

Public consultation document

Chartered Accountants Australia and New Zealand (CA ANZ) has prepared a professional standards scheme (**Scheme**) under the Professional Standards Act 1994 (NSW) (**the Act**).

Each state and territory has professional standards legislation to protect consumers of professional services and other occupational services; improve occupational standards; and allow scheme participants to limit their civil liability.

The Professional Standards Council of New South Wales (**PSC or The Council**) invites public comments and submissions on the Scheme by 5 February 2025.

Your comments will provide valuable insight into how consumers view and understand the Scheme. This will help the Council decide whether to approve the Scheme or not. If Council approves the Scheme, it will then need the relevant Attorney-General's or Minister's authorisation.

This document covers:

1. Chartered Accountants Australia and New Zealand and our members
2. Our proposed scheme
3. The benefits of our scheme
4. Comments and submissions.

1. Chartered Accountants Australia and New Zealand and our members

Who is Chartered Accountants Australia and New Zealand?

[Chartered Accountants Australia and New Zealand](#) (CA ANZ) is a professional association for accountants. CA ANZ's membership comprises over 139,000 members who utilise their professional accounting skills to make a difference for their employers and clients - consumers, government agencies and businesses – in Australia and overseas. Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business, which contributes to the prosperity of our nation.

CA ANZ's principal objects, as set out in our Supplemental Royal Charter, include advancing the theory and practice of accountancy in all its aspects and promoting quality, expertise, and integrity in the profession of accountancy by its members. To realize these objects, we focus on the education and lifelong learning of our members, prescribe high standards of practice and professional conduct, and maintain the observance of such standards. We also engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

Who are our members?

CA ANZ members include Chartered Accountants (or Chartered Accountants Fellows), Affiliate Members, Associate Chartered Accountants (or Associate Chartered Accountant Fellows), Accounting Technicians (or Accounting Technician Fellows), Practice Entity Members and Provisional Members (being registered graduates).

CA ANZ's admission requirements are designed to admit only aspiring professional accountants, qualified accountants, and Affiliates, with an appropriate level of professional competence to maintain the high standards of practice and professional conduct expected of our members, Practice Entity Members and registered graduates.

All CA ANZ members who are participants in the Scheme must be covered by a complying professional indemnity insurance policy.

What types of work do our members do?

CA ANZ members work in business, not for profit organisations, government, academia and public practice. They may work in businesses of any size or legal structure. The range of services provided by members of CA ANZ is highly varied. CA ANZ members who are eligible to participate in our Scheme provide public accountancy services to consumers.

The term *public accountancy services* is defined by the CA ANZ Board as “any service or activity undertaken by a Chartered Accountant to a member of the community for remuneration requiring accountancy or related skills, including but not limited to, accounting, assurance, taxation, financial management, management consulting, insolvency, valuation, financial advice and corporate advisory services”.¹

2. Our proposed scheme

What is a professional standards scheme?

A Scheme is a legal instrument approved by the PSC under Professional Standards Legislation (PSL). A Scheme creates a statutory cap on the damages that participating members of an occupational association may be liable for if a court upholds a claim against them, provided the claim meets certain criteria. Schemes do not cap liability for death or personal injury, breach of trust, fraud or dishonesty.

For a Scheme to be approved under the Act, occupational associations such as CA ANZ are required to demonstrate a high commitment to professional standards and consumer protection and implement comprehensive risk management strategies.

The PSC, and the councils in other states and territories, are independent statutory bodies established under PSL to facilitate, approve and supervise Schemes of occupational associations. The Professional Standards Authority (**PSA**) is the PSCs’ national regulatory support agency. The PSA is typically the first point of contact for associations applying to operate a Scheme. When the PSC approves a Scheme, a regulatory relationship between the PSC and the association is established. The PSC oversees the association’s regulation of its members.

What is the CA ANZ Scheme?

The CA ANZ Scheme is a legal instrument that is designed to promote professional standards within the profession and enhance consumer protection by mandating professional indemnity insurance and allowing participating members to cap their occupational liability.

How does the Scheme operate?

The Scheme operates to protect members of the public who use public accounting services provided by members of CA ANZ, while improving the overall professional standards of those members.

¹ Refer to the Commentary in CR 2 – Certificates of Public Practice

The Scheme limits the 'Occupational Liability' of a participant for damages arising from a claim to the extent to which the claim results in damages exceeding prescribed minimum liability caps from \$2 million to \$20 million, or \$75 million for audit engagements and other engagements on a discretionary basis. Occupational Liability is defined in the relevant legislation as "civil liability arising (in tort, contract or otherwise) directly or vicariously from anything done or omitted by a member of an occupational association acting in the performance of his or her occupation". For the purposes of the Scheme and the legislation, the occupation is the profession of accounting.

