complete the prescribed amount of CPD set out in clause 2 of this Schedule 1. However, they should still maintain a level of competence appropriate to any position that they hold, which may require the completion of appropriate CPD. Note that this exemption is not available to Affiliate Members, who are treated in the same manner as Chartered Accountants holding Certificates of Public Practice.
- (b) Pro-rata exemptions are available for Members who are on a career break (whether planned or unforeseen), are not employed full-time, or face particular hardships or difficulties in completing the required CPD.
- (c) Application must be made in writing to CA ANZ for a pro-rata exemption, stating the circumstances upon which the Member is relying in support of their application.
- (d) Unless granted for a specified period, a pro-rata exemption will remain in force unless and until the special circumstances on which it was granted cease to exist and the onus is on the Member to advise CA ANZ when the circumstances cease to exist.
- (e) The following are examples of factors that would be relevant to the question as to whether special circumstances existed justifying the granting of a pro-rata exemption:
  - (i) being on leave from professional duties for an extended period of time (e.g. parental or sabbatical leave); or
  - (ii) a physical disability being such that the person would be unable to engage in CPD activities, or that it would be unreasonable to require the person to do so.
- (f) Where an individual or Affiliate Member has been granted exemption for one or two years of a triennium, the Member would be required to complete at least 30 hours of formal CPD per annum on a pro rata basis for the remaining period of the triennium.

## 10. What constitutes CPD?

The responsibility lies with the Member to choose suitable professional development activities and to judge, within the guidelines provided, whether these activities contribute to your professional development. CPD is not restricted to courses offered by CA ANZ or to accounting and financial topics. Your chosen CPD activities can relate to any competency that is relevant to your current or future professional activities.

## 11. Formal CPD

- (a) Formal CPD should maintain and/or expand your capacity to discharge your professional obligations and should have the following characteristics:
  - (i) an organised, orderly framework developed from a clear set of objectives;
  - (ii) a structure for imparting knowledge of an educational or technical nature; and
  - (iii) a requirement for involvement by the participant.

As a general guide, relevant formal CPD is more likely to have interactive learning, sometimes have an assessment component and involve teaching by competent specialists.
- (b) As a guide, formal CPD would normally include the following activities:
  - (i) Congresses, Business Forums and conventions presented by CA ANZ or other professional accounting body. National and State Congresses presented by a professional accounting body alone or in conjunction with other professional bodies, and designed to cater for a broad spectrum of Member interests including those in particular occupational groupings, such as public accountants or government accountants;

- (ii) Courses, seminars, workshops, lectures and other professional educational activities presented by CA ANZ or other professional accounting body (1 hour or more). Any of the range of technical activities organised by either body, alone or in conjunction with other organisations, regardless of whether arranged at National, State or other level;
- (iii) Meetings of CA ANZ or other professional accounting body technical discussion groups (1 hour or more). Formal meetings of CA ANZ or other professional accounting body discussion groups which provide a structured forum for exchange of technical information relevant to individual and Affiliate Members with a common interest;
- (iv) Appropriate educational activities provided by the individual or Affiliate Member's employer or Practice Entity. "In-house" courses, schools or similar activity arranged by the Member's employer and presented either by that employer's staff, by individuals or organisations engaged by the employer, or a combination of these. Training activities provided by employers are acceptable CPD providing they relate to the development, maintenance or expansion of professional competence. However, training involving purely administrative tasks of essentially a non-professional nature such as completing employer time sheets would not count towards CPD;
- (v) Tertiary courses presented by educational institutions. Courses conducted by tertiary institutions leading to a Degree, Diploma, or Post Graduate qualification, other than those undertaken as a pre-requisite for admission as a Member of CA ANZ. Contact time (lectures, exams and tutorials) may be claimed, as well as time spent in the research and writing of essays; and
- (vi) Appropriate educational and developmental activities presented under the auspices of academic institutions, commercial establishments or other professional bodies (1 hour or more). Extramural courses presented by tertiary institutions, seminars, courses, lectures, residential schools, conventions or other technical activities presented independently or jointly by tertiary institutions, commercial educational establishments or professional bodies.

