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# **Draft bill**

**for the**

# **new Accountants Act**

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Submitted for review and comments by the **members of the accounting profession in Papua New Guinea including the public accounting practicing firms and employers, and other stakeholders**

**INDEPENDENT STATE OF PAPUA NEW GUINEA**

**No. of 2015.**

**Accountants Act 2015.**

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**INDEPENDENT STATE OF PAPUA NEW GUINEA.**

AN ACT

entitled

*Accountants Act 2015,*

Being an Act –

- (a) relating to accountants,
- (b) to continue in establishment the Accountants Registration Board of Papua New Guinea,
- (c) to establish the Certified Practising Accountants of Papua New Guinea, and
- (d) to repeal the Accountants Act 1996 and for related purpose.

MADE by the National Parliament, to come into operation in accordance with a notice in the National Gazette by the Head of State, acting with, and in accordance with, the advice of the Minister.

**PART I. – PRELIMINARY.**

**1. Compliance with Constitutional requirements.**

This Act, to the extent that it regulates or restricts a right or freedom referred to in Subdivision III.3.C (qualified rights) of the *Constitution*, namely–

- (a) the right to freedom of employment conferred by Section 48 of the *Constitution*; and
- (b) the right to privacy conferred by Section 49 of the *Constitution*; and
- (c) the right to freedom of information conferred by Section 51 of the *Constitution*,

is a law that is made for the purpose of giving effect to the public interest in public order.

**2. Interpretation.**

In this Act, unless the contrary intention appears–

“accounting firm” means a firm approved as an accounting firm under Section 39, and includes accounting corporation and accounting limited liability partnership ;

“Accountant in Public Practice” means a person who as a principal, either alone or with others, undertakes or holds himself out as willing to undertake work in the nature of general accountancy for remuneration or any person who is registered in any one or more of the categories specified in Section 27;

“Accountants Statutory Committee” means the Accountants Statutory Committee established by Section 51;

“bank” means a bank as defined in Section 3 of the *Banks and Financial Institutions Act 2000*;

“Board” means the Accountants Registration Board of Papua New Guinea continued in establishment by Section 4;

“certificate of registration” means a certificate of registration issued under Section 28 or 29;

–“Council” means the Council of the Certified Practicing Accountants of Papua New Guinea established under Section 66;

“Deputy Chairman” means the Deputy Chairman of the Board;

“CPAPNG” means the Certified Practicing Accountants of Papua New Guinea established under Section 64;

“Member” means a person registered under one of the categories of membership with Certified Practicing Accountants of Papua New Guinea under this Act;

“person” means a person who may require services or render services under this Act, and includes a corporation;

“quality assurance review” means a quality assurance review under Section 46;

“quality review” means a study, appraisal, or review of one or more aspects of the professional work of an accountant in public practice or a Public Accounting Firm;

“reciprocating board” means a board with whom the Board has entered into an agreement under Section 31;

“Register” means a Register kept under Section 22 and, in relation to a category of accountant means the Register kept for that category;

“registered” means registered under this Act;

“Registered Company Auditor” means a person registered as such under this Act

“Registered Liquidator” means a person registered as such under this Act;

“registered person” means a person registered under this Act –

- (a) in any of the categories of registration specified in Section 27; or
- (b) as a Public Accounting Firm under Section 39;

“Registered Public Accountant” means a person registered as a Registered Public Accountant under this Act;

“Registered Tax Agent” means a person registered as a Registered Tax Agent under this Act;

“Registrar” means the Registrar of Accountants appointed under Section 20;

“regulated service” means service of persons registered under Section 27 of this Act.

“repealed Acts” means the Acts repealed by Section 92;

“reviewer” means any person who is appointed by the Board under Section 47 to carry out a quality review;

“rule” means a rule made by–

- (a) the Council under Section 73; or
- (b) the Board under Section 41;

“this Act” includes the regulations.

### **3. Reference to accountants, etc.**

- (1) Where in any law a reference is made to an accountant or to a licensed or registered accountant, that reference shall be read as a reference to a Registered Public

Accountant or Registered Company Auditor or Registered Liquidator or Registered Tax Agent as appropriate within the meaning of this Act.

- (2) Reference to a practice in accountancy means the practice of those persons registered in a category specified in Section 27.

## **PART II. – ACCOUNTANTS REGISTRATION BOARD OF PAPUA NEW GUINEA.**

### **4. The Board.**

The Accountants Registration Board of Papua New Guinea established under the repealed Acts, continues in establishment notwithstanding the repeal.

### **5. Constitution of the Board.**

- (1) The Board shall consist of–
- (a) the Auditor-General, ex officio, or his nominee who shall be Chairman; and
  - (b) the President of the CPAPNG, ex officio, or his nominee, who shall be the Deputy Chairman; and
  - (c) five persons who are accountants in public practice of whom–
    - (i) one shall be a Registered Public Accountant; and
    - (ii) two shall be Registered Company Auditors; and
    - (iii) one shall be a Registered Liquidator; and
    - (iv) one shall be a Registered Tax Agent; and
  - (d) one person who shall be a professor of or a lecturer in accountancy or accountancy matters at an academic institution in Papua New Guinea; and
  - (e) a lawyer who holds a restricted practicing certificate under the *Lawyers Act 1986*.
- (2) Subject to Subsection (3), the members referred to in–
- (a) Subsection (1)(c)–shall be appointed by the Minister on the recommendation of the Chairman, given after consideration by the Chairman of a panel of names submitted by the CPAPNG; and
  - (b) Subsection (1)(d)–shall be appointed by the Minister on the recommendation of the Chairman; and
  - (c) Subsection (1)(e)–shall be appointed by the Minister on the recommendation of the Chairman, given after consideration of a panel of names submitted by the Papua New Guinea Law Society,  
by notice in the National Gazette.
- (3) Where–
- (a) a vacancy has occurred in the membership of the Board under Subsection (1)(c) or (e); and
  - (b) the Chairman has requested the body referred to respectively in Subsection (2)(a) or (c) to submit a panel of names; and
  - (c) the body has not submitted a panel of names within a reasonable time,  
the Chairman may submit a panel of names of suitably qualified persons to the Minister and the Minister shall make the necessary appointment from such panel.

## **6. Alternate members.**

- (1) For each of the members appointed under Section 5(1)(c), (d) and (e), an alternate member shall be appointed in the same way and subject to the same conditions as the member for whom he is alternate.
- (2) In the event of a member being unable to attend a meeting of the Board, the alternate member has and may exercise all the powers, functions, duties and responsibilities of the member.
- (3) An alternate member may, unless the Board otherwise directs, attend all meetings of the Board but shall not, except under Subsection (2), take part in debate, vote on any matter or be counted towards a quorum.

## **7. Tenure of office.**

A member of the Board (other than an ex officio member) shall be appointed for a period not exceeding three years, and is eligible for re-appointment.

## **8. Oath and affirmation of office.**

- (1) Before entering on the duties of his office, a member or alternate member of the Board shall take an oath or make an affirmation in the form in Schedule 1.
- (2) The oath or affirmation shall be taken or made before the Minister, or a person appointed by him, for the purpose.

## **9. Fees and allowances.**

- (1) The members of the Board shall be paid such fees (if any) and allowances (if any) as are prescribed.
- (2) Until fees and allowances are prescribed, the provisions of the *Boards (Fees and Allowances) Act 1955* apply.

