CPA Australia

Best Practice Program

Annual Findings Report 2022

# Overview

The CPA Australia Best Practice Program (Program) replaces the previous Quality Review Program and aims to support our members in public practice achieve their objectives in practice, while ensuring the highest professional and ethical standards are maintained. The Program was implemented in 2022, following its successful pilot in 2021.

The Program’s assessments are designed to ensure CPA Australia’s Public Practice Certificate (PPC) holders providing public accounting services in Australia and New Zealand:

* Have implemented an adequate system of quality and risk management
* Adhere to professional and ethical standards
* Continue to meet the CPA Australia By-Law requirements relevant to PPC holders.

All PPC holders are required to participate in a Program assessment when selected.

## Common assessment findings

The common assessment findings for 2022 are summarised below. We also outline our relevant tools and resources available to assist all members to address these areas within their practices.

Ethics and Professional Standards

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| Standard | Key areas of deficiencies  | CPA Australia Resources |
| APES 110 Code of Ethics | Non-compliance with Laws and Regulations (NOCLAR) provisions of the Code - lack of policies and procedures outlining what personnel should do in the event, they identify an instance of NOCLAR.  | * [APES 110 Code of Ethics for Professional Accountants](https://apesb.org.au/standards-guidance/apes-110-code-of-ethics/)
* [CPA APES 110 - Overview of the Code](https://www.cpaaustralia.com.au/tools-and-resources/accounting-professional-and-ethical-standards/apes-110-code-of-ethics-for-professional-accountants)
* [CPA Australia – Responding to NOCLAR](https://www.cpaaustralia.com.au/tools-and-resources/accounting-professional-and-ethical-standards/apes-110-code-of-ethics-for-professional-accountants/noclar)
* [Responding to Non-Compliance with Laws and Regulations (NOCLAR) video](https://www.youtube.com/watch?v=blcrQPLHJAU)
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| APES 320 Quality Control | Insufficient documentation and inconsistent application across engagements. A common example is where members have long standing client’s, acceptance and continuance procedures were not considered on an ongoing basis.  | * [APES 320 Quality Management for Firms that provide Non-Assurance Services](https://apesb.org.au/standards-guidance/quality-management-for-firms-that-provide-non-assurance-services/)
* [CPA Australia - Quality Control Tool](https://www.cpaaustralia.com.au/public-practice/my-firm-my-future/compliance-and-governance/quality-control-manual)
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| APES 325 Risk Management | No documented risk management framework or failure to maintain a risk management framework that is current and up to date. Risks relating to changing circumstances, including consideration of succession planning were not reflected in risk management plans reviewed.  | * [APES 325 Risk Management for Firms](https://apesb.org.au/standards-guidance/risk-management-for-firms-apes-325/)
* [CPA Australia - Risk Management for Firms](https://www.cpaaustralia.com.au/tools-and-resources/accounting-professional-and-ethical-standards/apes-325-risk-management-for-firms)
* [CPA Australia - Risk Management Framework Tool](https://www.cpaaustralia.com.au/public-practice/my-firm-my-future/compliance-and-governance/risk-management-framework-tool)
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| APES 305 Terms of Engagement | Insufficient documentation of the use of outsourced services, including cloud computing, and the location of those services.Using outdated terms of engagement templates that do not contain the latest requirements within the professional standards, legislation and other requirements. Not having client confirmation of their acceptance of the terms of engagement. | * [APES 305 Terms of Engagement](https://apesb.org.au/standards-guidance/terms-of-engagement/)
* [CPA Australia - Client engagements and relationship](https://www.cpaaustralia.com.au/public-practice/my-firm-my-future/service-offering/client-engagement-and-relationships)
* [CPA Australia - Client engagement templates](https://www.cpaaustralia.com.au/public-practice/my-firm-my-future/service-offering/client-engagement-and-relationships)
* [CPA Australia - NZ Engagement Letter with AML clause](https://www.cpaaustralia.com.au/public-practice/my-firm-my-future/compliance-and-governance/anti-money-laundering-reforms-in-au-and-nz)
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| APES 310 Audit of Client Monies | A lack of clarify by some members regarding the standards requirements beyond monies held in trust. Some members who had disbursement authority to their clients’ accounts were not aware of the requirement to obtain an audit under the standard. | * [APES 310 Client Monies](https://apesb.org.au/standards-guidance/client-monies-apes-310/)
* [CPA Australia - Client Monies](https://www.cpaaustralia.com.au/tools-and-resources/accounting-professional-and-ethical-standards/apes-310-client-monies)
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Audit and Assurance Services

