



Certified Practicing Accountants
Papua New Guinea



Accountants Registration Board
of Papua New Guinea

Joint CPAPNG/ARB Constitution & Legislative Committee

Brief Overview of the bill for the new Accountants Act

1. Structural & Administrative Matters – ARB & CPA PNG

1.1 Structure

- (a) ARB and CPA PNG remain the same, where provisions for ARB deal with accountants in the public practice while provisions on CPA PNG deal with members of CPA PNG and the profession. The only change that was made is the removal of the category Accountants in Employment from ARB and putting it as members under CPA PNG.
- (b) Provisions on ARB are in Parts II, III, IV and V, namely:
 - i. Accountants registration board of Papua New Guinea
 - ii. Administration
 - iii. Registration and qualifications of accountants in public practice.
 - iv. Regulation of the public practice of accountancy.
- (c) Provisions on CPA PNG are in Part VI.

1.2 Administration

- (a) For ARB the following changes are made;
 - i. Section 21 (Registrars), becomes section 22. In that amended section, the Registrars of Accountants in Employment and Registered Public Commercial Book-keepers are deleted.
 - ii. The following new registers are added, namely, Register of Registered Tax Agent and Registrar of Public Accounting Firms.
- (b) For CPA PNG following changes are made;
 - i. All reference to the Institute was changed to CPA PNG.
 - ii. There are no provisions on Administration of CPA PNG in the current Act. Part IV of the current Act has two divisions namely, Division 1.- The Institute and Division 2.- Membership of the Institute.
 - iii. In the bill, two new divisions are added, namely, Administration and Disciplinary Proceedings.
 - iv. The provisions on the administration under the bill are in Division 2 of Part VI. It provides for the Secretariat of CPA PNG (Section 74), functions of the Executive Director (Section 75) and Funds of the Council (Section 76).
 - v. Provisions on disciplinary proceedings of members are under Division 4 in Part VI of the bill.

2. Membership of the CPA PNG

- 2.1 Provisions on membership under the current Act do not reflect the current structure, ie., Sections 33 and 34 of the current Act. There are also no provisions on qualification and registration. (see Division 2 in Part IV of the current Act).
- 2.2 Major amendments were made on this division, ie., Division 2 in Part IV of the current Act. It is now Division 3 (Qualification and registration of members of CPA PNG) in Part VI of the bill. There is now new provisions which include:
- (a) qualification for membership (section 77), and
 - (b) registration of members (section 78). Under this provision, it is made mandatory that the employer or a prospective employer of a person who is qualified to become a member must register that person as a member of CPA PNG. Failure to do so will carry a hefty penalty.
 - (c) The categories of membership of CPA PNG are now under section 79 of the bill. The category Associates in the current Act is deleted and replaced with Certified Practicing Accountants. A new category that is included is Certified Accounting Technicians. The new CPA PNG membership structure is as follows:
 - i. Fellows;
 - ii. Certified Practicing Accountants;
 - iii. Certified Accounting Technicians;
 - iv. Registered Accounting Graduates;
 - v. Registered Accounting Technicians ;
 - vi. Registered Accounting Students.

3. Part V – Registration & Qualification

3.1 ARB

- (a) The category Accountants in Employment is removed from ARB and is transferred to CPA PNG as members only. The reason behind this is that the ARB has not been able to control all the Accountants in Employment. ARB will now concentrate on regulating the accountants in public practice in the categories specified under Section 27 of the bill.
- (b) Categories of registration remain the same except that Accountants in Employment and Registered Public Commercial Book-keepers are removed and Registered Tax Agent is added.
- (c) Qualification and Registration of the accountants in public practice is provided for under Section 24 of the bill. Section 24 sets out the qualifications for registration to practice. Membership with CPA PNG is a prerequisite.
- (d) Specific requirements for registration to practice are not provided as these are to be agreed upon by ARB and are to be provided for under the proposed regulation.

3.2 CPA PNG

- (a) For CPA PNG, qualification and registration is set out under Division 3 in Part VI. Section 77 sets out the qualification.
- (b) See membership of CPA PNG under paragraph 2 (Membership of CPA PNG) above.

4. Discipline of Members: Functions / Duties / Powers of ARB, CPA PNG and Statutory Committee

4.1 ARB

- (a) For ARB, disciplinary matters are captured in Division 3 (Disciplinary proceedings) in Part V (Regulation of the Practice of Accountancy). In the current Act, disciplinary proceeding is provided for in Part V (Registration and Qualification) starting at Sections 54 to 62.
- (b) Briefly, Section 51 of the bill provides for the Accountants Statutory Committee to discipline only the registered persons or the accountants in the public practice of accountancy.
- (c) The main penalty provisions are Sections 60 and 61, which include suspension for two years, apart from others.
- (d) Appeal process is reduced from a separate part, ie., Part VI in the current Act to a section, ie., Section 62 in the bill.

4.2 CPA PNG

- (a) Disciplinary procedure for CPA PNG is provided for under Division 4 in Part VI (CPA PNG) of the bill.
- (b) It deals with disciplinary matters relating to members of CPA PNG and the profession. Under Section 83 (3), where the Council receives a complaint against a member who is a registered person under Section 27 and is in public practice, the Council must refer the complaint to the Accountants Statutory Committee. Where the complaint relates to a member, the Council will refer it to the Membership Ethics and Disciplinary Committee. Penalties for members are provided under Section 86.

5. Accountants operating under other Acts

- 5.1 A new registration category of Registered Tax Agent has been added at Section 27. The reasoning behind this is to improve the regulation of tax agents and assist the IRC in ensuring that they meet appropriate experience and qualification requirements. Provision has been made for tax professionals who are not eligible to become members of CPA PNG, for example tax lawyers and former IRC officers, to be registered where they can demonstrate to the Board that they have the requisite experience and qualifications to act as a tax agent.
- 5.2 Provision is made for a Registered Tax Agent to be on the ARB, see section 5.
- 5.3 Provision of public accountancy services or regulated services under the guise of consultancy services by individuals is restricted. This also includes those who practice as consultants using company name under the Companies Act. It is made a requirement that they must register with ARB as Registered Public Accountants. If they fail, they will be considered as practicing illegally under Section 43. Penalty for illegal practice is K50,000.
- 5.4 Companies or clients who engage the service of an unregistered person commit an offence and are also subject to a fine of K50,000 under Section 43 (2).

6. Non Residents

- 6.1 Non-residents are required to register and to renew their registration yearly. Practice without registration by a non-resident is considered illegal and attracts a penalty of K50,000.
- 6.2 Registration of non-residents is also subject to Board's approval, Section 26.

7. Other matters

7.1 Quality Review System

In compliance with the Report on the Observation of Standards and Codes (ROSC), a detailed review system/ mechanism is set up in the bill. This can be found under Division 2 in Part V (Regulation of the Public Practice of Accountancy), from Section 46 to Section 50.

7.2 Accounting firms

There is also provision for approval by the Board for the registration of accounting firms. See Sections 22, 39 and 40.

7.3 Board members to disclose interests

There is now a provision for the members of the ARB to disclose their interest in relation to matters that are before the Board for determination or deliberation.

7.4 Renewal of registration

Provision is now made for the Board to allow the Registrar to temporarily approve, if all requirements are fulfilled, the existing registrations, subject to the Boards ratification at its next Board meeting. See Section 29 (7) and (8).