## **10. Role and functions of the Board.**

Subject to this Act, the role of the Board is to protect the public interest in relation to the regulation and control of the practice of accountancy in the country, and in carrying out that role to perform the following functions –

- (a) to register persons qualified to practice accountancy under Part IV; and
- (b) to determine the standard of qualification and experience required for registration in the various categories of registration under Section 27; and
- (c) to make rules for the control and regulation of the practice of accountancy under Part V; and
- (d) to administer the quality assurance review under Part V; and
- (e) to administer the disciplinary proceedings under Part V; and
- (f) to report to the Minister on any matter relating to the operation of Part XI of the *Companies Act 1997*; and
- (g) to do all things that it is required by this Act to do, or that are necessary or convenient to be done to protect the public interest and to give effect to this Act.

## **11. Powers of the Board.**



- (1) Subject to this Act, the Board has, in addition to the powers conferred on it by this Act, power to do all things that are necessary or convenient to be done for or in connection with the performance of its functions.
- (2) The Board may institute, carry on, prosecute or defend any action, complaint, information or proceeding relating to the functions and powers of the Board under this Act.

## **12. Leave of absence of members.**

The Minister may grant leave of absence to a member of the Board on such terms and conditions the Minister determines.

## **13. Vacation of office by members.**

- (1) If a member of the Board, other than the Auditor-General—
  - (a) becomes permanently incapable of performing his duties; or
  - (b) resigns his office by writing under his hand addressed to the Minister; or
  - (c) dies; or
  - (d) ceases to be a resident of the country; or
  - (e) is absent, except on leave granted by the Minister from three consecutive meetings of the Board; or
  - (f) becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his creditors or makes an assignment of his remuneration for their benefit; or
  - (g) becomes of unsound mind as that expression is used in the *Public Health Act* 1973; or
  - (h) is convicted of an offence punishable under a law by death or imprisonment for one year or longer, and as a result of the conviction is subject to be sentenced to death or imprisonment, is under sentence of death or is undergoing imprisonment, or is under bond to appear for sentence if called upon, the Minister shall terminate his appointment.
- (2) The Minister may, at any time, terminate the appointment of a member of the Board, other than the Auditor-General, on the grounds of inability, inefficiency, incapacity or misbehavior.
- (3) Where the appointment of a member is terminated under this section, the Minister shall, by notice in the National Gazette, declare his office vacant.
- (4) Where the appointment of a member is terminated under this section, or the member resigns from office, the alternate member for that member automatically replaces that member on the Board and a new alternate member shall be appointed in accordance with Section 6.

## **14. Meetings of the Board.**

- (1) The Chairman or Deputy Chairman shall preside at all meeting of the Board.
- (2) The Board shall meet at such times and places as in the opinion of the Chairman are necessary for the efficient conduct of its affairs.
- (3) If requested to do so by not less than three members, the Chairman shall call a meeting of the Board as soon as practicable after receiving the request.

- (4) At least 10 working days' notice of a meeting of the Board shall be provided to all members and alternate members.
- (5) At a meeting of the Board—
  - (a) five members of the Board constitute a quorum; and
  - (b) matters arising shall be decided by a majority of the votes of the members present and voting; and
  - (c) the person presiding has a deliberative and, in the event of an equality of votes on a matter, also a casting vote.
- (6) The Board shall cause minutes of its meetings to be recorded and kept.
- (7) Subject to this Act, the procedures of the Board are as determined by the Board.

#### **15. Indemnity of members of the Board.**

No matter or thing done or suffered by the Board or by any member of the Board or by the Registrar or by any person acting on behalf of the Board bona fide in the execution or intended execution of this Act, or the exercise and discharge or intended exercise and discharge of any of the powers or duties therein shall render the Board or any member of the Board or the Registrar or any person acting on behalf of the Board or the State subject to any liability in respect thereof.

#### **16. Proceedings validated.**

- (1) No act or proceeding of the Board shall be invalidated by reason only of the fact that at the time when such act or proceeding was done, taken or commenced there was a vacancy in the office of a member of the Board.
- (2) All acts and proceedings of the Board shall, notwithstanding the subsequent discovery of any defect in the appointment of any member thereof, or that any member was disqualified to act, be as if such member had been duly appointed and was qualified to act and had acted as a member of the Board and as if the Board had been properly and fully constituted.

#### **17. Disclosure of interest.**

- (1) A member of the Board who is directly or indirectly interested in a matter being considered by the Board, otherwise than as a member in common with the other members of an incorporated company consisting of not less than 25 persons, shall, as soon as practicable after the relevant facts have come to his knowledge, disclose the nature of his interest at a meeting of the Board.
- (2) A disclosure under Subsection (1) shall be recorded in the minutes of the Board.
- (3) The member making the disclosure under Subsection (1)—
  - (a) shall not, after the disclosure, take part in any deliberation or decision of the Board with respect to that matter; and
  - (b) shall be disregarded for the purpose of constituting a quorum of the Board for any such deliberation or decision.

#### **18. Committees.**

- (1) The Board may establish such committees as it considers necessary or expedient for the purposes of exercising or carrying out its powers or functions under this Act.

- (2) The Board shall appoint its members to be members of a committee established under Subsection (1).
- (3) The Board may delegate to a committee established under Subsection (1) all or any of its powers or functions except this power of delegation.
- (4) The procedures at a meeting of a committee shall be determined by the Board or, in the absence of any determination, by the committee.

#### **19. Delegation.**

- (1) The Board may, by instrument, delegate to the Registrar all or any of its powers.
- (2) The delegation by the Board of a power or function under this section shall be deemed to include a power to further delegate that power or function.

### **PART III. – ADMINISTRATION.**

#### **20. Secretariat.**

- (1) There is established a Secretariat for the administration of this Act comprising—
  - (a) the Registrar; and
  - (b) such other officers as may be necessary for the administration of this Act.
- (2) Subject to Subsection (4) and to the *Salaries and Conditions Monitoring Committee Act* 1988, the Board shall appoint the persons specified in Subsection (1)(a) on terms and conditions determined by the Board.
- (3) The appointment to the office of Registrar is for a period of three years and is renewable.
- (4) The Registrar shall be the officer-in-charge of the persons registered under Section 27.
- (5) Where a person appointed to an office in the Secretariat under Subsection (1) is, immediately prior to his appointment, an officer of the National Public Service, his service in the Secretariat shall, for the purpose of determining his existing and accruing rights, be counted as service in the Public Service.

#### **21. General functions of the Registrar.**

The Registrar shall—

- (a) be the officer-in-charge of the Secretariat; and
- (b) be responsible to the Chairman for the safe custody of all papers and documents submitted to the Board; and
- (c) be responsible for keeping the Registers provided for in Section 22; and
- (d) be responsible for the proper carrying out of the functions of Registrar; and
- (e) record in the appropriate Register all entries of registration, cancellation and re-instatement; and
- (f) sign all certificates of registration; and
- (g) attend all meetings of the Board, record the proceedings thereof, conduct the correspondence and deal with such other matters as may be assigned to him by the Chairman.

#### **22. Registers.**

There shall be established the following registers which shall be kept by the Registrar:–

- (a) the Register of Registered Public Accountants;
- (b) the Register of Registered Company Auditors;
- (c) the Register of Registered Liquidators;
- (d) the Register of Registered Tax Agents;
- (e) the Register of Public Accounting Firms.

