



# Overseas Audit Firm (Company) Application Pack

Please use this pack to identify the documents that are being provided in each area of your application.

Please place the relevant cover sheet on top of each set of documents. All the coversheets should be used. If one document covers the required materials for multiple coversheets, please clearly indicate this on any unused coversheets, and include these when returning the pack.

It is important that prior to submitting this pack you have read and understood the [“Application Guide: Licensing of overseas auditors \(including Australian auditors\) and registration of audit firms”](#).

## **Disclaimer**

The information in this application pack does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Auditor Regulation Act 2011 and other applicable laws apply to you, as it is your responsibility to determine your obligations. The illustrations in this application pack are not exhaustive and are not intended to impose or imply particular rules or requirements.

Please send the completed pack to: [auditorregulation@fma.govt.nz](mailto:auditorregulation@fma.govt.nz)

Alternatively, you may send the physical copy to:

**Licensing Team**  
**Financial Markets Authority**  
**Mail:**  
PO Box 1179  
Wellington 6140  
New Zealand

**Deliver or Courier:**  
Level 5 Ernst & Young Building  
Loading Bay 59 Tyler Street  
Britomart  
Auckland 1010 New Zealand

## Document history

This is the first version of this document issued in October 2021 and is based on legislation and regulations as at the date of the issue.

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# Coversheet A

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Please ensure:

- All fields are completed (if fields are not applicable, please add 'N/A')
- Your application is signed
- All pages are initialled and dated at the bottom right-hand corner

## Signed and completed overseas audit firm (company) application form

I am authorised to make this application on behalf of my firm (detail below), and my firm is applying to the Financial Markets Authority (**FMA**) for registration as an audit firm under s 26 of the Auditor Regulation Act 2011 (the **Act**).

### Details of your firm

Firm name

Email address

Website address

Country / State / Territory of principal place of business:

### **Communication address:**

Firm name

Firm address

PO Box

Suburb

Town or city

State/county

Post/Zip code

Country

Daytime number

New Zealand business number (if any)

## Application fee payment

Please confirm that you will pay FMA the following fees (which are inclusive of goods and services tax):

1. Application and registration fees of NZ\$465.00 payable to the account nominated below on lodging this form;  
and
2. Assessment fee being the amount to be invoiced to your firm on completion of the assessment and calculated for each hour spent on assessing the application as follows:
  - (a) NZ\$230.00 for each hour of work on the application by an FMA Board or associate board member;  
and
  - (b) NZ\$178.25 for each hour of work on the application by an FMA staff member.

I confirm that I will pay FMA the above fees

**Please ensure that you insert your firm name and ‘*Audit firm application initial payment*’ on your initial payment’s details. All payments must be made directly to the following account:**

Westpac New Zealand Limited  
318 Lambton Quay  
Wellington  
Financial Markets Authority  
03 0584 0198005 00  
SWIFT CODE: WPACNZ2W

Your application will not be considered until the initial payment has been received.

# Coversheet B

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## Evidence of an overseas company, auditing licensing status of the director(s), and independence of the firm

1. An overseas audit firm that is an overseas company is, pursuant to the definitions in s 6(1) of the Act, a body corporate that is incorporated outside New Zealand that carries on business of providing auditing services (the **Overseas Audit Company**). Pursuant to s 26(1)(ab)(i) to (iii) of the Act, an Overseas Audit Company applying to be registered under the Act must satisfy the FMA that:
  - (a) one or more of the directors of the firm are licensed auditors;
  - (b) the firm is eligible to act as an auditor in the country, State, or territory in which it is incorporated; and
  - (c) the firm is required, under the law or the regulatory requirements of the country, State, or territory in which it is incorporated, to comply with the requirements for maintaining the firm's independence as an auditor, and that those requirements are equivalent to, or as satisfactory as, the requirements that apply to New Zealand auditors.  
  
