



FINANCIAL MARKETS AUTHORITY

TE MANA TATAI HOKOHOKO - NEW ZEALAND

Overseas Audit Firm Coversheet Pack

Please use this pack to identify the documents that are being provided in each area of your application.

Please place the relevant cover sheet on top of each set of documents. All the coversheets should be used. If one document covers the required material for multiple coversheets, please clearly indicate this on any unused coversheets, and include these when returning the pack.

It is important that prior to submitting this pack you have read and understood the, 'Application Guide: Licensing and registration of overseas auditors and audit firms'.

Please send the completed pack to;

Licensing Team
Financial Markets Authority

Mail:
PO Box 1179
Wellington 6140
New Zealand

Deliver or Courier:
Level 2
1 Grey Street
Wellington
New Zealand

COVERSHEET A

**The signed application form – Overseas Audit Firm Application
(OAF1.1)**

Please attach your signed application, having made sure that each page is initialled and dated in the bottom right hand corner.

COVERSHEET B

Partnership

Provide either a copy of the Firm's current partnership deed

-OR-

A declaration from a qualified solicitor that the entity is a partnership (and not a limited partnership).

COVERSHEET C

Supporting documentation relating to the professional body or accounting body membership of partners

Please provide the following on letter head paper from the relevant third party organisations to support the information provided in PAF1.1 which has been emailed to FMA with your OAF1.1:

- (a) Documentary evidence in the form of letters from the relevant professional bodies to evidence that your partners hold current memberships as stated on the PAF1.1 form. One letter from any given professional body would suffice in support of all partners seeking to rely on memberships from that professional body, but the letter must identify each partner by full name, membership number and date of birth.

- (b) Documentary evidence in the form of letters from the relevant accounting bodies to evidence that your partners hold current practising certificates as stated on the PAF1.1 form. One letter from any given accounting body would suffice in support of all partners seeking to rely on practising certificates awarded by that accounting body, but the letter must identify each partner by full name, membership number and date of birth.

For information on how FMA interprets these requirements, please refer to the, 'Application Guide: Licensing and registration of overseas auditors and audit firms'.

Fit and proper partner documentation

- (a) All partners of the Firm must be fit and proper persons as assessed by FMA. A partner of the firm (the declarant) must complete FMA's template Statutory Declaration Fit and Proper, Firm (SDFP1.1). This is a declaration that the partners of the firm are fit and proper persons for their role taking into account the matters outlined in Appendix A of the Guide.

The declaration must describe the process undertaken and information gathered for checking that partners are fit and proper persons, including checks of criminal records.

Where the declarant has identified potentially adverse matters either related to the matters in paragraph 12 (a) to (j) in the Application Guide or outside of those matters about one or more partners (the relevant partners) which should be disclosed to FMA, the declarant shall;

- complete Annexure A of SDFP1.1 with particulars of the name of the relevant partner, date of birth and description of the documents provided by the relevant partner in relation to the adverse matter.
 - attach to the declarant's SDFP1.1 form an AMT1.1 form completed by the relevant partner describing the circumstances relating to the adverse matter and the conduct of the relevant partner.
 - attach to SDFP1.1 any documents referred to by the relevant partner in his AMT1.1 form.
- (b) In addition to the declarant's Statutory Declaration SDFP1.1, each Audit and Management partner must also complete and submit an SDFP2.1 form under Coversheet E.
- (c) Please also provide in a word document attached to this coversheet, a description of the firm's process for monitoring the fitness and propriety of partners, both on admission to partnership and on an on-going basis.

For further information on what should be included, please refer to Appendix A in the 'Application Guide: Licensing and registration of overseas auditors and audit firms'.