### **23. Funds of the Board, keeping of books and audit of accounts.**

- (1) The funds of the Board shall consist of–
  - (a) such sums as may be payable to the Board from moneys appropriated by Parliament for the purpose; and
  - (b) such sums as may be charged by the Board by way of fees; and
  - (c) such moneys or assets as may accrue to or vest in the Board whether in the course of the exercise of its functions, or otherwise; and
  - (d) such moneys or other assets as may accrue to or vest in the Board by way of grants, subsidies, bequests, donations, gifts, subscriptions, rents, interest or royalties, from the Government or other persons; and
  - (e) such sums as are derived from the sale of any property, real or personal, by or on behalf of the Board; and
  - (f) such sums as are received by the Board by way of voluntary contributions; and
  - (g) such moneys or other assets as may be donated to the Board by any foreign government, international agency or other external body of persons, corporate or unincorporated; and
  - (h) such moneys borrowed from financial institutions within limits determined by the Board.
- (2) The Board shall cause proper books of accounts to be kept.
- (3) The Board shall cause the financial statements, consisting of an income and expenditure account and a balance sheet made up to and at 31 December in each year, to be audited by a Registered Company Auditor.

## **PART IV. – REGISTRATION AND QUALIFICATIONS OF ACCOUNTANTS IN PUBLIC PRACTICE.**

### **24. Qualifications for registration.**

- (1) Any person who –
  - (a) has attained the age of 21 years; and
  - (b) satisfies the prescribed requirements relating to –
    - (i) qualifications; and
    - (ii) practical experience;shall be entitled, on payment of the prescribed fee, to be registered in the categories of registration specified in Section 27.
- (2) A person registered under this Part shall–
  - (a) become a member of the CPAPNG before that registration; and
  - (b) thereafter during the period of his registration remain a member of the CPAPNG.

- (3) A person who satisfies the prescribed requirements relating to qualifications and practical experience, but who does not meet the requirements for membership of CPAPNG, may be registered in category 27(d) only, and shall be exempted from the requirement referred to in Subsection (2).
- (4) The Board may, and subject to such conditions as it thinks fit, exempt any person from any of the prescribed requirements referred to in Subsection (1) and (2).
- (5) The minimum qualification and experience requirements for the different categories of registration specified in Section 27 shall be set out in the Rules.

## **25. Application for registration.**

- (1) A person may, in the prescribed form and in the prescribed manner, apply to the Board for registration in any of the categories specified in Section 27.
- (2) A person applying for registration under Subsection (1) shall furnish to the Registrar–
  - (a) evidence to the satisfaction of the Board of his qualifications, work experience, competence and character for registration; and
  - (b) evidence that he has Professional Indemnity Insurance cover in respect of the category of registration for which he is applying in an amount to the satisfaction of the Board; and
  - (c) evidence of such other matters as the Board may reasonably require.
- (3) The Board may require an applicant for registration to attend personally before the Board and, if he fails to attend as required, may refuse the application.
- (4) Where the Board has authorized the registration of a person, the registration shall be effected by entering in the Register–
  - (a) his name; and
  - (b) his place of residence; and
  - (c) his postal address or addresses both within and outside the country; and
  - (d) the situation of his place of business or places of business (if any) in the country; and
  - (e) the category of his registration; and
  - (f) the date of his registration; and
  - (g) such other particulars (if any) as are prescribed.
- (5) An entry in the Register shall be signed by the Registrar.

## **26. Registration of non-residents.**

- (1) For the purposes of this section, “non-resident person” means a person who is not ordinarily resident in Papua New Guinea.
- (2) Subject to Subsection (4), a non-resident person shall not be entitled to be registered in any of the categories specified in Section 27.
- (3) A non-resident person, who, without the approval of the Board, provides accounting, auditing, liquidating, or taxation services within Papua New Guinea for a fee shall be guilty of an offence and shall be liable on conviction to a fine not exceeding K50,000.00.
- (4) A non-resident person may apply in writing to the Board for approval to provide accounting, auditing, liquidation or taxation services within Papua New Guinea for a fee.
- (5) A person applying for approval under Subsection (4) shall furnish to the Board–

- (a) particulars of the accounting, auditing, liquidation or taxation services which he proposes to provide within Papua New Guinea; and
  - (b) particulars of individuals and corporations to whom it is proposed to provide such services.
- (6) An application for approval under Subsection (4), shall be accompanied by a non-refundable fee as prescribed.
- (7) On receipt of an application under Subsection (4), the Board may, at its absolute discretion, grant approval for the applicant to carry on the services being applied for and upon such conditions as the Board thinks fit.

## **27. Categories of registration.**

Where it is satisfied that a person has the required qualifications specified in Section 24, the Board may authorize the registration of that person in any one or more of the following categories:—

- (a) a Registered Public Accountant;
- (b) a Registered Company Auditor;
- (c) a Registered Liquidator;
- (d) a Registered Tax Agent.

## **28. Certificate of registration and record in Register of Accountants in Public Practice.**

- (1) Upon a person being registered as an accountant in public practice under this Part in any one or more of the categories in Section 27, the Board shall cause the Registrar to—
- (a) issue to him a certificate of registration in the prescribed form signed by the Registrar; and
  - (b) record his name and relevant particulars in the relevant Register.
- (2) A certificate of registration shall be issued in such form or manner as the Board may determine.
- (3) Subject to the provisions of this Act, every such certificate of registration shall be in force from the date of its issue or renewal to 31st December of the year in respect of which the certificate is issued or renewed.

## **29. Renewal of registration.**

- (1) Unless the Board or the Registrar allows otherwise, a person who desires to renew his certificate of registration upon its expiry shall, not less than one month before the date of the expiry, submit his application for the renewal to the Board in such form or manner as the Board may require.
- (2) An application under subsection (1) shall be accompanied by —
- (a) the prescribed fee; and
  - (b) a declaration by the applicant verifying any information contained in or relating to the application.
- (3) Unless the Board determines otherwise, a person shall not be entitled to have his certificate of registration renewed if he has failed —
- (a) to comply with the prescribed requirements set by CPAPNG relating to continuing professional education;

- (b) to pass any quality review under Part V or comply with any order or requirement under Section 50(1)(a); or
- (c) to satisfy or comply with such other requirement under this Act.
- (4) Where a person registered under this Act fails to comply with the provisions of Subsection (1) but, before 31 March in the year succeeding lodges with the Registrar–
  - (a) an application in the prescribed form; and
  - (b) the prescribed fee; and
  - (c) the prescribed fee for late application,
 the Board may cause to be issued to him a new certificate of registration.
- (5) If a person registered under this Act fails to comply with the provisions of Subsection (1) or (4) the Board shall remove his name from the Register.
- (6) A person whose name has been removed from the Register under Subsection (5) may apply to have his name restored to the Register and, on lodgment of an application in the prescribed form and on payment of the prescribed fee, the Board may restore his name and cause to be issued to him a new certificate of registration.
- (7) The Board may delegate to the Registrar the power to approve the renewal of existing registrations submitted prior to the due date, subject to subsequent ratification by the Board at the next meeting.
- (8) A registered person who has submitted an application for renewal prior to the 31 March in the year succeeding shall be entitled to continue in practice as a registered person until such time as he is advised whether his application for renewal of registration has been approved or rejected by the Board.

### **30. Proof of registration.**

- (1) A certificate of registration is evidence that the person specified in the certificate was registered under this Act, on the date specified in the certificate, in the category of registration so specified.
- (2) A certificate purporting to be under the hand of the Registrar and stating that–
  - (a) person was or was not registered; or
  - (b) the registration of a person was suspended on any date or dates or during any period mentioned in the certificate,
 is in all courts and before all persons and bodies authorized to receive evidence, evidence of the matters stated.