(together, the **Licensing Status**).
2. We require evidence to show that your firm is an Overseas Audit Company and that it satisfies the requirements on Licensing Status. We expect evidence that supports these requirements to include:
  - (a) details identifying that at least one or more of your firm's director(s) is a licenced auditor under the Act (e.g., name and licence information of the director(s));
  - (b) document(s) identifying that your firm is a body corporate that is incorporated outside New Zealand (e.g., a copy of the certificate of incorporation, articles of incorporation or other constituting documents); and
  - (c) document(s) showing that under the laws of the country, State, or territory in which your firm is incorporated, your firm:
    - (i) is eligible to act as an auditor (e.g., certification, registration, licensing document(s));
    - (j) is eligible to and carries on business of providing auditing services; and
    - (ii) is required to comply with the requirements for maintaining the firm's independence as an auditor, and that those requirements are equivalent to, or as satisfactory as, the requirements that apply to New Zealand auditors.

I have **attached** evidence to support my firm is an Overseas Audit Company, and the Licensing Status of one or more of the directors in Coversheet B.

# Coversheet C

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## Auditor Regulations 2012 and Prescribed Minimum Standards for an Overseas Audit Company

1. The Auditor Regulations 2012 (the **Regulations**) and the Auditor Regulation Act (Prescribed Minimum Standards and Conditions for Licensed Auditors and Registered Audit Firms) Notice 2020 (the **Standards**), prescribe the requirements and minimum standards, for an Overseas Audit Company that applies for registration under s 26 of the Act. An Overseas Audit Company applying to be registered as an overseas audit firm under the Act, must satisfy:
  - (a) the requirements prescribed under reg 5A of the Regulations;<sup>1</sup> and
  - (b) the minimum standards are prescribed under cls 8(1)(b), (c), (d)(ii), (e), (f), and (g) of the Standards.

### Requirements prescribed under regs 5A(2) and (3) of the Regulations

2. In respect of an Overseas Audit Company, regs 5A(2) and (3) of the Regulations require that:
  - (a) qualified persons must control all, or the majority of, the voting rights in the Overseas Audit Company;<sup>2</sup> and
  - (b) all, or the majority of, the directors of the Overseas Audit Company must be qualified persons.

(together, the **Qualified Persons Requirements**)

3. Under reg 5A(5) of the Regulations:
  - (a) a **qualified person** means a natural person who is a member of a relevant body, and holds a practising certificate issued by that relevant body;
  - (b) a relevant body means the New Zealand Institute of Chartered Accountants (NZICA),<sup>3</sup> another accredited body (i.e. CPA Australia (**CPA AU**) is the only other accredited body),<sup>4</sup> or an approved association; and
  - (c) an **approved association** means an association of accountants that is approved for the time being by the Registrar under s 36(1)(c) of the Financial Reporting Act 2013.

As of July 2021, the Registrar has not approved any “approved association”. Accordingly, a qualified person must be a member of, and hold a practising certificate from, either NZICA (now known as CAANZ) or CPA Australia.

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<sup>1</sup> Pursuant to s 26(1)(ab)(iv) of the Act and cl 8(1) of the Standards.

<sup>2</sup> Reg 5A(5) defines voting rights to mean a currently exercisable right to cast a vote at meetings of members or shareholders of a company or overseas company.

<sup>3</sup> NZICA as referred to under the New Zealand Institute of Chartered Accountants Act 1996, now known as Chartered Accountants Australia and New Zealand (**CAANZ**).

<sup>4</sup> An “accredited body” is defined in s 6(1) of the Act to mean a person that is granted accreditation, or is treated as having been granted accreditation, under subpart 5 of Part 2 of the Act. CPA AU and NZICA (also known as CAANZ) have been granted accreditation by the FMA under the Act.

4. For the purposes of the Qualified Persons Requirements, please complete the spreadsheet in the link below and attach it to Coversheet C. We expect evidence that supports your firm satisfying the Qualified Persons Requirements to include details of qualified persons who control the voting rights in your firm, and details of the directors of your firm that are qualified persons. We also expect evidence confirming all, or the majority of, the directors of the company are qualified persons. For the purposes of this requirement, please complete the spreadsheet embedded below and attach to Coversheet C.



Persons spreadsheet.xlsx

I have **attached** evidence to confirm that the majority of directors are qualified persons in Coversheet C

### Minimum standards for all directors to be fit and proper persons

5. Clause 8(1)(c) of the Standards requires that all directors of an Overseas Audit Company applying for registration under the Act must be fit and proper persons as assessed by FMA.
6. We expect each director of your firm to complete the fit and proper form in Appendix 1 (the **Fit and Proper Form**) for us to assess this requirement. If a director has answered “yes” to any of the questions in paragraph 2 of the Fit and Proper Form, that director must also complete the adverse matter template form (the **AMT Form**) located in Appendix 2. For the AMT Form, we expect that the director outlines the circumstances giving rise to the relevant conduct and any mitigating circumstances you want us to consider.

