



Report on Regulatory Systems of Accredited Body - NZICA

JUNE 2025

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EXECUTIVE SUMMARY

This report contains the findings of the Registrar of Companies' ("the Registrar") second monitoring visit of the frontline insolvency regulator, New Zealand Institute of Chartered Accountants ("NZICA"). The visit assessed NZICA's regulatory systems and the extent to which they are adequate and effective within the meaning of the Insolvency Practitioners Regulation Act 2019 ("the Act"). The review period for the purposes of this report is from 1 July 2022 to 30 June 2024 ("the Review Period").

In this review period, NZICA continued to build on its existing systems to monitor and regulate licensed insolvency practitioners. NZICA has leveraged its existing processes to include the regulation of licensed insolvency practitioners. The Registrar's overall conclusion is that NZICA's regulatory systems are adequate and effective and are meeting the regulatory objectives of the Act. The insolvency practitioner regulatory regime has had limited cases determined at the Disciplinary Tribunal level to date. Instead, practitioners who are not yet fully complying have been given time to develop their quality processes and expertise. Disciplinary action against non-compliant practitioners has varied from issuing professional reminders at the Professional Conduct Committee level, to the Disciplinary Tribunal ordering censure in conjunction with rehabilitative orders that another practitioner be engaged to undertake a monitored supervisory role. No cancellations or suspensions were ordered in the review period.

Practice reviews are making progress as expected by NZICA. We would like to see the turnaround time for the completion of practice reviews reduce within a proposed cycle period, but we acknowledge that the use of risk-based selection in the meantime is an acceptable method of review selection for now. The reviews themselves are comprehensive and systematic in their approach.

NZICA is progressing with its framework of monitoring overseas practitioners but have yet to complete the process. We should see progress in this area in our next 2026 review.

NZICA have also shared learnings from disciplinary decisions with licensed insolvency practitioners as part of their continuing professional development ("CPD") offering.

Overall, we were satisfied with the progress made by NZICA and have set out only four (4) recommendations for the next steps of improvements.

We acknowledge the improvements NZICA has made and continues to make within its Insolvency Practitioners regulatory role.

ABOUT THIS REPORT

The Act established a co-regulatory scheme for insolvency practitioners operating in New Zealand and requires insolvency practitioners in New Zealand to be licensed.

Anyone acting as an insolvency practitioner must hold a licence and act in accordance with the conditions of that licence. The regulatory regime applies to all insolvencies in New Zealand, regardless of where the insolvency practitioner is based.

Accredited bodies carry out frontline regulation of insolvency practitioners including issuing licences, setting professional standards, investigating complaints and potential breaches of these standards as well as taking disciplinary action where they have not been met.

Accredited bodies have a crucial role to play in the success of the Insolvency Practitioners regime as the frontline regulators of the profession.

The Registrar is responsible for overseeing accredited bodies, maintaining an online register of insolvency practitioners, and exercising other functions, powers and duties conferred by the Act with regards to monitoring the insolvency practitioner regulatory regime.

The Act requires the Registrar to report on its monitoring of the accredited bodies regulatory systems, and the extent to which they are adequate and effective within the meaning of the Act, at intervals of not more than four (4) years.

NZICA is currently the only accredited body under the Act. This report contains the findings of the second review conducted by the Registrar and our monitoring assessment of NZICA for the Review Period.

ABOUT NZICA AND ITS OBLIGATIONS

NZICA and the Institute of Chartered Accountants of Australia (“ICAA”) formally amalgamated on 1 January 2015 to form Chartered Accountants Australia and New Zealand (“CAANZ”). NZICA is the statutory body responsible for regulating New Zealand residents of CAANZ.

NZICA was accredited by the Registrar under the Act on 18 August 2020 and must comply with standard conditions of accreditation.

The Act requires that accredited bodies implement and maintain regulatory systems that are adequate and effective. In the Act, regulatory systems are described as ‘adequate and effective’ if they are designed and operated in a manner that promotes quality, expertise, and integrity in the profession of insolvency practitioners as well as promotes compliance with the statutory duties of insolvency practitioners. Regulatory systems, in accordance with the Act, are the accredited body’s systems and processes for performing its regulatory functions over insolvency practitioners which includes:

- a) considering applications for licences, issuing licences, and setting conditions of licences.
- b) adopting, implementing, and monitoring codes of conduct or ethics.
- c) monitoring compliance with any relevant standards relating to insolvency engagements.
- d) promoting, monitoring, and reviewing the ongoing competence of members.
- e) inquiring into the conduct of members.
- f) investigating complaints against members and former members.
- g) hearing complaints about, and taking disciplinary action against, members and former members; and
- h) dealing with appeals against decisions of the disciplinary body.

