

## 10. IMPLICATIONS OF REVIEW FOR OTHER LEGISLATION

1001. This chapter briefly considers the implications of the audit review for other Commonwealth, State and Territory legislation that requires either financial statements or other accounting documents to be audited or examined by a registered company auditor.

### OTHER LEGISLATION

1002. As noted in chapter 3 of this report, there are a number of other Commonwealth, State and Territory Acts that require RCAs to audit financial statements or other accounts. These Acts, and the audit requirements that they impose, include:

- (a) auditing the accounts of life insurance companies in accordance with section 83 of the *Life Insurance Act 1995*;
- (b) auditing the accounts of general insurance companies in accordance with section 47 of the *Insurance Act 1973*;
- (c) auditing the accounts of regulated superannuation funds with more than four members in accordance with section 113 of the *Superannuation Industry (Supervision) Act 1993*;
- (d) auditing the accounts of financial institutions in accordance with the requirements of State and Territory Financial Institutions Codes;
- (e) auditing the accounts of incorporated associations in accordance with the requirements of State and Territory Associations Incorporation Acts; and
- (f) auditing accounts and trust accounts under other Commonwealth, State and Territory Acts, including the *National Health Act 1953* (Commonwealth); *Fire Brigades Act 1989* (NSW); *Co-operative Industrial Societies Act 1928* (Tasmania); and the *Dairy Industry Act 1984* (Victoria).

1003. The Working Party notes that it is outside its terms of reference to comment on whether it is appropriate for these Acts to require the audit work in question to be undertaken by RCAs. The Working Party, however, acknowledges that the RCA status has become the de facto bench-mark for identifying a competent auditor for many non-corporate audits.

## COMMENT

1004. Matters dealt with in this report that have implications for Commonwealth, State and Territory agencies that administer legislation containing audit requirements that must be performed by RCAs include:

- (a) the proposal that the accounting bodies assume responsibility for the registration and supervision of RCAs;
- (b) the proposal that the educational requirements needed for registration be strengthened by requiring all applicants to have completed the auditing module offered as part of the PY program of the ICAA and the CPA program of the ASCPA;
- (c) the proposal that applicants who have not satisfied the practical experience requirements for full and immediate registration as RCAs be given conditional registration on the basis of lower practical experience and other appropriate conditions; and
- (d) the proposed modifications to the disciplinary procedures.

1005. The Working Party is of the opinion that the proposals set out in this report at least maintain the existing standards for the registration of RCAs. Accordingly, legislation that requires RCAs to undertake audit work would not require amendment to accommodate the proposals in this paper.

1006. One issue that other agencies may need to consider is whether, given the proposed change in educational requirements, RCAs might be 'over qualified' for some of the audits they would be required to undertake.

1007. The Working Party notes that the qualifications for auditors vary both between and within States and Territories, with some Acts describing auditor's qualifications in the following terms:

- (a) a member of the ICAA, the ASCPA or the NIA; or
- (b) a person who holds a certificate of public practice issued by the ICAA or the ASCPA.

1008. The Working Party considers that the States and Territories should review the audit requirements in their various Acts and, where they consider it appropriate, provide that an auditor may be a person who is either a member of or who holds a certificate of public practice issued by a professional accounting body recognised in that legislation.

1009. The full implications of the Review for State and Territory legislation would seem to be a matter for MINCO and SCAG to consider. State and Territory Governments, through a consultative process such as SCAG, could consider the proposals and amend the audit requirements of their legislation as appropriate.