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| Standard | Key areas of deficiencies | CPA Australia Resources |
| ASA / ASQC 1 | For members that provide audit and assurance services infrequently or on a pro bono basis there was frequently a lack of documentation available for review to demonstrate compliance with the standards.  | * [AUASB Assurance Standards](https://auasb.gov.au/standards-guidance/auasb-standards/other-assurance/)
* [Small Entities Audit Manual (SEAM)](https://learn.cpaaustralia.com.au/lmt/clmsCatalogDetails.prMain?site=cpapd&in_region=au&in_offeringId=112506402&in_from_module=CLMSCATALOGV2.PRMAIN&utm_source=google&utm_medium=g&utm_campaign=Generic+%7C+Small+Entities+Audit+Manual+(SEAM)+SKAG+2022+%7C+Australia+%7C+Broad+%7C+Search&utm_term=%2Bsmall%20%2Bentities%20%2Baudit%20%2Bmanual&gclid=EAIaIQobChMIlpia5JKQ9wIVYYJLBR0q9gZaEAAYASAAEgKkOPD_BwE&gclsrc=aw.ds)
* [Audit & Assurance Tools & Resources](https://www.cpaaustralia.com.au/tools-and-resources/audit-and-assurance)
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| SISA / SISR | Insufficient documentation to evidence the ATO requirements to complete the SMSF compliance audit engagement.  | * [CPA SMSF Tools & Resources](https://www.cpaaustralia.com.au/tools-and-resources/audit-and-assurance/smsf-auditors)
* [Small Entities Audit Manual (SEAM)](https://learn.cpaaustralia.com.au/lmt/clmsCatalogDetails.prMain?site=cpapd&in_region=au&in_offeringId=112506402&in_from_module=CLMSCATALOGV2.PRMAIN&utm_source=google&utm_medium=g&utm_campaign=Generic+%7C+Small+Entities+Audit+Manual+(SEAM)+SKAG+2022+%7C+Australia+%7C+Broad+%7C+Search&utm_term=%2Bsmall%20%2Bentities%20%2Baudit%20%2Bmanual&gclid=EAIaIQobChMIlpia5JKQ9wIVYYJLBR0q9gZaEAAYASAAEgKkOPD_BwE&gclsrc=aw.ds)
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Tax and compilation services

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| Standard | Key areas of deficiencies | CPA Australia Resources |
| APES 220 Taxation Services | No documentation evidencing communication to clients of their rights and obligations and possible penalties and consequences regarding their taxation engagement, as well as the client’s responsibility over information as a written statement.  | * [APES 220 Taxation Services](https://apesb.org.au/standards-guidance/taxation-services/)
* [CPA Australia - Engagement Letter Taxation Services](https://www.cpaaustralia.com.au/-/media/project/cpa/corporate/documents/public-practice/my-firm-my-future/service-offering/terms-of-engagement-templates/terms-of-engagement-template-taxation-services.docx?rev=17aa555d29e147e8be5fa75a0c091589&download=true)
* [CPA Australia - Tax checklists, letters & workpapers](https://www.cpaaustralia.com.au/tools-and-resources/taxation/2021-year-end-tax-resources)
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| APES 315 Compilation of Financial Statements | Insufficient or missing documentation to support the compilation report.Incorrect or insufficient details as required by APES 315 10.10 (e.g. member’s name and address etc).Insufficient or incorrect disclosures including accounting policies disclosure. | * [APES 315 Compilation of Financial Information](https://apesb.org.au/standards-guidance/business-services/)
* [CPA Australia - Overview APES 315 Compilation of Financial Information](https://www.cpaaustralia.com.au/tools-and-resources/accounting-professional-and-ethical-standards/apes-315-compilation-of-financial-information)
* [CPA Australia - Sample special purpose compilation report](https://www.cpaaustralia.com.au/-/media/project/cpa/corporate/documents/public-practice/my-firm-my-future/compliance-and-governance/special-purpose-compilation-report.docx?rev=c194c219015c4eeb8abfab9e24022a44)
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 Professional Standards Scheme

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| Standard | Key areas of deficiencies | CPA Australia Resources |
| Professional Standards Legislation | Non-disclosure or incomplete disclosure of participation in a limited liability scheme.  | * [CPA Australia Professional Standards Scheme](https://www.cpaaustralia.com.au/public-practice/your-public-practice-firm/professional-standards-scheme)
* [Professional Standards Council - Disclosing Your Limited Liability](https://www.psc.gov.au/advice-for-scheme-associations/disclosing-your-liability)
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