### **31. Reciprocal arrangements.**

- (1) The Board may enter into a reciprocal arrangement with the accountants board or other competent authority in any country or place for–
  - (a) the recognition of the status of a person registered, licensed or authorized by that board or other competent authority to practise as an accountant in that country or place, and for his registration as a Registered Public Accountant, Registered Company Auditor, Registered Liquidator or Registered Tax Agent as the case may be, under this Act; and
  - (b) similar recognition, registration, licensing or authorization in that country or place of persons registered under this Act.
- (2) An arrangement under Subsection (1) may contain a condition that a person applying to be registered under this Act shall furnish such additional evidence of character and competency as the Board considers satisfactory.

### **32. Fraudulent registration.**

A person who, in connection with an application for registration under this Act, makes a false or misleading statement or produces a false certificate, testimonial or other document is guilty of an offence and shall be liable to a fine not exceeding K50,000.00.

### **33. Loss of qualification.**

A person registered under this Act who loses any qualification, registration or membership of a professional body by virtue of which he claimed eligibility for registration under this Act must immediately inform the Board of that fact, and a person who knowingly or wilfully fails to do so is guilty of an offence and shall be liable to a fine not exceeding K10,000.00.

### **34. Professional indemnity insurance.**

A person registered under this Act shall maintain with an established insurer professional indemnity insurance cover in respect of his work in the category in respect of which he is registered in an amount to the satisfaction of the Board.

### **35. Accountants in public practice to have registered addresses.**

- (1) Every person registered under this Act shall have a registered address in Papua New Guinea.
- (2) All notices and other documents required or authorized to be served on or given to a registered person under this Act shall be deemed to be duly served or given if left at the registered address of that registered person.
- (3) The address specified in the application for registration under Section 25 as the address at which the applicant proposes to carry on the practice of public accountancy shall, upon registration, be deemed to be the registered address.

### **36. Duty to report change in particulars.**

- (1) Every person registered under this Act shall, whenever there is any change in his name or any of his relevant particulars as recorded in the Register, notify the Registrar of such change within 30 days thereof in such manner as the Board may require.
- (2) Any person who fails, without reasonable excuse, to comply with Subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding K500.00.

### **37. Removal from register of accountants in public practice.**

- (1) The Registrar shall remove from the Register the name and relevant particulars of any person —
  - (a) who has died;



- (b) who has become unfit to practice as an accountant in public practice by reason of any physical or mental condition;
  - (c) who has been adjudged a bankrupt;
  - (d) who, without reasonable excuse, has failed to renew his certificate of registration after one month from the date of the expiry thereof;
  - (e) whose registration has been cancelled under the provisions of Part V; or
  - (f) who has applied to the Board for his registration to be cancelled and whose application has been granted by the Board.
- (2) Subject to Subsection (3), any person whose name has been removed from the Register under Subsection (1)(d) may, if he desires to be reinstated in the Register, apply to the Registrar for reinstatement within 21 days of his being informed by the Registrar of the removal of his name from the Register, and the Registrar shall, upon payment of the prescribed fee by the applicant, reinstate the applicant to the Register.
- (3) The Registrar shall not remove the name and relevant particulars of an accountant in public practice from the Register under Subsection (1)(d) and the Board shall not grant an application by an accountant in public practice to cancel his registration under Subsection (1)(f), if the Registrar or Board, as the case may be, has received any complaint or information against the accountant in public practice under Part V, or if disciplinary proceedings under Part V are pending against the accountant in public practice.
- (4) The Board may also cancel the registration of an accountant in public practice and order the removal of his name and relevant particulars from the Register if it is satisfied that —
- (a) the accountant in public practice has obtained his registration by fraud or misrepresentation;
  - (b) the accountant in public practice has made any arrangement with his creditors;
  - (c) the accountant in public practice no longer satisfies the requirement prescribed under Section 24(2);
  - (d) for any reason, the accountant in public practice has been censured by any professional accountancy body or organization of which he is a member or with which he is registered, or has had his membership or registration with such body or organization terminated or suspended; or
  - (e) the accountant in public practice is no longer in a position to discharge the duties of a public accountant, company auditor, liquidator or tax agent effectively.
- (5) The Board shall, before exercising its powers under Subsection (4), notify the accountant in public practice concerned of its intention to take such action and shall give him an opportunity to submit reasons, within such period as the Board may determine, as to why his registration should not be cancelled.
- (6) Any accountant in public practice who is aggrieved by an order under Subsection (4) may, within 30 days of being notified of the order, appeal to the National Court.

### **38. List of registered accountants to be published.**

The Registrar shall prepare and publish in such form or manner as the Board may determine a list of the names and particulars of all the accountants in public practice on two occasions every year.

### **39. Approval of accounting firms.**

- (1) An accountant in public practice who wishes to have a firm or proposed firm approved as an accounting firm may apply to the Board for approval of —
  - (a) the firm as an accounting firm; and
  - (b) the name or proposed name of the accounting firm.
- (2) An application under Subsection (1) shall be made in accordance with the prescribed requirements and shall be accompanied by the prescribed fee.
- (3) The Board may, on receiving an application made under this section, approve the firm or proposed firm concerned as an accounting firm if and only if -
  - (a) one of the primary objects of the firm or proposed firm is to provide public accountancy services;
  - (b) at least two-thirds, or such other proportion as may be prescribed by the Board, of the partners are registered persons, or if the partnership has only 2 partners, one of those partners is a registered person;
  - (c) the business of the partnership, so far as it relates to the supply of public accountancy services in Papua New Guinea, will be under the control and management of one or more partners who are registered persons ordinarily resident in Papua New Guinea; and
  - (d) such other requirements as may be determined by the Board from time to time.
- (4) Where the Board has approved a firm as an accounting firm under this Section, the Registrar shall —
  - (a) notify the accounting firm of the approval; and
  - (b) record the name and relevant particulars of the accounting firm in the Register of Public Accounting Firms.
- (5) A partner of an accounting firm registered under this section shall, whenever there is any change in the name or relevant particulars, as recorded in the Register of Public Accounting Firms, of the accounting firm in which he is practicing, notify the Registrar of such change within 30 days thereof in such manner as the Board may require.
- (6) If an accounting firm fails, without reasonable excuse, to comply with subsection 5, the partners of the firm shall each be liable on conviction to a fine not exceeding K100.00.

#### **40. Removal from Register of Public Accounting Firm.**

- (1) The Registrar shall remove from the Register of Public Accounting Firms the name and relevant particulars of any accounting firm if —
  - (a) the accounting firm has been dissolved;
  - (b) the approval of the accounting firm under this Part has been revoked under Section 61; or
  - (c) the accounting firm has applied for its approval under this Part to be revoked.
- (2) The Board shall not grant an application by an accounting firm for the revocation of its approval under Subsection (1)(c), if —
  - (a) it has received any complaint or information under Section 53 against the accounting firm or any accountant in public practice practising therein;
  - (b) disciplinary proceedings under Part V are pending against the accounting firm or any accountant in public practice practising therein; or
  - (c) the conduct of business of the accounting firm is the subject of an inquiry or investigation by the Accountants Statutory Committee under Part V.

