

## Definition of a professional accounting body

For the purpose of subsection 5(1) of the Australian Securities and Investments Commission Act 2001 and section 9 of the Corporations Act 2001, regulation 2AC of the Australian Securities and Investments Commission Amendment Regulations 2004 defines the IPA, and the other two professional accounting bodies (CPA Australia and the Institute of Chartered Accountants in Australia), as a "Professional Accounting Body".

As the IPA is a defined "professional accounting body", this will mean that under section 225A of the Act, the Financial Reporting Council (FRC, the peak body advising Government on accounting and auditing issues) will monitor and assess the nature and adequacy of the IPA in the following areas:

- Planning or performance of our Quality Assurance Reviews of members in practice;
- Investigation and disciplinary procedures as they apply to auditors; and
- Auditor independence requirements in the IPA Code of Ethics in light of international developments.

Further, the FRC has the authority under section 225A of the Act, to gather that information compulsorily. However, the FRC and the "professional accounting bodies", including the IPA, have entered into a Memorandum of Understanding with the FRC to implement procedures to allow for formal exchanges of information so that the FRC will not have to use its powers under section 225A.

In addition to having this added responsibility to monitor and assess auditor independence, the FRC has the responsibility under subsection 225(2B) to give the "professional accounting bodies", including the IPA, and the Minister reports and advice about the above matters.

## Preparation of lodgement of income tax returns

The preparation and/or lodgement of a client's tax return requires such persons to be a Registered Tax Agent. Those we prepare BAS must be registered as a BAS Agent, unless they are already a tax agent. The Tax Practitioners Board (TPB) is responsible for the registration of BAS and tax agents. This is set out in the Tax Agent Services Act 2009 and the Tax Agent Services Regulations 2009.

The IPA is also recognised as a Tax Agent and Bas Agent Association.

## Advice on superannuation

The provision of advice to clients on what type of superannuation a client should deposit money into or withdraw money from is restricted to holders of an Australian Financial Services licence under the Financial Services Reform Act 2001, except where such advice (only in relation to self-managed superannuation funds) is provided by a "recognised

accountant". Regulation 7.1.129A of the Corporations Amendment Regulations 2004 as announced by the Federal Treasurer in a press release of 11 February 2004 defines "Recognised Accountant" as members of the IPA or members of the other professional accounting bodies.

### **Definition of 'qualified accountant'**

Under subsection 88B(2) of the Corporations Act 2001, the Australian Securities and Investments Commission (ASIC) has defined a "Qualified Accountant" to include a member of the IPA and members of the other professional accounting bodies (see ASIC Class Order CO 01/1256).

This allows IPA members under subsection 708(8) of the Corporations Act 2001, to exempt a body from the disclosure provisions of the Act if the offer of a body's securities is certified by a 'Qualified

Accountant' upon a number of conditions being met (the definition of members of the IPA as "Qualified Accountants" is in ASIC Class Order CO 01/1256 is reaffirmed in ASIC Policy Statement 154 Certificate by a "Qualified Accountant"). A similar exemption for "qualified accountants" exists in subsections 648J(4) and 761G(7) of the Act.

### **Audit of Self Managed Super Funds**

Schedule 1AAA of the Superannuation Industry (Supervision) Regulations 1994 approves the IPA and other accounting bodies as professional organisations. Members of professional organisations are approved under regulation 1.04 of the same Regulations to be auditors of self-managed superannuation funds (regulation 4 of the Occupational Superannuation Standards Regulations also approves IPA members as auditors of self-managed superannuation funds).

### **Audits of small proprietary companies**

Proprietary companies (as opposed to public companies) make up the vast majority of companies in Australia. Under subsection 292(2) of the Act, small proprietary companies are generally excluded from having to prepare an annual financial report and directors' report and, therefore, are not subject to audit by a Registered Company Auditor (RCA) (unless specifically requested to do so under sections 293 and 294 of the Act). However, many of these small proprietary companies chose to be audited and members of the IPA can do such audits.

### **Audits of public companies and large proprietary companies**

Under section 292, large proprietary companies, as well as public companies, are required to prepare a financial report and a directors' report for each financial year in accordance with Part 2M.3 of the Act and have that financial report audited by a RCA under subsection 301(1).

To register as a Company Auditor, the applicant must meet the requirements set out in subsection 1280(2) of the Act. Registration as a company auditor is based on the education qualifications and experience of the applicant. The education requirements are:

- A degree in accountancy (including auditing) of not less than three years from an Australian university; or
- A qualification in commercial law (including company law) or not less than two years from an Australian university

## **Plus**

- Has completed a course in auditing prescribed by regulation 9.2.03 of the Corporations Amendment Regulations 2004. These courses are the post-graduate auditing courses of the professional accounting bodies including the unit Issues in Auditing and Professional Practice from the IPA Professional Education Programme (the IPA Masters in Commerce), the IPA run in conjunction with the University of New England in New South Wales.

## **Disclosure of information to the IPA**

Under the amendments to subsection 213(2) of the Australian Securities and Investments Commission Act 2001, the Company Auditors and Liquidators Disciplinary Board (CALDB) is authorised to disclose information to the "Professional Accounting Bodies", including the IPA on members subject to disciplinary action by the CALDB.

## **Audit relief for PTY companies**

As stated above, large proprietary companies must have their financial report audited by a RCA (see section 301 of the Corporations Act 2001). ASIC Policy Statement 115 Audit Relief for Proprietary Companies at PS 115.51 grants such large proprietary companies (and other forms of entities) relief from the Act's audit requirement if certain conditions are met. Such conditions include the requirement that the preparation of the financial report (required under the Act) be done with "professional competence and due care". ASIC Policy Statement 115 states that for "professional competence and due care" to be exercised, the financial report must be prepared by a "Prescribed Accountant". IPA members, as well as members of the other professional accounting bodies are defined as "Prescribed Accountants".

## **Security deposits for company liquidators**

Members of the IPA who hold the IPA Public Practice Certificate and are registered as Company Liquidators are waived from the requirement for Company Liquidators to hold a AU\$250,000 security deposit under ASIC Policy Statement 33 Security Deposits at PS 33.9A to PS 33.9C.

## **Assessing authority for accounting qualifications for migration purposes**

On 17 April 2002, the Minister of Immigration gazetted the IPA as an assessing authority of accounting qualifications for the Australian skilled migration programme, working under the direction of the National Office of Overseas Skills Recognition (see [www.dest.gov.au/noosr](http://www.dest.gov.au/noosr)). The IPA and the other professional accounting bodies assess qualifications of prospective skilled migrants for the following occupations:

- Accountant
- Accountant - Corporate Treasurer
- Accountant - External Auditor
- Financial Manager