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Working Party on Professional Services

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COMMUNICATION FROM AUSTRALIA

Response to the Questionnaire on the Accountancy Sector

The attached communication is circulated at the request of Australia.

WPPS QUESTIONNAIRE ON THE ACCOUNTANCY SECTOR
RESPONSE FROM AUSTRALIAN ACCOUNTANCY PROFESSION

No.	Question	Institute of Chartered Accountants in Australia ICAA	Australian Society of Certified Practising Accountants ASCPA
1	What are the professional titles of accountants in your country?	Chartered Accountant	Certified Practising Accountant
1	Are these professional titles protected? Please specify how.	Presently, there is no legal impediment preventing persons, of whatever qualification and experience, from presenting themselves to the public as an accountant.	
2	How is the accountancy sector regulated in your country, by law, professional self-regulation, a combination of both?	Accountancy is a co-regulated profession, that is members' activities are subject to the regulatory controls of the professional accountancy bodies and members and other accountants to the specific regulatory controls of statutory bodies such as the Australian Securities Commission and the Australian Taxation Office and the Insurance & Superannuation Commission.	
3	Are there provisions to protect company names, whether national or foreign in your country?	Yes - government legislation for registration of company names.	
4	What are the professional bodies in your country?	Institute of Chartered Accountants in Australia	Australian Society of Certified Practising Accountants
4	Are they recognized by law as a regulatory or disciplinary body for the accountancy profession or are these functions fulfilled by other institutions?	<p>Yes.</p> <p>Both the Institute and the Society are active in the self-regulation of their members through the issuance and enforcement of professional standards on ethics, accounting and auditing through process of quality review and through discipline of members where appropriate.</p>	

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5	How many members do these professional bodies have?	As at 30 April 1996: Total: 27,733 In practice : 13,661 In commerce: 10,277	As at 31 May 1996: Total membership: 81,000 In Public Practice: 16,000 In Commerce and Industry: 40,000 In Government: 13,000
6	What is the scope of activities regularly practised by accountants in your country?	Scope is very broad, depends on expertise/experience of practitioners but broadly includes: Accounts compilation Audit Taxation Management Consulting Business Valuations Share Registry Investment Advising Financial Planning Business Advisory Services Insolvency Mergers and Acquisitions	
7	Which of these activities are regulated in your country?	Audit & Financial Reporting Investment Advice Taxation Financial Planning Insolvency and Liquidations Any other professional activities for which a fee is charged	
8	Which of these activities are reserved by law to accountants, shared by accountants with other professions or even forbidden to accountants in your country?	None are reserved by law to accountants. Tax, insolvency and liquidations are shared with legal profession and others. Financial planning and investment advice is shared with others. Auditing is 100% handled by the profession but not reserved.	

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9	<p>What are the qualification requirements for these activities in your country in terms of university/higher education degrees, practice and professional exam?</p> <p>Specify the number of years required for each element and the differences according to the activities (audit, insolvency etc.) covered by the qualification.</p>	<p>Completion of elementary and secondary school (typically a 13 year programme) followed by an approved degree of an appropriate academic standard awarded by a recognized educational institution with an acceptable coverage of accounting, law and related disciplines (3 years) plus the Professional Year Programme (18 months) and 3 years supervised experience. Note - the PY is undertaken during the 3 years of supervised experience.</p>	<p>Completion of an approved undergraduate degree covering accounting, law and related disciplines (minimum 3 years) at an accredited university; plus the Society's professional education requirement being the CPA Programme; together with either 3 years experience in accounting supervised by a CPA or equivalent; or 5 years unsupervised experience in accounting.</p>
10	<p>Are there any pre-conditions to meet to start the professional education?</p>	<p>52 weeks full-time work experience with a Chartered Accountant in public practice or in a commercial organization accredited under the PY in Commerce.</p>	<p>Associate membership of the ASCPA</p>
11	<p>What are the subjects to be covered by the education?</p>	<p>The PY consists of five modules: Compulsory core modules: Taxation Accounting 1 Accounting 2 Ethics as well as one elective module, chosen from: Advanced Audit Advanced Management Accounting Advanced Information Technology Advanced Taxation Advanced Insolvency Candidates can commence the PY with any one of the three core technical modules.</p>	<p>The CPA Programme consists of completion of: Core I Segment (includes ethics) Core II Segment and three of the following segments: Auditing External Reporting Insolvency and Reconstruction Management Accounting Personal Financial Planning and Superannuation Taxation (1) Treasury Management of Information Systems (1) Compulsory if a member intends to enter public practice.</p>

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12	In relation to which activities do national standards exist (audit, accounting, insolvency, other)? Please specify their main policy objectives.	<p>Legislative requirements relating to the audit and liquidation of companies are contained within the Corporations Law. Legislative requirements relating to the bankruptcy of natural persons are specified in the Bankruptcy Legislation of each State of the Commonwealth. Various other pieces of legislation, including the Associations Incorporation Act, Partnership Acts of the various States, legislation directed at regulating various professions and occupations (solicitors, travel agents, insurance agents, real estate agents) also record to a limited extent, auditing standards required to be complied with.</p> <p>The Insurance and Superannuation Commission issues standards for the industry which also regulate the accounting, auditing and reporting requirements.</p> <p>More extensive standards have been issued by the ICAA and the ASCPA through the Australian Accounting Research Foundation (AARF). These standards cover auditing (Attachment A) and accounting in respect of other than companies (Attachment B). The Australian Accounting Standards Board (AASB) issues accounting standards applicable to companies - these are recognized by the Corporations Law and are mandatory in application (Attachment C).</p> <p>The ICAA and the ASCPA jointly issue standards addressing the following aspects of accounting - taxation, insolvency and management consulting. (Attachments D,E,F).</p>	