- (3) The Board may also revoke its approval of an accounting firm and order the removal of its name and relevant particulars from the Register of Public Accounting Firms if it is satisfied that —
  - (a) the approval of the accounting firm under this Part has been obtained by fraud or misrepresentation;
  - (b) the accounting firm or any partner of the accounting firm has made an arrangement with its or his creditors;
  - (c) the accounting firm has ceased to provide public accountancy services in Papua New Guinea; or
  - (d) the accounting firm is no longer in a position to provide public accountancy services effectively.
- (4) The Board shall, before exercising its powers under Subsection (3), notify the accounting firm concerned of its intention to take such action and shall give the accounting firm an opportunity to submit reasons, within such period as the Board may determine as to why its approval under this Part should not be revoked.
- (5) Any person who is aggrieved by an order under Subsection (3) may, within 30 days of being notified of the order, appeal to the National Court.

## PART V. – REGULATION OF THE PRACTICE OF ACCOUNTANCY.

### **Division 1: Regulation of the practice.**

#### **41. Rules.**

- (1) The Board may make rules for regulating and prescribing the practice of accountancy, and the procedures to be adopted by the accountant in public practice, and for regulating and prescribing all matters incidental to or relating to such practice or procedures.
- (2) Without limiting the generality of Subsection (1), the Board may make rules—
  - (a) prescribing the minimum qualifications, including experience, for registration in the categories of registration under Section 27; and
  - (b) prescribing the auditing standards as fixed by the Board to be adopted by all accountants in public practice in Papua New Guinea.
- (3) In making a rule under this section, the Board shall consider any recommendations made to it by the CPAPNG and by any association recognized by the Board as representing Registered Public Accountants or Registered Company Auditors or Registered Liquidators or Registered Tax Agent in Papua New Guinea.
- (4) Before making Rules under this section, the Board shall consider any recommendations made on a particular matter by—
  - (a) the CPAPNG; and
  - (b) any other body recognized by the Board as representing accountants, auditors, liquidators or tax agents.
- (5) Notice of Rules made under this section shall be given in the National Gazette by the Minister and the Rules shall come into operation—
  - (a) on the gazettal of such notice; or
  - (b) on such other date as is specified in the notice.

#### **42. Failure to comply with rules.**

A person who, without reasonable excuse (proof of which is on him) contravenes or fails to comply with a rule made under this Act is guilty of an offence and shall be liable on conviction to a fine not exceeding K500.00.

#### **43. Offences and fines for illegal public practice.**

- (1) Subject to Subsection (3), a person other than a Registered Public Accountant, Registered Company Auditor, Registered Liquidator or Registered Tax Agent who—
  - (a) pretends that he is or holds himself out to be a Registered Public Accountant, Registered Company Auditor, Registered Liquidator or Registered Tax Agent, as the case may be; or
  - (b) takes or uses the name or title of a registered person, or a name, title, addition or description implying that he is a registered person; or
  - (c) practices as a Registered Public Accountant, Registered Company Auditor, Registered Liquidator or Registered Tax Agent, as the case may be, or charges or receives a fee for work done as a registered person; or
  - (d) undertakes, or pretends to undertake, or holds himself out as being qualified to undertake, any work relating to the making up of accounts or compiling or maintaining books of account or the management of a liquidation at a fee or providing taxation services for a fee,is guilty of an offence and shall be liable on conviction to a fine not exceeding K50,000.00
- (2) Subject to Subsection (3), a person who is required by law to have accounts audited or who requires the service of a registered person and engages the services of a person who is not registered under this Act is guilty of an offence and shall be liable on conviction to a fine not exceeding K50,000.00.
- (3) It is a defense to a charge of an offence against Subsection (1) or (2) in relation to the provision of a regulated service if the person charged proves that—
  - (a) he was authorized by the Board to undertake the regulated service; or
  - (b) he carried out the regulated service on behalf of the Government and as part of his duties as an officer of Papua New Guinea or an authority or instrumentality of the Government.
- (4) The provisions of Subsection (1) do not apply to a non-resident person approved by the Board under Section 26 in respect of the services for which the approval was given.

#### **44. Accounting firms.**

- (1) No firm may undertake any audit or accounting work in relation to the preparation of financial statements and or financial accounts or the compiling or maintaining of the books of accounts or pretend, undertake or hold itself out to be competent, unless the accounting firm is approved as an accounting firm under this Act.
- (2) If a firm contravenes the provisions of Subsection (1), the partners of the firm are each guilty of an offence and shall be liable on conviction to a fine not exceeding K5,000.00.

#### **45. Trust accounts.**

An accountant in public practice or an accounting firm shall keep books of accounts in relation to trust monies in a manner prescribed by the Board.

## **Division 2: Quality assurance review**

### **46. Quality assurance review of accountants in public practice.**

The Board may require, as a condition for an accountant in public practice to be allowed to practice auditing, or continue to practice auditing, or to engage in the public practice of accountancy, that the accountant in public practice should undergo, at such periods as the Board may determine, a quality assurance review under this Division and successfully pass the quality reviews.

### **47. Appointment of reviewers.**

- (1) The Board may appoint any suitably qualified independent person as a reviewer to carry out any quality review under this Part.
- (2) Where it is considered that the appointed reviewer is not independent or his appointment is likely to cause conflict of interest, a registered person may object to the Board and request the Board to appoint another person acceptable to the objecting party.

### **48. Quality reviews.**

- (1) A reviewer shall carry out a quality review in accordance with —
  - (a) the relevant provisions of this Act;
  - (b) the practice and procedure as may be determined by the Board; and
  - (c) such instructions as may be issued by the Board.
- (2) The following provisions shall apply in respect of any quality review under this Division:
  - (a) any accountant in public practice under review shall, if required by the reviewer —
    - (i) produce to the reviewer or afford the reviewer access to, any record or document specified by the reviewer or any record or other document which is of a class or description so specified and which is in his possession or under his control being in either case a record or other document which the reviewer reasonably believes is or may be relevant to the quality review, within such time and at such place as the reviewer may reasonably require;
    - (ii) give to the reviewer such explanation or further particulars in respect of anything produced in compliance with a requirement under sub-paragraph (i) as the reviewer shall specify; and
    - (iii) give to the reviewer all assistance in connection with the quality review which he is reasonably able to give;
  - (b) where any information or matter relevant to a quality review is recorded otherwise than in a legible form, the power of a reviewer to require the production of any record or other document conferred under paragraph (a) shall include the power to require the production of a reproduction of any such information or matter or of the relevant part of it in a legible form;
  - (c) a reviewer may inspect or examine or take any abstract of or extract from any record or document produced under paragraph (a) or (b);
  - (d) a reviewer exercising a power under this section shall, if so requested by a person affected by such exercise, produce for inspection by such person such evidence

of his authority as may be provided to him by the Board upon his appointment as a reviewer.

- (3) Nothing in this section shall be taken to compel the production by an accountant in public practice of a record or document containing a privileged communication by or to a legal practitioner in that capacity.

#### **49. Reviewer to submit report.**

- (1) A reviewer who carries out a quality review under this Part shall submit a report to the Board at the conclusion of the quality review and at any other stage thereof as may be required by the Board.
- (2) Where after the conclusion of a quality review the Board, having had regard to any report submitted by the reviewer, is of the opinion that the accountant in public practice concerned has failed to observe, maintain or apply the prescribed professional standards, methods, procedures or other requirements, the Board may take any of the actions referred to in Section 50.

#### **50. Actions in relation to quality review reports**

- (1) Upon receiving the report of the reviewer under Section 49, the Board may —
  - (a) take any one or more of the following actions:
    - (i) by order impose such conditions as are necessary to restrict the provision of public accountancy services by the accountant in public practice in such manner as the Board thinks fit for a period not exceeding 2 years;
    - (ii) require the accountant in public practice to undergo and satisfactorily complete such remedial programme as may be specified by the Board;
    - (iii) require the accountant in public practice to take other steps as may be specified by the Board to improve the practice of the accountant in public practice or to give such undertaking as the Board thinks fit;
    - (iv) make such other order as the Board thinks necessary or expedient; or
  - (b) if it is of the opinion that it is contrary to the public interest or the interest of the profession of public accountancy for the accountant in public practice to continue in practice, or if the accountant in public practice has failed to comply with any order or requirement of the Board under paragraph (a) —
    - (i) refuse to renew the registration of the accountant in public practice;
    - (ii) suspend the registration of the accountant in public practice concerned for a period not exceeding 2 years; or
    - (iii) cancel the registration of the accountant in public practice concerned.
- (2) The Board shall not take any action under Subsection (1)(b) unless it has given the accountant in public practice concerned an opportunity to show cause against the action proposed to be taken by the Board.
- (3) Where the Board has made an order referred to in Subsection (1)(a), the Board may, if it thinks fit having regard to any change in circumstances, by another order revoke the original order or revoke or vary any of the conditions imposed by the original order.
- (4) Where the Board has, under Subsection (3), revoked the order referred to in Subsection (1)(a) or revoked or varied any of the conditions imposed by such order, the Registrar shall immediately serve on the accountant in public practice concerned a notice of the revocation or variation.
- (5) A decision of the Board under Subsection (1)(b) shall not take effect —

- (a) until the expiration of one month from the date on which the decision has been communicated to the accountant in public practice concerned; or
- (b) where an appeal against the decision is made to the National Court under Subsection (7), until the appeal has been determined or withdrawn.
- (6) While any accountant in public practice remains suspended under Subsection (1)(b)(ii), he shall be deemed not to be registered as an accountant in public practice under this Act but immediately upon the expiry of his period of suspension, his rights and privileges as a public accountant, company auditor or a liquidator shall forthwith be revived.
- (7) Any accountant in public practice who is aggrieved by a decision of the Board to take action under Subsection (1)(b) may appeal to the National Court within a period of 30 days after the service of the Board's decision on the accountant in public practice.

### **Division 3: Disciplinary Proceedings**

#### **51. Accountants Statutory Committee.**

- (1) An Accountants Statutory Committee is hereby established.
- (2) The Accountants Statutory Committee shall comprise–
  - (a) the Chairman of the Membership, Ethics and Discipline Committee of the CPAPNG; and
  - (b) the following persons appointed by the Board:–
    - (i) not less than three practicing accountants with the qualifications specified in the Accountants Registration and Practice Rules; and
    - (ii) a person engaged in the teaching of accountancy or commercial studies in a university in Papua New Guinea; and
    - (iii) a lawyer engaged in private practice.
- (3) The members of the Committee shall be appointed for a period not exceeding three years and are eligible for re-appointment.
- (4) The office of a member of the Committee is vacated if that member–
  - (a) dies; or
  - (b) becomes incapable of carrying out his duties by reason of mental or physical illness; or
  - (c) is convicted of an offence under this Act or is found to have been guilty of improper conduct under this Act; or
  - (d) is convicted of an offence under any law and is sentenced to a term of imprisonment; or
  - (e) ceases to be a resident of the country; or
  - (f) resigns his office by writing under his hand addressed to the Chairman of the Board.
- (5) The members of the Accountants Statutory Committee shall appoint one of their number to be the Chairman of the Committee and another to be the Deputy Chairman of the Committee.
- (6) The Chairman, or in his absence the Deputy Chairman, shall preside at a meeting of the Committee.
- (7) The Chairman and Deputy Chairman shall be appointed for a period of 12 months after which time the members of the Committee shall appoint another of their number to be Chairman and another to be the Deputy Chairman of the Committee for the next period of 12 months.

- (8) At a meeting of the Committee—
  - (a) three members constitute a quorum; and
  - (b) matters arising shall be decided by a majority of votes of the members present and voting; and
  - (c) the person presiding has a deliberative and in the event of an equality of votes on a matter, also a casting vote.
- (9) The Committee shall cause a written record to be kept of proceedings of meetings, hearing and inquiries.

## **52. Function and powers of the Accountants Statutory Committee.**

- (1) Subject to this Act, the function of the Accountants Statutory Committee is to inquire into complaints against a registered person for improper conduct by him in the provision of regulated services.
- (2) For the purposes of any inquiry, the Accountants Statutory Committee may —
  - (a) call upon or appoint any person the Accountants Statutory Committee considers necessary to assist it in its inquiry;
  - (b) require any person —
    - (i) to produce any book, document, paper or other record which may be related to or be connected with the subject-matter of the inquiry for inspection by the Accountants Statutory Committee or the person appointed under paragraph (a) and for making copies thereof; or
    - (ii) to give all information in relation to any such book, document, paper or other record which may be reasonably required by the Accountants Statutory Committee or the person so appointed; and
  - (c) require any person to attend at a specified time and place and give evidence or produce any such book, document, paper or record.
- (3) Where in the course of its inquiry the Accountants Statutory Committee receives any information or evidence relating to the conduct of the accountant in public practice or the accounting firm concerned which may give rise to further proceedings under this Part, the Accountants Statutory Committee may, after giving notice to the accountant in public practice, or the accounting firm concerned, decide on its own motion to inquire into that matter and report its findings to the Board.
- (4) Where in the course of its inquiry the Accountants Statutory Committee receives any information or evidence relating to the conduct of the accountant in public practice or the accounting firm concerned which discloses an offence under any written law, the Accountants Statutory Committee shall record that information in its report to the Board.

## **53. Complaint against accountants in public practice and accounting firms.**

- (1) Any complaint concerning —
  - (a) any improper conduct on the part of an accountant in public practice in the discharge of his professional duty; or
  - (b) any improper act or conduct on the part of an accountant in public practice, or an accounting firm,shall be made to the Board in writing and shall be supported by such statutory declaration as the Board may require.



- (2) The Board may require any person making a complaint to deposit with it a reasonable sum not exceeding K500.00 to cover the costs and expenses that may necessarily be incurred by the Board in dealing with the complaint.
- (3) Where the complaint is dismissed under Section 54(6) or is otherwise found to be frivolous or vexatious following a review or inquiry under this Part, the sum so deposited or such part thereof as the Board may determine shall be applied for the payment of those costs and expenses; otherwise the sum so deposited shall be returned to the person making the complaint.
- (4) Any person who makes a complaint to the Board under this Part which he knows to be false in any material particular shall be guilty of an offence and shall be liable on conviction to a fine not exceeding K1,000.00.

