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Overseas auditor licence – additional conditions

Section 15(1) of the Auditor Regulation Act 2011 (the **ARA**) specifies that every licence issued by the Financial Markets Authority (the **FMA**) must be subject to conditions prescribed under section 32(1)(b)(i) of the ARA, may be subject to conditions of a kind prescribed under section 32(1)(b)(ii) of the ARA, and must specify a condition relating to the kinds of FMC audits in respect of which the licence holder is authorised to act under the licence. The types of prescribed conditions under section 32(1)(b)(i) and (ii) of the ARA are set out in the Auditor Regulation Act (Prescribed Minimum Standards and Conditions for Licensed Auditors and Registered Audit Firms) Notice 2012 (the **Notice**).

The holder of this licence is subject to the following additional conditions:

1 Restriction on kinds of FMC audits authorised under the licence

- (a) The licence holder is authorised to accept an engagement or appointment to act as the auditor in respect of an FMC audit, for an issuer of regulated product or a listed issuer who is in the mining sector (the **Specified Kind of FMC Audit**); and
- (b) The licence holder must notify and obtain written consent from the FMA, before the licence holder accepts an engagement or appointment to act as the auditor in respect of an audit that is not a Specified Kind of FMC Audit.

Explanatory note: The purpose of this condition is to restrict the kind of FMC audits authorised under this licence, but to allow the license holder to accept an audit that is not a Specified Kind of FMC Audit with the FMA's prior written consent.

2 Condition for supervising the FMC audits a licensed auditor can undertake

The licence holder must not accept an engagement or appointment to act as the auditor in respect of an FMC audit, unless the licence holder:

- (a) appoints a New Zealand engagement quality control reviewer to supervise the FMC audit undertaken by the licence holder;¹ or
- (b) notifies and obtains written consent from the FMA, before the licence holder appoints an overseas auditor (as defined under section 6 of the ARA) as an engagement quality control reviewer to supervise the FMC audit undertaken by the licence holder.

Explanatory note: The purpose of this condition is to ensure that a suitably qualified external party, with sufficient and appropriate experience, objectively evaluates the significant judgments the licence holder makes in formulating an auditor's report.

¹ For the purposes of this condition, a New Zealand engagement quality control reviewer is: (a) a licensed auditor under section 6 of the ARA who is not an overseas auditor, and (b) a person defined under clause 7(c) of the International Standard on Auditing (New Zealand) 220, issued by the External Reporting Board pursuant to section 24(1)(b) of the Financial Reporting Act 1993.

3 Condition relating to the provision of specified reports to the FMA

The licence holder must, within such reasonable timeframe as the FMA specifies, provide to the FMA a copy of the licensed holder's ongoing professional competence (**CPD**) records and evidence of CPD undertaken, including CPD applicable to New Zealand auditing standards, laws, or regulations.

*Explanatory note: As part of the standard conditions of this licence, the licence holder is required to comply with all rules, codes of conduct, and codes of ethics of each approved professional accounting body of which the licence holder is a member (the **Relevant Rules and Codes**). Where the Relevant Rules and Codes require the licence holder to develop and maintain ongoing CPD to perform the role of a licensed auditor, this condition allows the FMA to engage with the approved professional accounting body to consider whether the licence holder has complied with ongoing CPD requirements, by taking into account whether the licence holder's ongoing CPD sufficiently includes learning activities that are relevant to applicable New Zealand auditing standards, laws, or regulations.*