The Scheme does not limit liability for damages awarded arising for any matter to which the Act does not apply. This includes but is not limited to death or personal injury, a breach of trust, fraud or dishonesty, and liability the subject of proceedings under Parts 13 and 14 of the Real Property Act 1900 (NSW).

The Scheme operates on a fee for engagement basis and in the same manner for all participating members regardless of whether the participating member is a body corporate or individual, and in the case of bodies corporate, regardless of firm size or legal structure. The statutory cap will apply on a *per claim* basis. The Scheme does not operate so as to cap a participant's total liabilities.

Who administers the Scheme?

Responsibility for administering the Scheme and ensuring compliance with the requirements of the Act and the PSL rests with the CA ANZ Board which has delegated authority to the CA ANZ senior executives with functional accountability for professional standards, being the Chief Executive Officer and the Group Executive, General Counsel and Corporate Assurance.

CA ANZ's business address is: 33 Erskine Street, Sydney, NSW 2000.

Where does the Scheme operate?

The Scheme is intended to apply in all states and territories under the mutual recognition provisions of the PSL, being New South Wales, Victoria, Queensland, Northern Territory, Australian Capital Territory, Western Australia, South Australia, and Tasmania.

When will the Scheme apply?

The Scheme will commence on 13 July 2025 for a duration of 5 years.

Does the scheme apply to all members?

Participation in the Scheme is limited to members of CA ANZ in public practice in Australia, being:

- (i) Members who hold a current Australian Certificate of Public Practice (**CPP**);
 - (ii) Affiliate Members; and
 - (iii) Practice Entity Members,
- (collectively, **the eligible participants**).

It applies to all persons to whom the Scheme applies by virtue of the PSL e.g. officers and employees of the above members are also covered by the Scheme.

The Scheme does not apply to CA ANZ members who do not fall within these three categories. Members in business, generally being members employed and working in commerce, government, not for profit entities or

academia, are not eligible participants. In these roles members do not offer public accounting services to the community for remuneration so are not classified as being *in practice*. CA ANZ members resident in New Zealand or other countries are not participants in the Scheme regardless of type of membership.

How is participating members' level of limited liability determined?

The Scheme provides participating members with the benefit of a statutory cap if damages are awarded against them because of a successful occupational liability claim. Under the Scheme, the participating member must have the benefit of professional indemnity insurance or business assets to an amount at least equal to the liability cap ('monetary ceiling') applying to that person at the relevant time.

The monetary ceiling (maximum amount of liability) applicable for the purposes of limitation of liability under the Scheme at the relevant time are set out in the following table:

| | Audit | Insolvency | Other Services ² |
|--|--------------|--------------|-----------------------------|
| Where highest fee is less than \$100k | \$2 million | \$2 million | \$2 million |
| Where highest fee is ≥\$100k but < \$300k | \$5 million | \$5 million | \$5 million |
| Where highest fee is ≥\$300k but <\$500k | \$10 million | \$10 million | \$10 million |
| Where highest fee is ≥\$500k but <\$1million | \$20 million | \$20 million | \$20 million |
| Where highest fee is ≥\$1million but <\$2.5million | \$50 million | \$20 million | \$20 million |
| Where highest fee is ≥\$2.5million | \$75 million | \$20 million | \$20 million |

The Scheme confers discretionary authority to CA ANZ to allow a higher maximum amount of liability (up to \$75 million) than would otherwise apply under the Scheme. The discretion can be for a specified case or class of case and requires application to CA ANZ Board by the participant in the Scheme, for approval of the Board or its delegate.

Can a CA ANZ member leave the scheme?

The Scheme applies to all eligible participants unless the participant has obtained an exemption from the CA ANZ Board or its delegate.

Clause 2.2 of the Scheme provides that “no Participant to whom the Scheme applies may choose not to be subject to the Scheme, provided that CA ANZ may, on application by a Participant, exempt the Participant from the Scheme if CA ANZ is satisfied that he or she would suffer financial hardship in meeting the business asset and/or professional indemnity insurance requirement to the levels set out in clause 3 below”.

CA ANZ has a formalised process for the assessment of applications for an exemption and has an internal policy to ensure that all members are dealt with in a manner that is fair, consistent, without bias, timely and leads to effective and appropriate outcomes. For the duration of our current Scheme fewer than five eligible participants have applied for and been granted an exemption. An eligible participant who is granted an exemption is not required to hold professional indemnity insurance and is not entitled to a statutory liability cap.