The Act also requires NZICA to provide to the Registrar a report and an annual confirmation primarily relating to the accredited body's performance in carrying out its regulatory functions for the purposes of the Act.

HOW WE APPROACHED THIS REVIEW

In this review period, a desktop review was carried out three weeks prior to the onsite visit which reviewed and considered:

- a) The implementation of 2022 review recommendations.
- b) NZICA manuals and documented procedures.
- c) Overview of NZICA's organisation chart, role and responsibilities relating to Insolvency Practitioners.
- d) Copy of minutes of governance meetings relating to Insolvency Practitioners.
- e) List of licensing and registrations completed in the review period.
- f) List of conditions imposed and lifted during the review period.
- g) List of licences considered for renewal.
- h) Surveillance and monitoring ongoing competence and compliance for the review period – monitoring plans, risk assessments, summary of key findings of compliance monitoring, and competence monitoring.
- i) Enquiries and investigations – list of opened, ongoing and completed cases for the review period.
- j) Complaints – register of all active, completed and dismissed complaints for the review period. Status notes and reporting to the regulatory board.
- k) Disciplinary – list of conduct enquiries or complaints elevated to the disciplinary body. Status notes and reports.
- l) Promoting ongoing competence – work completed with Restructuring, Insolvency & Turnaround Association of New Zealand ("RITANZ") to provide relevant training.

From this desktop review a sample list was provided to NZICA. We also requested further documents be provided on our visit.

At our two-day visit, we reviewed the requested samples and documents and interviewed members of NZICA's Regulation and Conduct teams. This, along with other monitoring of and engagement with NZICA throughout the review period, provided sufficient detail for the Registrar to undertake this review.

OVERALL ASSESSMENT

In this review period, NZICA has embedded their licensing, practice review and disciplinary processes. The Registrar's overall assessment is that NZICA's regulatory systems are adequate and effective and are meeting the regulatory objectives of the Act.

NZICA is still in the early stages of CPD audits to assess ongoing compliance with the prescribed minimum standards requirements, monitoring overseas practitioners, and renewing licences. These areas will be a key focus for the next review by the Registrar in 2026.

We acknowledge that NZICA has implemented most of the Registrar’s recommendations from the 2022 review and all the improvements NZICA has made and continues to make within its Insolvency Practitioners regulatory role.

A summary of the recommendations made are:

1. We recommend that all policies and procedures are reviewed at least once every two years.
2. We recommend that a checklist template be used when considering cancellations noting relevant considerations.
3. We recommend that NZICA set SMART (Specific, Measurable, Achievable, Realistic, and Timely) goals for their Regulation teams to encourage a tighter turnaround time for the completion of practice reviews within a proposed cycle period.
4. We recommend that NZICA increase its rate of CPD audits to promote ongoing competence and compliance.

FOCUS AREAS

REGULATORY SYSTEMS AND PROCESSES

NZICA has well established rules, manuals, frameworks, and template checklists to ensure consistency in their methodology. NZICA has followed the 2022 review recommendations by issuing a revised Regulatory Board charter to sufficiently reference the responsibilities of NZICA under the Act and adding a separate standing agenda item regarding the Insolvency Practitioners regime to NZICA Regulatory Board meetings and reviewing costs to assess whether their fees remain reasonable.

We sighted all processes and are satisfied that they were fit for purpose, however we noted that some had not been reviewed for many years.

RECOMMENDATION 1: NZICA should implement a biennial review cycle for all policies and procedures to ensure they remain current, effective, and aligned with regulatory best practice. Regular updates will strengthen governance and maintain stakeholder confidence.

LICENSING AND REGISTRATION

NZICA's fees for licensing have been reviewed and subsequently increased and reflect the expected level of time and effort required to assess and process the application. NZICA charge the same application fee for all licensed insolvency practitioners – regardless of their pathway as a member of NZICA or non NZICA member.

During the review period, a total of 19 new licences were issued, two licences expired and renewed, and eight licences were cancelled (all of which were voluntary requests for cancellation). None were cancelled or suspended by NZICA disciplinary bodies.

We sampled five new licences issued, two expired and renewed licences and two cancelled licences and were satisfied that all were checked according to their documented processes (which met the requirements of the Act). All new licences sampled applied for registration based on the experience pathway.

RECOMMENDATION 2: NZICA should adopt a standardized cancellation checklist to ensure all relevant factors are consistently assessed. This will promote transparency, reduce risk of oversight, and enhance the integrity of the licensing process.

We understand that, following our onsite visit, NZICA has implemented the above recommendation by creating a cancellations checklist.