Fit and proper partner documentation – Audit/Management partners

- (a) Each partner who holds a licence under the Act and each partner who is in a position to significantly influence the management or administration of the firm's audit practice as it relates to New Zealand issuers, including the managing partner, chief executive or the head of assurance or their equivalent positions, (the declarant) must complete FMA's template Statutory Declaration Fit and Proper Persons, Audit/Management Partner (SDFP2.1). This is a declaration that the partner is a fit and proper persons to be a partner for their role taking into account the matters outlined in paragraphs 7 – 14 in Appendix A to the Application Guide. The declarant must provide a description of their role within the firm in SDFP2.1.
- (b) Where the declarant has identified potentially adverse matters either related to the matters in paragraph 12 (a) to (j) in the Application Guide or outside of those matters which should be disclosed to FMA, the declarant shall complete FMA's template Adverse Matter Template form AMT1.1 describing the circumstances relating to the adverse matter and the conduct of the declarant. The declarant may attach to AMT1.1 any documents referred to by the declarant in the AMT1.1 form.
- (c) The statutory declaration **must include as attachments from the declarant:**
- A copy of a completed criminal record check from their home country.
 - A letter of standing from the professional accounting body the partner is a member of.
 - AMT1.1 form completed if necessary.
 - Those documents referred to by the declarant in the AMT1.1 form.

Documentation evidencing equivalency of quality review procedures

Please provide the following:

- (a) Evidence of the last review by your regulatory body, including a copy of the relevant report, commentary on any steps taken to address issues raised and any subsequent substantive correspondence with the body.
- (b) Evidence that the firm is reviewed by that regulatory body on at least a three yearly cycle.

Systems, policies and processes documentation

Please provide a typed document which summarises the following information. Please do not supply full manuals:

- (a) A description of the Firm's approach to promoting compliance with auditing and assurance standards and reasonable skill, care and diligence in issuer audits.
- (b) A summary of the systems, policies and procedures to ensure that issuer audits are carried out in accordance with New Zealand law and standards, including:
 - (i) Comment on any significant differences between New Zealand auditing and assurance standards and those in the home country and how you address these.
 - (ii) Information on how PES 1, 2 and 3 are addressed.
- (c) An explanation as to how the Firm has satisfied itself that its systems, policies and procedures are satisfactory to meet the requirements of the Act.
- (d) An explanation of the arrangements for quality control review of key judgements and decisions, including how the firm ensures its issuer audits are subject to review by a licensed auditor and that its arrangements are followed.

In addition to the information under quality review procedures above, copies of the last internal and external review of the firm's systems, policies and procedures relevant to future issuer audits, together with commentary on any steps taken to address issues raised and any subsequent substantive correspondence with any external reviewer. Please also provide a list of other reviews in the last 5 years.

For information on how FMA interprets these requirements, please refer to the, 'Application Guide: Licensing and registration of overseas auditors and audit firms'.

Quality control documentation

Please provide a typed document summarising the following information;

- (a) A list of the firm's issuer audits
- (b) For each audit the name of the engagement partner and the name of the person responsible for quality control review and the nature of their relationship with the firm.
- (c) Provide the NZ auditor registration numbers when available of the engagement partner and the partner responsible for each quality control review.

Please note FMA may delay authorisation for registration until the firm has at least two licensed auditors to ensure each audit can be reviewed by another licenced auditor.

Professional indemnity insurance documentation

Please provide the relevant copies of documents as well as typed explanations for the following:

- (a) Either:
 - (i) A schedule or certificate of professional indemnity insurance from an insurer showing the amount of cover for relevant activities, or
 - (ii) A description of any self-insurance arrangement, including how any funds are held or guarantees given and by whom.
- (b) A description of the size and nature of the business which the insurance covers, and an explanation on behalf of the partnership as to why the insurance is considered adequate. The explanation should take into account any existing potential claims on the amount of insurance for the current period.
- (c) Evidence that the insurance covers claims by New Zealand residents, for example an extract from the policy or letter from the insurer.

For information on how FMA interprets these requirements, please refer to the, 'Application Guide: Licensing and registration of overseas auditors and audit firms'.