² 'Other services', being non-audit, non-insolvency services.

How will consumers know if a CA ANZ member is covered by the scheme?

All Scheme participants are required to display the disclosure statement “Liability limited by a scheme approved under Professional Standards Legislation” on their business documents sent to existing and potential clients. Business documents include but are not limited to:

- letterhead and letters;
- fax cover sheets;
- emails;
- newsletters and other publications;
- the Practice Entity’s website;
- written advice;
- memoranda of fees and invoices unaccompanied by a separate document with the disclosure statement.

3. The benefits of our scheme

How will consumers benefit from the scheme?

The Scheme is designed to give consumers confidence that services are provided by ethical and competent professionals. Scheme participants must adhere to the highest professional standards and conduct and hold a professional indemnity insurance policy that complies with CA ANZ Regulation CR 2A Professional Indemnity Insurance (**CR 2A**). Being a member of a profession means being governed by a code of ethics and having a commitment to the public interest and upholding the professional and ethical standards of APES 110 – objectivity, competence and due care, integrity, confidentiality and professional behaviour and the promotion of public good within their expertise. Professionals are accountable to those they serve and to the public.

Consumers benefit from the Scheme because:

- CA ANZ members are bound to observe ethical and professional standards – thus reducing the risk of failure in professional standards;
- CA ANZ monitors Scheme participants to assess adherence to applicable ethical and professional standards;
- Appropriate resources are available to meet claims and pay damages awarded by a court;
- Avenues are available to consumers to make and resolve complaints; and
- Complaints may be made to CA ANZ’s Professional Conduct Committee and disciplinary actions may be taken to prevent and deter recurrence.

How does the scheme enhance our members’ occupational standards?

Being recognised with a Scheme does more than simply limit Members’ civil liability. It also shows that CA ANZ and its members form a professional community that is committed to delivering ongoing improvements in professional standards and consumer protection.

CA ANZ has implemented comprehensive risk management strategies aimed at enhancing the professional standards of its members. These are summarised in the table below.

| Risk Management Strategy | Description |
|---|--|
| <p>Strict entry requirements</p> | <p>Prior to granting full membership an applicant must complete the Chartered Accountants Program (CA Program), an accredited Graduate Diploma and complete a period of mentored practical experience.</p> <p>Affiliate members will have obtained a bachelors’ degree or equivalent and have appropriate levels of technical expertise and experience. Affiliate members are required to uphold the same ethical and professional standards as members who obtain membership via the CA program pathway.</p> <p>Participants in the Scheme also complete additional training in order to be granted a CPP or Affiliate membership.</p> <p>Practice Entity Membership is restricted to incorporated practices whose directors and officers are all CPP holders or Affiliate members.</p> |
| <p>Ongoing continuing professional development (CPD)</p> | <p>Undertaking CPD is an important personal obligation for all Members as it is a vital way to maintain and improve professional competency.</p> <p>All members of CA ANZ are required to complete 120 hours of CPD every triennium, including 90 hours of verifiable CPD and from 1 July 2024, 6 hours of verifiable ethics CPD.</p> <p>CA ANZ has a monitoring program to assess members’ compliance with this requirement.</p> |
| <p>A robust independent complaints and discipline program</p> | <p>The CA ANZ By-Laws establish the scope of our complaints and discipline framework. The framework was the subject of a comprehensive review, including an independent review of recommendations in 2022/3, which found it to be in line with global best practice.</p> <p>In 2023, as part of our ongoing membership obligations to the International Federation of Accountants (IFAC), we submitted our 5-yearly assessment which IFAC confirms shows CA ANZ to be a well-functioning and high performing professional accounting organisation in terms of fulfilment of IFAC’s Statements of Membership Obligations (SMOs) including SMO 6 Investigation and Discipline.</p> <p>Our program provides for the receipt, assessment, investigation and determination of all complaints in a procedurally fair, considered and evidence-based manner in the interests of maintaining the</p> |

| Risk Management Strategy | Description |
|--|---|
| | <p>integrity of the accounting profession and protection of consumers. More details of the program may be found on our website.</p> |
| <p>Monitoring programs to assess compliance with professional and ethical standards and Scheme obligations</p> | <p>CA ANZ undertakes monitoring programs to assess members' compliance with:</p> <ul style="list-style-type: none"> • Professional indemnity insurance requirements; • PSL disclosure statement requirements; • Professional and ethical standards, including Practice Entities' system of quality management; and • CPD requirements. <p>Our Quality Practice Review program is designed to meet our obligations as a member of the International Federation of Accountants. Details of the program may be found on our website. IFAC has recently assessed our compliance with SMO 1 Quality Assurance - refer to our discussion above.</p> |

How does limiting participant liability help consumers?