I have **attached** the Fit and Proper Forms for each director of my firm in Coversheet C

(if applicable) I have **attached** AMT Form(s) for director(s) in Coversheet C



## Minimum standards for engagement quality review

7. Clause 8(1)(f) of the Standards requires that, in respect of an Overseas Audit Company applying for registration under the Act, key decisions and judgements involved in an FMC audit must be subject to engagement quality control review by another licensed auditor (the **EQCR Requirement**).
8. We expect you to provide information on how your firm intends to comply with the EQCR Requirement. This information may include:
  - (a) a description of how your firm's systems, policies, and procedures will address the EQCR Requirement (e.g., the selection and appointment of the EQCR); and
  - (b) if applicable, information on any proposed FMC audits, details of the proposed licensed auditor that will make the key decisions and judgements on the proposed FMC audit (e.g., the proposed licensed auditor's name and licence information), and the details of the proposed EQCR (e.g., the reviewer's name, auditor licence information and relationship with your firm).

To meet the EQCR Requirement, the assessment of your application may be delayed until your firm has at least two licensed auditors.

I have **attached** information on my firm's EQCR Requirement in Coversheet C

# Coversheet D

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## Quality Review

1. Section 26(1)(b) of the Act requires an Overseas Audit Company that applies for a registration to be subject to review arrangements (the **Equivalent Review Arrangements**) that are equivalent to, or as satisfactory as, the quality review arrangements under Part 2 subpart 6 of the Act.
2. The Equivalent Review Arrangements should be carried out by an independent and suitably qualified body or person(s)<sup>5</sup>. This should be a review of the systems, policies, and procedures of the Overseas Audit Company (see Coversheet E), and must be carried out at least once in every 4-year period.
3. We expect you to provide the following information on your firm's Equivalent Review Arrangements:
  - (a) a description of the Equivalent Review Arrangements your firm is subject to, including:
    - i. the scope of the Equivalent Review Arrangements;
    - ii. the name of the organisation that conducts the Equivalent Review Arrangements, together with a brief description of the nature and status of that organisation;
    - iii. a description of the frequency with which the Equivalent Review Arrangements are undertaken, including whether the frequency is determined by law or as a matter of policy;
    - iv. a list of when the Equivalent Review Arrangements have been carried out in the past nine years; and
  - (b) a copy of the most recent Equivalent Review Arrangements report on your firm, together with commentary on any steps taken to address issues raised and any subsequent substantive correspondence with the organisation that conducted the review.

I have **attached** information on the Equivalent Review Arrangements in Coversheet D.

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<sup>5</sup> The judgment of the individual or body that carries out the review must not be impaired by reason of any relationship with or interest in the relevant overseas audit firm (s 66(3) of the Act).

# Coversheet E

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## Systems, Policies, and Procedures

1. Section 26(1)(c) of the Act requires an Overseas Audit Company who applies for a registration, to have a practice that has systems, policies, and procedures that are satisfactory in terms of –
  - (a) promoting compliance with the requirements imposed by or under the Act and other enactments that relate to the conduct of FMC audits;
  - (b) promoting compliance with the New Zealand auditing and assurance standards issued by the New Zealand External Reporting Board under s 12 of the Financial Reporting Act 2013 (the **NZ Audit and Assurance Standards**); and
  - (c) otherwise promoting reasonable care, diligence, and skill in the carrying out of FMC audits, (together, the **Equivalent Systems, Policies, and Procedures**).
  
2. The Equivalent Systems, Policies, and Procedures must, pursuant to cls 8(1)(d)(ii) and (e) of the Standards, also meet the following requirements:
  - (a) materially comply with the requirements of professional and ethical standards issued by the New Zealand External Reporting Board (the **NZ Professional and Ethical Standards**);
  - (b) comply with the requirements of the corresponding standards applicable in the Overseas Audit Company's home jurisdiction; and
  - (c) are necessary or desirable to reasonably ensure compliance with the NZ Audit and Assurance Standards relating to FMC audits.
  