#### **54. Review of complaint.**

- (1) Subject to Subsection (2), the Board shall, upon receiving any complaint under Section 53, refer the complaint to the Registrar for review.
- (2) The Board may also, on its own motion, refer any information concerning any improper act or conduct of an accountant in public practice, or an accounting firm to the Registrar for review.
- (3) The Board need not refer any complaint or information to the Registrar for review where the complaint or information relates to any matter set out in Section 37(1) or (4) or 40(1), (2) or (3), and in such a case, the Board may take such action as it thinks fit under that section.
- (4) The Registrar shall review the complaint or information referred to him for the purpose of determining if there are sufficient merits therein to warrant the institution of disciplinary proceedings under this Part against the accountant in public practice or the accounting firm concerned.
- (5) In reviewing any complaint or information under this section, the Registrar may require the complainant (if any) or the accountant in public practice or the accounting firm concerned to answer any question or to furnish any document or information that the Registrar considers relevant for the purpose of the review.
- (6) If the complainant refuses or fails, without reasonable excuse, to furnish any document or information as may be required by the Registrar under Subsection (5), the Registrar may dismiss the complaint.
- (7) If any accountant in public practice or accounting firms refuses or fails, without reasonable excuse, to furnish any document or information as may be required by the Registrar under Subsection (5), the accountant in public practice or the accounting firm (as the case may be) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding K1,000.00.
- (8) On the completion of a review under this section, the Registrar shall —
  - (a) recommend to the Board to dismiss the complaint or information, if he finds that the complaint is frivolous, vexatious, misconceived or without merits, or that the information is unsubstantiated;
  - (b) in a case where the complaint or information relates to the conviction (whether in Papua New Guinea or elsewhere) of the accountant in public practice or a partner of the accounting firm concerned of an offence that —
    - (i) involves fraud or dishonesty; or
    - (ii) implies a defect in character which makes the person concerned unfit for the profession of public accountancy,

- recommend to the Board to refer the matter to the Accountants Statutory Committee for an inquiry; and
- (c) in any other case, recommend to the Board to refer the matter to the Accountants Statutory Committee for inquiry.
- (9) The Board may, upon accepting the recommendation of the Registrar under Subsection (8)(b) and (c) refer the complaint or information thereto for an inquiry.

#### **55. Notice of inquiry.**

- (1) Before the Accountants Statutory Committee commences a formal inquiry into any complaint or information referred to it, the Registrar shall serve on the accountant in public practice or the accounting firm concerned a written notice of the inquiry advising of the time and place at which the inquiry is to be held.
- (2) An inquiry shall not be fixed on a date earlier than 14 days after the date of the notice of the inquiry except with the agreement of the accountant in public practice or the accounting firm concerned.

#### **56. Procedure of Accountants Statutory Committee**

- (1) Where the Board refers the complaint or information to the Accountants Statutory Committee under Section 54(9) for an inquiry to be conducted, the Accountants Statutory Committee shall conduct the inquiry at such time and place as specified in the Notice of inquiry under Section 55.
- (2) The Board may appoint a lawyer for the purpose of the inquiry (whether to prosecute the complaint or to act as a legal advisor to the Accountants Statutory Committee) and pay to the lawyer, as part of the expenses of the Board, such remuneration as the Board may determine.
- (3) At the inquiry —
- (a) an accountant in public practice against whom the complaint has been made may appear in person or be represented by a lawyer; and
- (b) the accounting firm against which the complaint has been made may be represented by any of its partners or be represented by a lawyer.
- (4) In conducting the inquiry, the Accountants Statutory Committee is not bound by technical rules of evidence or by legal procedures, but may inform itself in such manner as it thinks fit.
- (5) If the accountant in public practice or the accounting firm concerned does not appear, the Accountants Statutory Committee may proceed with the inquiry after satisfying itself that the notice referred to in Section 55 was duly served on him or it.
- (6) The Chairman of the Accountants Statutory Committee shall record its proceedings in writing and in sufficient detail to enable the Board to follow the course of the proceedings.

#### **57. Power to summon witnesses.**

- (1) The Chairman of the Accountants Statutory Committee may by writing, summon a person to attend the Accountants Statutory Committee at a time and place specified in the summons and then and there to give evidence and produce such books, documents or writings in his custody or control as he is required by the summons to produce.
- (2) A summons under this section may be served—

- (a) personally; or
  - (b) by sending it by post to the person at his place of abode or business last-known to the Chairman.
- (3) A member of the Accountants Statutory Committee may administer an oath to a person appearing as a witness before the Accountants Statutory Committee, whether the witness has been summoned or appears without being summoned, and the witness may be examined on oath.
  - (4) A person served with a summons to attend the Accountants Statutory Committee who refuses or fails, without reasonable excuse, to attend the Accountants Statutory Committee, or to produce the books, documents or writings in his custody or control that he is required by the summons to produce, is guilty of an offence and shall be liable on conviction to a fine not exceeding K200.00 and a default penalty of a fine not exceeding K50.00.
  - (5) It is a defence to a prosecution for refusing or failing, without reasonable excuse, to produce a book, document or writing if the defendant proves that the book, document or writing was not relevant to the matter the subject of the Accountants Statutory Committee's proceedings.
  - (6) A person appearing as a witness before the Accountants Statutory Committee who refuses to be sworn or to make an affirmation, or to answer a question relevant to the proceedings put to him by a member of the Accountants Statutory Committee, is guilty of an offence and shall be liable on conviction to a fine not exceeding K50.00.
  - (7) A statement or disclosure made before the Accountants Statutory Committee by a witness is not, except in an appeal to the National Court under Section 62, or in proceedings for giving false testimony before the Accountants Statutory Committee, admissible in evidence against him in any civil or criminal proceedings.
  - (8) A witness before the Accountants Statutory Committee has the same protection as a witness in a matter before the National Court.

#### **58. Fees and allowances to witnesses.**

A person who attends for the purpose of giving evidence before the Accountants Statutory Committee is entitled to receive such fees and allowances as the Chairman, or in his absence the Deputy Chairman, thinks fit to allow in accordance with the prescribed scale of fees and allowances.

#### **59. Accountants Statutory Committee may inspect books, etc.**

The Accountants Statutory Committee may inspect books, documents or writings before it and may—

- (a) retain them for such reasonable period as it thinks fit; and
- (b) make copies of such portions of them as are relevant to a matter before the Accountants Statutory Committee.

#### **60. Cancellation of registration, suspension, etc., of accountants in public practice.**

- (1) If, at the conclusion of the inquiry, the Accountants Statutory Committee is satisfied that the accountant in public practice —
  - (a) has been convicted in Papua New Guinea or elsewhere of any offence involving fraud or dishonesty or moral turpitude;

- (b) has been convicted in Papua New Guinea or elsewhere of any offence implying a defect in character which makes him unfit for the profession of public accountancy;
  - (c) has been guilty of such improper conduct in the discharge of his professional duty or such improper conduct which, in the opinion of the Accountants Statutory Committee, renders him unfit to be an accountant in public practice or would bring the profession of public accountancy into disrepute;
  - (d) has carried on by himself or by any of his employees any trade, business or calling that detracts from the profession of public accountancy or is in any way incompatible with it, or is employed in any such trade, business or calling; or
  - (e) has, while being a partner of an accounting firm failed to take reasonable steps to prevent the accounting firm from acting in a manner which would warrant the Board imposing any order on the accounting firm under Section 61(2);
- the Accountants Statutory Committee shall report its findings to the Board and recommend to the Board to take any of the actions referred to in Subsection (2).
- (2) Upon receiving the report and recommendation of the Accountants Statutory Committee under Subsection (1), the Board may —
    - (a) by order cancel the registration of the accountant in public practice;
    - (b) by order suspend the accountant in public practice from practice for such period not exceeding 2 years as may be specified in the order;
    - (c) by order impose such conditions as are necessary to restrict the practice of the accountant in public practice in such manner as the Board thinks fit for a period not exceeding 2 years;
    - (d) by order impose on the accountant in public practice a penalty not exceeding K5,000.00;
    - (e) by writing censure the accountant in public practice;
    - (f) by order require the accountant in public practice to give such undertaking as the Board thinks fit; or
    - (g) make such other order as it thinks just and expedient in the circumstances of the case.
  - (3) Where the entitlement of a registered person to practice in a reciprocating country or place is suspended, the Board may suspend his registration under this Act.
  - (4) Where an accountant in public practice in respect of whom an order referred to in Subsection (2)(c), (d) or (f) has been made fails to comply with any of the requirements imposed on him by the order or breaches any undertaking given by him pursuant to such order, the Board may, if it thinks fit, order —
    - (a) that his name be removed from the Register; or
    - (b) that he be suspended from practice for such period not exceeding 12 months as may be specified in the order.
  - (5) Where the Board has made an order referred to in Subsection (2)(c), the Board may, if it thinks fit having regard to any change in circumstances, by another order revoke the original order or revoke or vary any of the conditions imposed by the original order.
  - (6) Where the Board has, under Subsection (5), varied the conditions imposed by an order referred to in Subsection (2)(c), the Registrar shall immediately serve on the accountant in public practice concerned a notice of the variation.
  - (7) A decision of the Board under Subsection (2), (3), (4) or (5) shall not take effect —
    - (a) until the expiration of 30 days from the date on which the decision has been communicated to the accountant in public practice concerned; or