In return for the benefit of statutorily capped liability, Scheme participants are required to meet the professional standards and conduct behaviours required of them as a condition of CA ANZ membership. Participating in a Scheme enhances:

- the quality of the services provided by members in practice to their clients by encouraging and facilitating higher professional standards;
- consumer protection for clients of accounting practices through compulsory insurance standards; and
- the viability of the public practice business model so the Australian community is provided with an ongoing pipeline of appropriately qualified, regulated and monitored accountants to discharge the duties necessary to serve the Australian economy.

Is the scheme a professional indemnity insurance scheme?

No. The CA ANZ Scheme limits liability for damages based on insurance arrangements. CA ANZ Regulation CR 2A establishes the minimum professional indemnity insurance requirements for Scheme participants. This complies with the Act which requires that the cover available to a participating member under a relevant insurance policy be at least equal to the amount of the Scheme's monetary ceiling..

What continuing education can members access?

CPD is an important professional obligation applicable to all CA ANZ members to ensure their skills and knowledge are maintained and updated.

CA ANZ members are obliged to maintain professional and technical competencies in keeping with their employment and field of expertise pursuant to CA ANZ Regulation CR 7 Continuing Professional Development (**CR 7**). CR 7 stipulates that members must complete 90 verifiable CPD hours and 30 non-verifiable CPD hours each triennium (i.e. three-year period).

In addition to CPD requirements, members applying to enter public practice as a principal of a Practice Entity are required to undertake the Public Practice Program (**PPP**) which includes modules dedicated to Risk Management, Ethics, Professional Standards of Public Practice accountants and the Professional Standards Scheme. From 1 July 2024 Affiliate members will be required to complete the [Affiliate Admission Program](#) in addition to the PPP. The Affiliate Admission Program is designed to ensure all Affiliate members understand the obligations of CA ANZ membership.

In 2023 CA ANZ members could select from over 900 professional learning and development opportunities offered by CA ANZ on a complimentary or paid basis, including:

- Conferences
- Online webinars
- Discussion groups
- Online Micro Courses
- Reading materials via our website or the CA ANZ Library and
- Free access to LinkedIn Learning.

In the 2024 financial year many of our members engaged with our learning events, for example:

- 8,199 Members took up complimentary ethics micro courses
- 1,300 Members attended the Professional Standards Roadshow
- 680 Members in business attended Code Essentials for Members in Business
- 4,300 Members took up the complimentary one-hour CPD digital-on-demand course: Diversity, equity and inclusion fundamentals as part of their subscription renewal.

How are complaints and discipline managed?

The CA ANZ By-Laws provide the framework for CA ANZ's independent disciplinary bodies to assess and determine complaints regarding a members' misconduct. All members are bound by the conduct By-Laws and may be subject of complaints. Complaints are investigated by the Conduct and Discipline team and decisions arising from the investigation are made by the independent Professional Conduct Committee, Disciplinary Tribunal or the Appeals Council. The composition of the disciplinary bodies includes lay members (including lawyers, academics, social workers and ethicists) representing community expectations and the public interest, as well as very senior members of the profession with technical and professional expertise necessary to opine on the conduct of members subject of complaint.

Information about CA ANZ's complaints and disciplinary process may be found on the CA ANZ website at [Complaints about a member](#).

4. Comments and submissions

How can I make a comment or submission?

In your submission, you may wish to respond to the following questions:

- Are you a member of CA ANZ?
- Are you already a consumer of the type of services covered by the proposed scheme?
- Do you think the scope of the scheme is clear? (including work, jurisdictions and membership classes covered)
- Is it clear how you, as a member or consumer, could make a complaint?
- Can you describe how consumers would benefit from CA ANZ members' services being covered by a scheme?

Please send comments and submissions (preferably as a letter) to:

The Chief Executive Officer
Professional Standards Councils
Level 2, St James Centre
111 Elizabeth Street
Sydney NSW 2000.

You can also contact the Councils by:

- email: pscinfo@psc.gov.au
- phone: 1300 555 772 or (02) 8315 0800
- website: www.psc.gov.au.

How are comments and submissions managed?

The Council must consider all comments and submissions it receives, in line with the public consultation process under Professional Standards Act 1994 No 81, Part 2, Division 1, Section 8

Comments and submissions will be:

- made public unless you request confidentiality
- subject to the [Privacy Act 1988 \(Cth\)](#)

Where can I find out more?

To find out more about CA ANZ and our proposed professional standards scheme, please contact the scheme compliance team at schemeapplication@charteredaccountantsanz.com