SURVEILLANCE AND MONITORING ONGOING COMPETENCE AND COMPLIANCE

There are 137 licenced insolvency practitioners, and we sighted a schedule of proposed cyclical practice reviews for 112.

Some practitioners that were licensed had not taken on any insolvency cases so had no practice to review yet. NZICA proposes to give these practitioners sufficient time to ensure they have adequately adopted NZICA's professional and ethical standards and have undertaken several engagements under the regime prior to undertaking a review of their practice.

NZICA has a standard checklist for practice reviews that includes:

- A review of the firm's quality control systems, including the policies and processes in place to ensure compliance with the NZICA Code of Ethics.
- A review of selected insolvency engagement files to assess compliance with relevant legislation, engagement standards and the Code of Ethics.
- A practice review of a firm's insolvency engagements is normally limited to matters relevant to such engagements. However, where specific risks have been identified in relation to other services these risks may be considered as part of the review.
- In addition, where the firm also provides audit and assurance services and is due for a cyclical review of those services, the review of insolvency work may be combined with a review of audit and assurance work for greater efficiency.

NZICA may alternatively complete a limited desk review of insolvency engagements which includes:

- Reviewing the firm’s list of regulated insolvency engagements to confirm that a limited desk review is appropriate and to identify engagements for review.
- A review of information registered on the Companies Office website for the selected engagements to ensure that the information filed is completed to a satisfactory standard and complies with engagement standards and relevant legislation.

NZICA had completed cyclical reviews on 34 practitioners’ firms for the review period, and a further 25 were in progress. The firms were selected based on risk levels. Some practice reviews have been brought forward at the request of the disciplinary bodies and others have been paused until such time as a disciplinary process has been completed. Based on the current plan, a review will be completed once within at least three (3) to seven (7) years. The average time within which an insolvency practitioner can be expected to be reviewed is five (5) years.

Of the 34 reviewed, we sampled seven (7) and were satisfied with the level of compliance checks carried out. The practice reviews were comprehensive and systematic in their approach. All sampled cases followed Rule 12 of the NZICA rules and the Practice Review Manual.

NZICA’s intention at the start of the regime was to review every practitioner every three (3) years. Due to covid lockdowns, ongoing disciplinary action, a small pool of specialist insolvency reviewers, and other external factors, this was not achievable. Instead, the risk register helps them identify high-risk practitioners that are given priority. Where the reviews findings were unsatisfactory or significant improvement was needed and the matter does not represent a significant breach of the Code of Ethics or the Rules, NZICA has allowed practitioners an initial opportunity to remediate and given them time to integrate to the standards expected of them. The next escalation point, where non-compliance continues, would be for more serious action to be taken, such as the Practice Review Advisory Group (“PRAG”) recommending that matters arising out of practice reviews are referred to the Professional Conduct Committee (“PCC”) for further action. None were referred by PRAG to the disciplinary bodies in the review period. However, we expect to see some referrals from PRAG to the disciplinary bodies in our next 2026 NZICA Review if these standards are not met.

We would like to see the turnaround of reviews reduce from an average of five (5) years to three (3) years as intended, but we acknowledge that the use of risk-based selection in the meantime is an acceptable method of review selection for now.

RECOMMENDATION 3: NZICA should establish SMART goals for its Regulation teams to accelerate practice review completion. Clear performance targets will drive efficiency, improve oversight, and ensure timely compliance monitoring.

Following our onsite visit, we have been informed by NZICA that, given the time practice reviews can take, the length of insolvency appointments, and consideration of any disciplinary matters that may be ongoing, a proposal to change the underlying cycle to four

(4) years was submitted to the NZ Regulatory Board in 2024 and approved. They have agreed to work on the above recommendation.

We note that overseas insolvency practitioners who are CAANZ members were subject to quality reviews in Australia (the Australian equivalent of a practice review). The quality review team in Australia can identify those practitioners who hold New Zealand insolvency practitioner licenses and include them in their firm reviews (members and non-members). This will ensure oversight of the quality managements systems and compliance with the professional and ethical standards. Practitioners that are not members of CAANZ and are not working alongside members of CAANZ will be assessed on a case-by-case basis. Where the practitioner is a member of another professional body, NZICA may consider the results from previous reviews undertaken by other professional bodies or regulators. Where necessary, NZICA will undertake virtual reviews of New Zealand engagements undertaken by overseas insolvency practitioners.

COMPLAINTS, ENQUIRIES AND INVESTIGATIONS

NZICA has a framework for handling complaints. This document was published in April 2015 and updated in December 2017. It is still fit for purpose despite being seven (7) years old. It was created to handle complaints against their NZICA members, but they have leveraged this process to also apply to Insolvency Practitioners.