In addition, the following activities will be recognised by CA ANZ as formal CPD:

- (vii) Researching and writing technical publications, preparation and delivery of technical papers. Actual time engaged in researching material and writing technical publications may be claimed, whether the final product be in the form of a text book, an article in a professional journal or the presentation of an address. This should not include time devoted to layout, artwork, design or similar issues. Time spent in preparation and presentation of lectures, courses and seminars and at workshops and discussion groups, may be claimed except for repeats of presentations which are substantially similar in form and content. The preparation and presentation of an address on a topic relevant to a Member's profession or occupation may also be claimed. As a guide, 3 hours preparation may be claimed for each presentation hour, although this will obviously vary according to the complexity of the subject matter and the presenter's familiarity with the topic;
- (viii) Service on technical or research committees under the auspices of CA ANZ or other professional bodies or organisations. Membership of technical or research committees or study groups where objectives are defined and specific contributions required of individual and affiliate Members, usually involving both independent and collective study, review and analysis of designed material. For instance, Boards and Committees of the Australian or international standard-setting bodies; government sponsored advisory panels required to submit recommendations on issues concerning accountancy or finance; or course advisory committees established by educational institutions;
- (ix) Programmed self-study through a third party provider, including self-study video or audio packages. Structured study programs designed for the individual which may or may not involve interaction with tutors or other individuals and may or may not include assignments, exercises or tests, whether or not these are submitted for

assessment. Structured self-study courses may include several learning media and/or distance learning aids, e.g. notes combined with audio or video tapes; computerised or other electronic links;

The following activities may also be counted as formal CPD, but only **to the extent indicated**:

- (x) Participation in a Chartered Accountants Program module. Formal CPD hours may be claimed by satisfactorily completing a module, with the number of hours being directly related to the extent of the Member's participation, up to a total of 60 hours per triennium but not exceeding 20 hours in any one year;
- (xi) Preparation of Chartered Accountants Program course material and participation as Chartered Accountants Program Focus Session Facilitators and assessment markers. A maximum of 16 hours of formal CPD may be claimed by Focus Session Facilitators per module, and a maximum of 7 hours may be claimed by assessment markers;
- (xii) Participation as a Mentor for CA Candidates in the Chartered Accountants Program. A maximum of 10 hours of formal CPD per year may be claimed; and
- (xiii) Participation in a Quality Review conducted by CA ANZ or CPA Australia. A maximum of 4 hours of formal CPD may be claimed by individual and affiliate Members who participate in their firm's Quality Review. This credit may be claimed by the Member under review once every review cycle.

## **12. Informal CPD**

- (a) Informal CPD is considered to be an activity such as reading technical or professional articles, and mentoring discussions (except as noted above in relation to the mentoring of Chartered Accountants Program candidates).
- (b) A maximum of 30 hours of informal CPD may be claimed per triennium but not exceeding 10 hours in any one year.

## **13. CPD records**

You are required to maintain a record of your CPD and make records available if requested for monitoring purposes.

## **14. Recording CPD**

- (a) Records of formal CPD will need to include:
  - (i) date;
  - (ii) organisation presenting the CPD activity;
  - (iii) description of the CPD activity;
  - (iv) whether the CPD is relevant to the Member's obligations associated with holding certain registrations (see clause 4 of Schedule 1 above) or specialisations (see clause 8 of Schedule 1 above); and
  - (v) number of CPD hours.
- (b) CA ANZ provides an online facility for the recording of CPD hours.
- (c) You should only claim those hours that can be attributed to genuine learning (e.g. not breaks and entertainment sessions).
- (d) One single repetitive activity should not constitute the extent of a Member's CPD activity.

## **15. How CA ANZ monitors compliance**

- (a) CA ANZ monitors your participation in CPD activities through reviewing the CPD records of a random selection of Members to check that they have met their CPD obligations. In addition, the CPD records of those Members in an accounting firm are reviewed as part of

the quality review of the practice, to ensure that they are undertaking the appropriate CPD in order to maintain competence in their areas of expertise.