3. We expect you to provide the following information on the Equivalent Systems, Policies, and Procedures:
  - (a) an explanation on the Equivalent Systems, Policies, and Procedures that are relevant to promoting compliance with the requirements, that relate to the conduct of FMC audits or equivalent audits such as:
    - i. an audit of a company that issues securities to the public in Australia;
    - ii. an audit of an overseas issuer<sup>6</sup>; or
    - iii. a similar audit engagement (as defined in cl 2 of the Standards);
  - (b) an explanation on any significant difference between the NZ Audit and Assurance Standards and the auditing and assurance standards in your firm's home jurisdiction, and how you will address these differences; and
  - (c) an explanation on how the Equivalent Systems, Policies, and Procedures are satisfactory in terms of:

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<sup>6</sup> An "overseas issuer" is defined in cl 2(1) of the Standards to mean a company which:

- (a) is incorporated in an approved overseas jurisdiction (i.e. Australia, the United Kingdom, the United States of America, or another jurisdiction specified by FMA from time to time by notice on its website);
- (b) has issued securities to the public in its place of incorporation pursuant to a regulated offer of securities;
- (c) is subject to financial reporting requirements in its place of incorporation which are comparable to those of an FMC reporting entity under the Financial Reporting Act 2013; and
- (d) is not an FMC reporting entity for the purposes of the Financial Reporting Act 2013

- i. promoting compliance with the requirements imposed by or under the Act and other enactments that relate to the conduct of FMC audits (including, if your licence is granted, how your practice will ensure that FMC audits are subject to review by a licensed auditor as required under cl 8(1)(f) of the Standards);
  - ii. promoting compliance with the NZ Audit and Assurance Standards (including whether the Equivalent Systems, Policies, and Procedures materially comply with the NZ Professional and Ethical Standards), and how the Equivalent Systems, Policies, and Procedures will also comply with the requirements of the corresponding auditing and assurance standards applicable in your firm's home jurisdiction; and
  - iii. otherwise promoting reasonable care, diligence, and skill in the carrying out of FMC audits.
4. Please do not supply us with full manuals of the systems, policies, and procedures.

I have **attached** information on the Equivalent Systems, Policies, and Procedures in Coversheet E.

# Coversheet F

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## Professional Indemnity Cover

1. Clause 8(1)(g) of the Standards requires an Overseas Audit Company that applies for registration, to have professional indemnity insurance that is adequate and appropriate for the nature and scale of the Overseas Audit Company's business activities (the **Professional Indemnity Cover**).
2. We expect information on the Professional Indemnity Cover to include copies of documents as well as explanations for the following:
  - (a) evidence that the Professional Indemnity Cover extends to cover the specific kinds of FMC audits in respect of which your firm would act under the registration, which may include a schedule or certificate of professional indemnity insurance from an insurer showing the types of activities that are covered under the policy, and the amounts covered; or
  - (b) a description of the size and nature of the business which the Professional Indemnity Cover covers, and an explanation, as to why the Professional Indemnity Cover is adequate and appropriate (including an explanation that addresses any existing potential claims on the amount of insurance for the current period); and
  - (c) evidence that the Professional Indemnity Cover covers claims by New Zealand resident(s), for example an extract from the policy or letter from the insurer.

I have **attached** evidence on the Professional Indemnity Cover in Coversheet F.

# Confirmation

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In signing and submitting this application, I confirm as follows:

- (a) I am authorised to make this application on behalf of my firm; and
- (b) Prior to completing this application I read and understood the "Application guide for overseas auditors (including Australian auditors) and audit firms".

The information provided in this application is being collected on behalf of the FMA. In submitting this application, I confirm that my firm authorises:

- (a) the FMA to collect personal information from any person, including any New Zealand or overseas government agency, professional bodies, or education provider (a **Third Party**), for the purpose of determining my firm's eligibility to be authorised, including carrying out identity, good character, qualification, and criminal checks;
- (b) the FMA to disclose personal information to the Third Party, and the Third Party to disclose personal information to the FMA, for the purposes of determining my firm's eligibility to be authorised, including carrying out identity, good character, qualification, and criminal check; and
- (c) the FMA to use personal information provided in, or collected in connection with, this authorisation application in performing its functions and exercising its powers under the Act or any other financial markets legislation.

I acknowledge that, for the purpose of matters under the Auditor Regulation Act 2011, knowingly making a false or misleading representation in a material respect either orally or in writing or omission or submitting a document that is not genuine, is a criminal offence under s 96 of that Act, punishable by a fine not exceeding \$50,000.