There has been an increasing number of all complaints received by NZICA (including complaints regarding licenced insolvency practitioners) over the past four (4) years of the regime. NZICA received a record number of complaints in 2024 compared to the previous years and closed an increased number of complaints in 2023 and 2024 compared to previous years (see table below).

Year	2024	2023	2022	2021
Complaints received	155	139	117	116
Complaints closed	139	142	116	108

For the review period they received 52 Insolvency Practitioners complaints and closed 34 Insolvency Practitioners complaints for which we sampled eight (8). They also had 22 complaints still open undergoing investigation.

We confirm that the sampled complaint files followed the procedures. All complaints that meet the minimum criteria were referred to the Professional Conduct Committee and either dismissed or advanced to the Disciplinary Tribunal for a public hearing. The practitioners were offered an opportunity to respond and a tribunal quorum including an experienced Insolvency Practitioner adjudicated.

The NZICA Conduct team regularly report analysis of complaint statistics to the Regulatory Board. They monitor complaints received by year, resolved by year, method of resolutions by year, ageing by year, status of unresolved complaints by year, and reasons for delay for open complaints over 12 months.

We were satisfied with the threshold criteria, the in-depth level of investigation and adjudication process. The complainants were well informed and the delay in closing off complaints are well monitored. Furthermore, learnings from the Disciplinary Tribunal decisions are passed onto to the Insolvency Practitioner community through CPD training sessions.

DISCIPLINARY

Disciplinary action against insolvency practitioners is either first identified as necessary through the cyclical practice reviews, NZICA and/or the PCC's own monitoring activities (pro-active process), or through complaints received (reactive process) as mentioned above. In both cases, the practitioner is given an opportunity to respond.

As the regime matures, the Registrar will continue to take an active interest in the outcomes of disciplinary matters.

PROMOTING ONGOING COMPETENCE

Most insolvency practitioners obtain their insolvency specialist CPD through RITANZ's regular offerings however they also have access to the full suite of CAANZ CPD via the CAANZ online store, and specific webinars and knowledge sharing events delivered by NZICA relating to regulatory updates and the insolvency regime. NZICA contributes two (2) hours of CPD training per annum to insolvency practitioners and this year's CPD training was based on the learnings from disciplinary decisions and practice reviews (in the hope that it will alert insolvency practitioners to the need for care in their duties and promote ongoing competence).

NZICA have three (3) methods of monitoring ongoing competence –

1. The annual confirmation process where practitioners confirm they have completed the hours of training required.
2. A cyclical practice review will include checking the CPD records.
3. An annual sampling where NZICA will request evidence of training completed. This sampling only started in 2024 due to the three (3) years now completed since the commencement of the new Insolvency regime. The sampling has been selected based on the risk rating and 10% is selected each year.

Although 10% is an acceptable sampling rate for monitoring purposes, because there is a high non-compliance result and we are in the early stages of encouraging Insolvency Practitioners to maintain their training development, there is a need to set the expectation early.

RECOMMENDATION 4: NZICA should expand its CPD audit program to a higher sampling rate, reinforcing professional development standards and reducing non-compliance risk. Enhanced auditing will safeguard practitioner competence and uphold public trust.

We understand that, following our onsite visit, NZICA has implemented the above

recommendation by expanding the audit pool for the 2024 CPD audit to include 25 licensed insolvency practitioners.

OTHER

REGISTRAR NOTICES AND DIRECTION

NZICA has complied with the Registrar's Direction for an Accredited Body's Annual Confirmation and Report published on 23 July 2021 by providing an annual confirmation for 2023 and 2024, remitting annual confirmation fees to the Registrar in line with processes put in place between the Registrar and accredited body and providing an Accredited Body Report for the period ended 31 August 2023.

NZICA have also made suggestions to the MBIE policy group for changes to the requirements for renewal of licences to ensure an efficient renewal process and for the Registrar to prescribe a wider range of conditions that NZICA may apply to licences as they think fit. These will be considered as part of the Registrar's post implementation policy review of the insolvency practitioners' regulatory regime.

FUTURE FOCUS

The Registrar's next review in 2026 will cover the period between 1 July 2024 to 30 June 2026 and the focus will be NZICA's CPD audits to assess ongoing compliance with the requirements of the prescribed minimum standards, monitoring of overseas practitioners, and renewal of licences.

The Registrar understands that NZICA has already implemented two (2) of its recommendations and started to implement the other two (2) recommendations. The Registrar will take an active interest regarding NZICA's progress on the remaining two (2) recommendations and looks forward to receiving further updates regarding this.

The Registrar will also engage with NZICA regarding the results of its post implementation policy review of the insolvency practitioners regulatory regime and any related changes to the Registrar's Insolvency Practitioner Regulation and Oversight Plan later this year.