- (b) Members who repeatedly fail to satisfy these CPD requirements may be excluded from membership in accordance with By-Law 23(c).

## Schedule 2 to CR 7 – CPD Requirements for CA ANZ Members resident in New Zealand

This Schedule sets out the requirements for CPD for Members of CA ANZ resident in New Zealand, from the first of a Member's trienniums (3 year period) commencing on or after 1 July 2015.

References to membership classes in this Schedule include Fellows of those classes where applicable.

Members resident outside of New Zealand should refer to Schedule 1 to CR 7 for their CPD requirements.

If you have queries relating to CPD compliance, including confirming the date on which your triennium commences, you should contact CA ANZ.

### 1. Members obliged to undertake CPD

Subject to the exemptions set out in CR 7.4, all individual Members as defined in the CA ANZ By-Laws are required to undertake CPD, which includes those admitted to membership as a Fellow, Chartered Accountant, Associate Chartered Accountant or Accounting Technician, whether or not holding a Certificate of Public Practice.

### 2. Minimum annual requirements

The minimum annual requirements for CPD are:

- (a) **Chartered Accountants (CAs)** are required to complete 120 hours of relevant CPD over each rolling triennium, of which 60 hours must be verifiable CPD. A minimum of 20 hours CPD must be completed in each year.
- (b) **Associate Chartered Accountants (ACAs)** are required to complete 90 hours of relevant CPD over each rolling triennium, of which 45 hours must be verifiable CPD. A minimum of 15 hours CPD must be completed in each year.
- (c) **Accounting Technicians (ATs)** are required to complete 60 hours of relevant CPD over each rolling triennium, of which 30 hours must be verifiable CPD. A minimum of 10 hours CPD must be completed in each year.

### 3. Start date of triennium

- (a) A Member's first triennium commences on 1 July in the financial year following the date of admission of the Member.
- (b) For Members admitted prior to 1 July 2012, their first triennium commenced on 1 July 2012.

### 4. Mandatory ethics

You need to ensure that you undertake a minimum of 4 hours of ethics training every 5 years. CA ANZ offers training in this area.

### 5. Exempt and concessionary categories

Members who were admitted to the ACA College before June 2006 are not required to undertake the prescribed amount of CPD whilst they retain ACA membership. Members who qualify for the membership fees income concession may be required to complete a proportion of verifiable and non-verifiable CPD subject to their individual circumstances. Members with a concessionary status who are returning to full membership may be required to catch up on CPD. See the CA ANZ website for further information.

### 6. Audit Engagement Partners and Licensed Auditors

- (a) A Member who:
  - (i) is an Engagement Partner (defined in Schedule 3) for a Public Interest Entity (defined in Schedule 3); or
  - (ii) holds an auditor licence issued by NZICA or the New Zealand Financial Markets Authority (**FMA**) under sections 11 or 12 of the *Auditor Regulation Act 2011* (NZ) (**ARA**) permitting the auditor to perform FMC audits (as defined in section 6 of

the ARA) in New Zealand (**Licensed Auditor**), must also comply with the requirements set out in Schedule 3.

- (b) Without limiting CR 7.7, NZICA may, in accordance with section 18 of the ARA, vary, remove, add to, or substitute any conditions of a Licenced Auditors licence or suspend or cancel the license if the Licensed Auditor fails to comply with the CPD requirements set out in this regulation, including Schedule 3.

## **7. What constitutes CPD?**

Given the diverse range of activities which Members undertake it is not possible to define a common CPD curriculum. The responsibility lies with you to choose suitable professional development activities and to judge, within the guidelines provided, whether these activities contribute to your professional development. CPD is not restricted to courses offered by CA ANZ or to accounting and financial topics. Your chosen CPD activities can relate to any competency that is relevant to your current or future work.

## **8. Verifiable CPD**

- (a) The underlying principle in the case of "verifiable" CPD is that the learning activity is able to be objectively verified by a competent source. "Non-verifiable" CPD is considered to be an activity that is independent and informal, for example, reading technical or professional articles, mentoring discussions and collegial discussion where learning is fostered.
- (b) As a general guide, relevant higher quality verifiable CPD is more likely to have interactive learning, sometimes have an assessment component and involve teaching by competent specialists. Other activities could include providing service on a technical committee, writing technical articles or presenting courses.

As a *guide*, verifiable CPD could include the following activities:

- (i) CA ANZ national conferences and courses;
- (ii) CA ANZ branch courses and seminars;
- (iii) CA ANZ Special Interest Group training events;
- (iv) training from other providers or professional bodies;
- (v) in-house training and presentations;
- (vi) assessed distance learning
- (vii) university courses;
- (viii) conferences – local and international;
- (ix) other structured courses;
- (x) serving on a technical committee;
- (xi) publishing professional or academic papers, articles, research and other publications that have relevance to one's current or future work;
- (xii) participating as a speaker in conferences, briefing sessions and discussion groups;
- (xiii) developing training sessions or courses; or
- (xiv) facilitating and/or marking professional examinations.

## **9. Recording CPD**

- (a) CPD records will need to include:
  - (i) details of the learning activity undertaken;
  - (ii) whether the learning is verifiable or non-verifiable;

- (iii) the date/s on which the learning activity was undertaken;
- (iv) the provider of the learning activity;
- (v) the number of CPD hours attributed to the learning activity;
- (vi) details of the relevance of the learning activity to the Member's current or future professional development;
- (vii) confirmation that verifiable evidence of the learning activity undertaken is available for monitoring purposes.

You should only claim those hours that can be attributed to genuine learning (e.g. not breaks and entertainment sessions). One single repetitive activity should not constitute the extent of a Member's CPD activity.

(b) Means by which CPD can be verified include:

- (i) attendance records, registration forms or confirmation of registration in a learning activity;
- (ii) independent assessment by a competent individual that a learning activity has occurred;
- (iii) confirmation by an instructor, mentor or tutor of participation in a learning activity;
- (iv) confirmation by an employer of participation in an in-house programme, including firms' CPD logs;
- (v) published research work; and
- (vi) confirmation by other committee members (or Secretariat) of participation on a Technical Committee

(c) As a test, verifiable CPD can be identified as any activity for which a Member can answer "yes" to the following questions:

- (i) Was the learning activity relevant to your current or future professional development?
- (ii) Can you provide verifiable evidence that you undertook the learning activity?

## 10. CPD records

You are required to maintain a record of your CPD, retain this for a minimum period of 5 years, and make records available if requested for monitoring purposes.

## 11. CPD online log

CA ANZ has an online CPD log which you can use to record your CPD activities, and this is available in the Members' section of the website. Attendance at CA ANZ events will be automatically recorded in the log. Its use is optional as CA ANZ recognises that many employers integrate CPD recording systems into their professional development systems, and that individuals may prefer other forms of record keeping. As long as you maintain your records and provide them on request for monitoring purposes, they can be kept in any form.

## 12. How CA ANZ monitors compliance

- (a) CA ANZ monitors your participation in CPD activities through your annual notifications. It also reviews the CPD records of a percentage of Members to check that they have met their CPD obligations. In addition, the CPD logs of those Members holding Certificates of Public Practice are monitored as part of the practice review process, to ensure that they are undertaking the appropriate CPD in order to maintain competence in their areas of expertise.
- (b) Members who repeatedly fail to satisfy CA ANZ's CPD requirements may be referred to the Professional Conduct Committee.

## Schedule 3 to CR 7 – CPD Requirements for Licensed Auditors and Engagement Partners Responsible for Audits of a Public Interest Entity's Financial Statements

### 1. Definitions

For the purpose of CR 7:

- (a) **Engagement Partner** means the partner or other person in the firm who is responsible for the audit engagement and its performance, and for the auditor's report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal, or regulatory body.
- (b) **Public Interest Entity** means:
- In Australia:**
- (i) a listed entity, being an entity whose shares, stock or debt are quoted or listed on a recognised stock exchange or are marketed under the regulations of a recognised stock exchange or other equivalent body; or
- (ii) an entity defined by regulation or legislation as a public interest entity; or
- (iii) an entity for which an audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulation might be promulgated by any relevant regulator, including an audit regulator.
- In New Zealand:**
- (i) Any entity that meets the Tier 1 criteria in accordance with External Reporting Board Standard A1 and is not eligible to report in accordance with the accounting requirements of another tier.
- (c) **Reporting Period** means, subject to section 3(e) of this Schedule, a period of 3 years (a **triennium**), commencing from 1 July 2019 and each subsequent triennium.