Your name:

Your position in the firm applying for registration:

Signed:

Dated:

# Appendix 1: Fit and proper person information

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For each director, please complete and provide us with the information below for us to assess whether the director is a fit and proper person.

Director's full legal name

Other names (e.g., aliases, maiden name, etc.)

1. Please provide us a completed criminal record check from your home jurisdiction.

I have **attached** a completed criminal record check from my home jurisdiction

2. Please complete the questions in this part. We consider the following information below relevant to, but not necessarily determinative of, whether you are a fit and proper person to hold the licence:

- (a) Have you been convicted of a crime involving dishonesty (these offences generally involve an element of theft or fraud, for example, we will consider whether the conviction is equivalent to those under any of ss 99 to 106, 108 to 117, and 217 to 266 of the Crimes Act 1961, and any under ss 15 to 20 of the Summary Offences Act 1981)?
- (b) Have you been convicted of any offences under any legislation governing auditors, financial markets, financial services, corporations, financial reporting, or requirements for preventing money laundering?
- (c) Have you been banned from acting as a director of a company or other incorporated body, or from being involved in the management of any class of incorporated or unincorporated entity?
- (d) Have you been subject to any disciplinary action by a professional body or disciplinary tribunal, where those actions resulted in penalties being imposed or a censure?
- (e) Have you had a court ruling against you in respect of a civil case, or have you reached an out of court settlement, relating to your professional activities?
- (f) Have you been declined membership to any professional body, or have you been declined any registration, licence, authorisation, or accreditation required in relation to any profession by any public body, self-regulatory organisation or exchange, or have you had any such membership, registration, licence, authorisation, or accreditation revoked or withdrawn?
- (g) Have you been dismissed, or asked to resign, from a position of trust, fiduciary appointment, or similar position?

- (h) Have you, in the past ten years, been made bankrupt, entered into a compromise agreement with creditors, or been placed into statutory management?
- (i) Have you, in the past ten years, been a director or senior manager of a company, or other incorporated or unincorporated entity, which at the time of, or within one year after the termination of your employment:
  - i. has been placed into liquidation, administration, receivership, or statutory management (or any overseas equivalent); or
  - ii. has entered into any compromise agreement, moratorium, or other restructuring to avoid liquidation, administration, or receivership (or any overseas equivalent)?
- (j) Are you currently subject to pending proceedings which, if an adverse finding is reached, will result in one or more of the matters set out in paragraphs 2(a) to (i) above?
- (k) Are there any other relevant matters or conduct, which we should be aware of in our assessment of whether you are a fit and proper person to be granted a licence under s 12 of the Act?

3. If your answer is “yes” to any of the above questions (in paragraph 2), please **attach** to Appendix 1 the adverse matter template form (**AMT Form**) located in Appendix 2 of this application. We expect that you outline, in the AMT Form, the circumstances giving rise to the relevant conduct and any mitigating circumstances you want us to consider. For example, in assessing whether you are a fit and proper person to hold the licence, we may consider:

- (a) the relevance of the conduct in assessing whether you are a fit and proper person to hold the licence;
- (b) the seriousness of the misconduct or alleged misconduct;
- (c) whether the findings have been made by a court, tribunal, or professional body (including whether the allegations are true and correct);
- (d) the length of time since the matter occurred;
- (e) any steps you have taken to mitigate or remedy the matter;
- (f) your overall compliance history (including whether there is a matter of misconduct); and
- (g) whether similar adverse conduct is likely to occur in future.

I have **attached** AMT Form (Appendix 2).



4. A failure or refusal to provide any relevant information or declarations, or to consent, in an acceptable form, to any reasonable checks being carried out, may be considered grounds to decline an application. Providing false or misleading information, representations or declarations is likely to result in the licence being declined or cancelled and may result in criminal proceedings being taken against you.

Your name:

Signed:

Dated:

Please initial and date here:

# Appendix 2: Adverse Matter Template

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**Full name:**

**Current role(s) in the firm:**

**Type of matter:**

**Date of matter:**

**Outcome of the matter:**

**Description of any attachments:**

**Number of pages for this appendix:**

**Full description of the matter (continue on additional page if required):**

Please initial and date here: