

# CPA Australia Best Practice Program

Annual Findings Report  
2023

# Overview

The CPA Australia Best Practice Program (Program) 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’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 table below summarises the common assessment findings for 2023. We also outline our relevant tools and resources available to assist all members to address these areas within their practices.

### Ethics and Professional Standards

| 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.  | <ul style="list-style-type: none"> <li>• <a href="#">APES 110 Code of Ethics for Professional Accountants</a></li> <li>• <a href="#">CPA APES 110 - Overview of the Code</a></li> <li>• <a href="#">CPA Australia – Responding to NOCLAR</a></li> <li>• <a href="#">Responding to Non-Compliance with Laws and Regulations (NOCLAR) video</a></li> </ul> |
| APES 320 Quality Management | <p>Insufficient evidence of an active monitoring process on a cyclical basis over member’s systems of quality management.</p> <p>Insufficient evidence of monitoring policies and procedures.</p> | <ul style="list-style-type: none"> <li>• <a href="#">APES 320 Quality Management for Firms that provide Non-Assurance Services</a></li> <li>• <a href="#">CPA Australia - Quality Control Tool</a></li> </ul>  |

| Standard                     | Key areas of deficiencies   | CPA Australia Resources  |
|------------------------------|---|--|
| APES 325 Risk Management     | <p>No documented risk management framework or failure to maintain a risk management framework that is current and up to date.</p> <p>Insufficient evidence of an active monitoring process over the member's risk management framework.</p> <p>Risks relating to changing circumstances, including consideration of succession planning were not reflected in risk management plans reviewed.</p> | <ul style="list-style-type: none"> <li>• <a href="#">APES 325 Risk Management for Firms</a></li> <li>• <a href="#">CPA Australia - Risk Management for Firms</a></li> <li>• <a href="#">CPA Australia - Risk Management Framework Tool</a></li> </ul>  |
| APES 305 Terms of Engagement | <p>Insufficient documentation of the use of outsourced services, including cloud computing, and the location of those services.</p> <p>Using outdated terms of engagement templates that do not contain the latest requirements within the professional standards, legislation and other requirements.</p> <p>Not having client confirmation of their acceptance of the terms of engagement.</p>  | <ul style="list-style-type: none"> <li>• <a href="#">APES 305 Terms of Engagement</a></li> <li>• <a href="#">CPA Australia - Client engagements and relationship</a></li> <li>• <a href="#">CPA Australia - Client engagement templates</a></li> <li>• <a href="#">CPA Australia - NZ Engagement Letter with AML clause</a></li> </ul> |

## Audit and Assurance Services

| Standard | Key areas of deficiencies  | CPA Australia Resources  |
|----------|--|--|
| ASQM 1   | <p>Following the December 2022 effective date of ASQM 1 assessment findings varied from:</p> <ul style="list-style-type: none"> <li>• Lack of awareness and need to adopt and implement ASQM 1</li> <li>• Focusing risk assessment of quality risks at the residual level rather than inherent</li> <li>• Only considering some of the required quality objectives</li> <li>• No established monitoring and remediation</li> </ul>   | <ul style="list-style-type: none"> <li>• <a href="#">AUASB Assurance Standards</a></li> <li>• <a href="#">Quality Control Manual Tool &amp; APES 320 compliance   CPA Australia</a></li> </ul>                                     |
| ASAs     | <p>For members that provide audit and assurance services infrequently or on a pro bono basis there was often a lack of documentation available for assessment to demonstrate compliance with the standards.</p> <p>Common areas where we recommended better documentation to evidence the audit procedures undertaken included:</p> <ul style="list-style-type: none"> <li>• Independence</li> <li>• Planning documentation, including, materiality, fraud and risk of material misstatement, and professional scepticism</li> <li>• Use of sampling</li> <li>• Going concern and post balance date events</li> <li>• Management representations</li> </ul> <p>Ensuring audit report issued complied with all relevant requirements.</p> | <ul style="list-style-type: none"> <li>• <a href="#">AUASB Assurance Standards</a></li> <li>• <a href="#">Small Entities Audit Manual (SEAM)</a></li> <li>• <a href="#">Audit &amp; Assurance Tools &amp; Resources</a></li> </ul> |

| Standard    | Key areas of deficiencies   | CPA Australia Resources  |
|-------------|---|--|
| SISA / SISR | Insufficient documentation to evidence the ATO requirements to complete the SMSF compliance audit engagement. | <ul style="list-style-type: none"> <li><a href="#">CPA SMSF Tools &amp; Resources</a></li> <li><a href="#">Small Entities Audit Manual (SEAM)</a></li> </ul> |

## Tax and compilation services

| 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. Written statements for client's responsibility, opinions based on knowledge of client circumstances and self-assessment records were sometimes all or partly not documented. These results reflect a lack of or regular updating of engagement documentation. | <ul style="list-style-type: none"> <li><a href="#">APES 220 Taxation Services</a></li> <li><a href="#">CPA Australia - Engagement Letter Taxation Services</a></li> <li><a href="#">CPA Australia - Tax checklists, letters &amp; workpapers</a></li> </ul>  |
| APES 315 Business Services | <p>Insufficient or missing working paper documentation to support the compilation report.</p> <p>Lack of agreed engagement terms and written acknowledgement of client's responsibilities.</p> <p>Incorrect or insufficient details on the compilation report as required by APES 315 10.10 (e.g. member's name and address etc).</p>   | <ul style="list-style-type: none"> <li><a href="#">APES 315 Compilation of Financial Information</a></li> <li><a href="#">CPA Australia - Overview APES 315 Compilation of Financial Information</a></li> <li><a href="#">CPA Australia - Sample special purpose compilation report</a></li> </ul> |

## Professional Standards Scheme

| Standard                           | Key areas of deficiencies   | CPA Australia Resources   |
|------------------------------------|---|---|
| Professional Standards Legislation | Non-disclosure or incomplete disclosure of participation in a limited liability scheme. | <ul style="list-style-type: none"> <li><a href="#">CPA Australia Professional Standards Scheme</a></li> <li><a href="#">Professional Standards Council - Disclosing Your Limited Liability</a></li> </ul> |