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13	Which body or institution develops these standards and monitors their implementation? What are the consequences of a breach of the standards? (For the professional, for clients etc.)	<p>As indicated above, legislative requirements are issued by the responsible parliaments. Compliance with the requirements of the Corporations Law (in respect of company audits and liquidations) is supervised by the Australian Securities Commission (ASC), which can take legal action against company officers and auditors.</p> <p>Such actions may be taken through the courts by the Director of Public Prosecution or may be referred by the Commission to the Company Auditors and Liquidators Disciplinary Board. In respect of legal actions, sanctions imposed would be as permitted by the law and could include imprisonment, while the Company Auditors and Liquidators Disciplinary Board may withdraw an auditors/liquidators registration.</p> <p>Additionally, members of the ICAA and ASCPA are required to comply with auditing, accounting and the other standards referred to above, with disciplinary action being taken against them should they not adequately comply. Such actions range from a reprimand to fine and ultimately to exclusion from membership.</p> <p>The ASC, through each of its 8 offices conducts a surveillance process of published financial accounts, and where statutory requirements (including standards issued by the AASB) have not been met, action against the offending officers may proceed.</p> <p>The Insurance and Superannuation Commission reviews the reports of industry funds.</p>	
13		<p>The ICAA also reviews a selection of financial statements prepared by publicly listed companies and other significant organizations to ensure compliance with accounting and auditing standards, and where applicable stock exchange requirements. Significant shortcomings identified in this review process may lead to disciplinary action being taken against the member concerned.</p>	

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14	Are the international standards developed by IFAC and IASC recognized or used in your country? If yes, please explain how. If no, please explain why?	International Education Standards and Guidelines issued by IFAC are considered by the ICAA's relevant committees in reviewing education and examination requirements (including the PY) and they are also addressed in communicating with tertiary institutions and in preparing and conducting professional development activities for members.	The ASCPA Committees consider all IFAC guidelines and make submission on exposure drafts e.g. IEG99.
14		In preparing Australian Auditing Standards and guidance statements considerable attention is paid to International Standards on Auditing and each Australian statement contains a statement of compatibility (Attachment G). International Accounting Standards are also addressed in the course of preparing or revising Australian Accounting Standards and a statement of compatibility is generally included within the Australian Standards (Attachment H). Representatives of the ICAA/ASCPA are on the International Auditing Practices Committee and the IASC and are fully conversant with the objectives and programmes of those bodies.	Education guidelines are communicated to Australian Universities via a joint accreditation process.

No.	Question	Institute of Chartered Accountants in Australia ICAA	Australian Society of Certified Practising Accountants ASCPA
15	In relation to which activities does a particular ethical code exist (audit, accounting, insolvency, other)? Please specify its main policy objectives.	<p>The ICAA has maintained from the 1930s a Code of Ethics which has been amended and expanded to address changed circumstances affecting members.</p> <p>This Code of Ethics (Rules of Ethical Conduct) had the objective of guiding members generally in ethical matters and referred to the fundamental principles of integrity, objectivity, independence, confidentiality, technical standards, professional competence and ethical behaviour generally. The Rules cover such topics as Use of Designations; Descriptions and Members Name; Use of Business/Corporate Name; Inconsistent and Incompatible Businesses; Occupations or Activities; Sharing of Profits; Remuneration of Members in Public Practice; Legal Work; Members and Outside Employment; Corporations Undertaking Public Accountancy; Office Premises; Stationery; Moneys held in Trust; Compliance with Technical Standards; Services performed Overseas; Use of Incorporated Companies and Trusts; Superseding another Public Accountant; Acceptance of Appointment when another Public Accountant is already carrying out work for the same client; Professional Independence; Continuing</p>	<p>The ASCPA maintains a Code of Professional Conduct which has evolved and expanded to address the different circumstances under which members practise and operate. The Code is designed to provide members with authoritative guidance on acceptable standards of professional conduct and focuses on essential matters. While the Code contains specific rules it is stressed to members that the spirit of the rules should govern their conduct. It sets out minimum appropriate requirements, however, members are expected to achieve a level of professionalism in excess of this minimum.</p> <p>The Code covers such issues as the:</p> <p>Public Interest</p> <p>Integrity, Objectivity and Independence, Competency and Due Care, Compliance with Accounting and Auditing Standards, Compliance with other Standards and Guidance given by the Society, Confidentiality and the Image of the Profession and the Society. The Code applies to all members whether they practise in Australia or overseas.</p>
15		<p>Professional Education; Prospectuses and Reports on Profit Forecasts; Advertising, Publicity and Solicitation; Moneys and Members Trust Accounts.</p> <p>The Ethical requirements are not directed specifically at particular accounting activities except in respect of independence where particular emphasis is given to the requirement to maintain independence in audit and similar situations.</p>	