### Commentary

*A Member who is not a Licensed Auditor (as defined in section 6(a)(ii) of Schedule 2 of CR 7) or who performs the role of an Engagement Partner for entities that are not Public Interest Entities are encouraged, but not required, to comply with this Schedule. This includes a Member who:*

- (a) *is a registered company auditor; or*
- (b) *is recognised by NZICA or another body as a qualified auditor under section 36(1) of the Financial Reporting Act 2013.*

*A Member who is not a Licenced Auditor and who performs other assurance engagements, such as review engagements, may, but is not required, to comply with this Schedule with suitable modifications to ensure he or she maintains the professional competence required to perform those other assurance engagements.*

*A Member who performs audit work other than as Engagement Partner (for example as audit senior or audit manager) is not required to comply with this Schedule. However, they or their firm may choose to adopt aspects of this Schedule relevant to the role they perform.*

*Where a Member is progressing to the role of Engagement Partner, Schedule 3 may, but is not required to, be applied as part of a development plan to prepare the Member to undertake the Engagement Partner role.*

*The obligations set out in this Schedule apply in addition to the requirements set out in Schedule 1 or 2 as applicable.*

## 2. Members must develop and maintain competence

- (a) You must undertake CPD that develops and maintains the professional competence required to perform the role of Engagement Partner or Licensed Auditor. This may be demonstrated by achieving the learning outcomes set out in Appendix A of this Schedule.
- (b) If you identify a need to achieve learning outcomes in addition to those set out in Appendix A in order to meet the requirements of your role as an Engagement Partner or Licensed Auditor, you must also plan to develop and maintain those additional competencies.

## 3. Self-assessment or similar evaluation

- (a) Within six months of the commencement of each Reporting Period you must:
  - (ii) identify, whether by self-assessment, as part of a formal partner
  - (iii) evaluation process or a similar evaluation, your competence in each of the learning outcomes set out in Appendix A;
  - (iv) identify the learning that you require to ensure that competence is developed and maintained in relation to those learning outcomes where a requirement for additional learning is identified; and
  - (v) develop a prioritised learning plan to ensure the learning needs identified under (ii) are met over a reasonable period. The period chosen should reflect the priority attached to each learning outcome but should not exceed 3 years.
- (b) At least once a year you must:
  - (i) update your evaluation of your competencies identified in section 3(a)(i) of this Schedule to record the results of the learning activities undertaken in that year;
  - (ii) identify any changes in your role or any applicable standards or legislation; and
  - (iii) update your learning plan for the following year.
- (c) If your evaluation under either sections 3(a) or 3(b) of this Schedule indicates that no learning activities are required in relation to a particular learning outcome, you do not need to plan learning activities for that learning outcome.
- (d) Your self-assessment and learning plan should demonstrate that you have given appropriate consideration to the extent of your competence in relation to each learning outcome and have developed the learning plan based on your assessment.
- (e) If you were a Licensed Auditor prior to 1 January 2019, you may choose to align the timing of your Reporting Period under this Schedule with your reporting obligations under the *Auditor Regulation Act (Prescribed Minimum Standards and Conditions for Licensed auditors and Registered Firms) Notice 2012 (NZ)*.

## 4. Verifiable/formal and non-verifiable/informal CPD

- (a) Subject to sections 5(b) and (c) of this Schedule, CPD hours undertaken as part of your learning plan for the purpose of this Schedule may be used towards the requirements set out in CR 7.3.
- (b) CPD undertaken as part of your learning plan may:
  - (i) consist of non-verifiable/informal CPD; and
  - (ii) include on the job training and practical experience.
- (c) Non-verifiable/informal CPD undertaken as part of this Schedule must be used towards the non-verifiable/informal CPD hours requirements set out in CR 7.

## 5. CPD records

Notwithstanding any other requirements set out in CR 7, you must maintain the following records in a form suitable for review by CA ANZ or NZICA (as applicable):

- (a) records of your assessment or evaluation undertaken in accordance with section 3 of this Schedule;
- (b) your learning plan (as updated from time to time) showing the learning activities planned and undertaken and how these activities contributed to achievement of your learning outcomes; and
- (c) supporting evidence for the learning undertaken.

**6. Review of compliance with the policy**

Notwithstanding section 15 of Schedule 1 and section 12 of Schedule 2 of CR 7:

- (a) The FMA and NZICA will review a Licensed Auditor's compliance with their CPD requirements as part of their quality review and monitoring programmes.
- (b) CA ANZ will review an Engagement Partner's compliance with their CPD requirements as part of CA ANZ's quality review programme.
- (b) Engagement Partners who are selected for a CA ANZ quality review, will be required to provide their self-assessment and learning plan required under section 5 of this Schedule 3 and details of the CPD undertaken for the purpose of this Schedule together with supporting evidence.
- (c) Licensed Auditors will be required to provide their self-assessment and learning plan required under section 5 of this Schedule 3 to NZICA together with CPD records and evidence of CPD undertaken when selected for review as part of the annual monitoring process.
- (d) Licenced Auditors will be required to provide their updated learning plan when applying to NZICA for renewal of their licence. NZICA may, at its discretion, request supporting information and evidence.

**Appendix A: Learning outcomes for professional competence of an Engagement Partner or Licensed Auditor**

Competence Area	Learning Outcomes
<b>Technical Competence</b>	
(a) Audit	<ul style="list-style-type: none"> <li>(i) Lead the identification and assessment of the risks of material misstatement as part of an overall audit strategy.</li> <li>(ii) Evaluate responses to the risks of material misstatement.</li> <li>(iii) Evaluate whether the audit was performed and</li> <li>(iv) documented in accordance with applicable auditing standards and relevant laws and regulations.</li> <li>(v) Develop an appropriate audit opinion and related audit report, including a description of key audit matters as applicable.</li> </ul>
(b) Financial accounting and reporting	<ul style="list-style-type: none"> <li>(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>(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>(iii) Evaluate accounting judgments and estimates, including fair value estimates, made by management.</li> <li>(iv) Evaluate the fair presentation of financial statements</li> <li>(v) relative to the nature of the business, the operating environment, and the entity's ability to continue as a going concern.</li> </ul>
(c) Governance and risk management	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	Analyse 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	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	Evaluate the information technology (IT) environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.
(g) Business laws and regulations	Evaluate identified or suspected non-compliance with laws and regulations to determine the effect on the overall audit strategy and audit opinion.

<b>Competence Area</b>	<b>Learning Outcomes</b>
(h) Finance and financial management	<ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> </ul>
<b>Professional Skills</b>	
(i) Intellectual	Resolve audit issues using inquiry, abstract and logical thought, and critical analysis to consider alternatives and analyse outcomes.
(j) Interpersonal and communication	<ul style="list-style-type: none"> <li>(i) Communicate effectively and appropriately with the engagement team, management, and those charged with governance of the entity.</li> <li>(ii) Resolve audit issues through effective consultation when necessary.</li> </ul>
(k) 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> </ul>
(l) 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>	
(m) Commitment to the public interest	Promote audit quality in all activities with a focus on protecting the public interest.
(n) Professional scepticism and professional judgment	Apply a sceptical mindset and professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.
(o) Ethical principles	<ul style="list-style-type: none"> <li>(i) Apply the ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour in the context of an audit and determine an appropriate resolution to ethical dilemmas.</li> <li>(ii) Evaluate and respond to threats to objectivity and independence that can occur during an audit.</li> <li>(iii) Protect the confidential information of the entity in accordance with ethical responsibilities and relevant legal requirements.</li> </ul>