- (b) where an appeal against the decision is made to the National Court under Section 62, until the appeal has been determined or withdrawn.
- (8) While any accountant in public practice remains suspended, he shall be deemed not to be registered as an accountant in public practice under this Act but immediately upon the expiry of his period of suspension, his rights and privileges as an accountant in public practice shall immediately be revived.
- (9) For the purposes of Subsection (1)(e), an accountant in public practice shall be deemed to have taken reasonable steps to prevent the doing of any act by any accounting firm if he satisfies the Accountants Statutory Committee that the act was done without his knowledge and that —
  - (a) he was not in a position to influence the conduct of the accounting firm; or
  - (b) he, being a partner of the accounting firm, exercised all due diligence to prevent the accounting firm from so acting.

#### **61. Revocation of approval, etc., of accounting firms.**

- (1) If, at the conclusion of a formal inquiry, the Accountants Statutory Committee is satisfied that -
  - (a) an accounting firm or any of the partners has falsified or caused to be falsified any document, or has made or caused to be made any statement which is material and which the accounting firm or partner knows is false or does not believe to be true in relation to any document;
  - (b) an accounting firm has done or omitted to do something which, if done or omitted to be done by an accountant in public practice, would be regarded as being improper conduct that would bring the profession of public accountancy into disrepute; or
  - (c) an accounting firm has provided public accountancy services without being covered by professional indemnity insurance required by Section 34, the Accountants Statutory Committee shall report its findings to the Board and recommend to the Board to take any of the actions referred to in Subsection (2).
- (2) Upon receiving the report and recommendation of the Accountants Statutory Committee under Subsection (1), the Board may —
  - (a) by order revoke the approval granted to the accounting firm under Section 39;
  - (b) by order suspend the accounting firm from providing public accountancy services for such period not exceeding 12 months as may be specified in the order;
  - (c) by order impose such conditions as are necessary to restrict the provision of public accountancy services by the accounting firm in such manner as the Board thinks fit for a period not exceeding 2 years;
  - (d) by order impose on the accounting firm a penalty not exceeding K10,000.00;
  - (e) by writing censure the accounting firm;
  - (f) by order require the accounting firm to give such undertaking as the Board thinks fit;
  - (g) by order require the accounting firm concerned to pay to the Board such sums as the Board thinks fit in respect of costs and expenses of and incidental to any proceedings against the accounting firm; or
  - (h) make such other order as the Board thinks just and expedient in the circumstances of the case.
- (3) Where an accounting firm in respect of which an order referred to in Subsection (2) (c), (d) or (g) has been made fails to comply with any of the requirements imposed

on it by the order or breaches any undertaking given by it pursuant to such order, the Board may, if it thinks fit —

- (a) by order revoke the approval granted to the accounting firm under Section 39; or
  - (b) by order suspend the accounting firm from providing public accountancy services for such period not exceeding 12 months as may be specified in the order.
- (4) Where the Board has made an order referred to in Subsection (2) (c), the Board may, if it thinks fit having regard to any change in circumstances, by another order revoke the original order or revoke or vary any of the conditions imposed by the original order.
- (5) Where the Board has, under Subsection (4), varied the conditions imposed by an order referred to in Subsection (2) (c), the Registrar shall immediately serve on the accounting firm or accounting corporation concerned a notice of the variation.
- (6) A decision by the Board under Subsection (2), (3), (4) or (5) shall not take effect —
- (a) until the expiration of 30 days from the date on which the decision has been communicated to the accounting firm concerned; or
  - (b) where an appeal against the decision is made to the National Court under Section 62, until the appeal has been determined or withdrawn.
- (7) While any accounting firm remains suspended from providing public accountancy services, it shall be deemed not to be approved as an accounting firm under this Act but immediately upon the expiry of the period of suspension, its rights and privileges as an accounting firm shall be revived.

## **62. Appeal against disciplinary orders of Board.**

Any accountant in public practice, or accounting firm who or which is aggrieved with any decision made by the Board under Section 60 or 61 may appeal to the National Court within a period of 30 days after the service of the decision of the Board on the accountant in public practice, or the accounting firm, as the case may be.

## **63. Reinstatement to Register.**

- (1) Where —
- (c) the registration of an accountant in public practice has been cancelled under Section 60 and his name and particulars removed from the Register of Public Accountants, Register of Company Auditors, Register of Liquidators or the Registrar of Registered Tax Agents; or
  - (d) the approval granted to an accounting firm is revoked under Section 61 and its name and particulars removed from the Register of Public Accounting Firms, the accountant in public practice or the accounting firm concerned shall, if his or its appeal to the National Court is allowed, be immediately reinstated to the Register of Public Accountants, Register of Company Auditor, Register of Liquidator, Register of Registered Tax Agents or the Register of Public Accounting Firms, as the case may be, without payment of any fee.
- (2) The Board may, in its discretion, after the expiration of not less than 2 years from the cancellation of the registration of an accountant in public practice or the revocation of the approval granted to an accounting firm, consider any fresh application for registration or approval by such accountant in public practice or accounting firm.

## **PART VI. – CERTIFIED PRACTICING ACCOUNTANTS OF PAPUA NEW GUINEA.**

### **Division 1. The Certified Practicing Accountants of Papua New Guinea.**

#### **64. Certified Practicing Accountants of Papua New Guinea.**

- (1) The professional body known as the Certified Practicing Accountants of Papua New Guinea or CPAPNG existing immediately before the coming into operation of this Act is hereby established under this Act.
- (2) On and from the coming into operation of this Act, the CPAPNG shall operate in accordance with the provisions of this Act.
- (3) The CPAPNG is not subject to the control or direction of any person other than provided by this Act.

#### **65. Functions of the CPAPNG.**

- (1) The role of CPAPNG is to promote and uphold the profession of accountancy and to protect the interests of its members and the general public, and in carrying out that role to perform the following functions–
  - (a) continuously to review and to disseminate to its members and others information concerning national and international developments in technical matters affecting the profession of accounting and auditing; and
  - (b) to recommend and promote the use of accounting and auditing standards appropriate to conditions prevailing in Papua New Guinea and to the continued international acceptance of audited financial statements originating in Papua New Guinea; and
  - (c) to advise the Board on any matters referred to it; and
  - (d) to determine the qualifications acceptable for admission to membership of the CPAPNG; and
  - (e) to carry out research into matters affecting the profession of accounting and auditing; and
  - (f) to provide continued professional education to its members; and
  - (g) to formulate and monitor rules of professional conduct and ethics applicable to its members; and
  - (h) to make rules for the protection of the funds of clients of members held by members and for the due performance of professional obligations; and
  - (i) to discipline its members and, where appropriate, to request the Accountants Statutory Committee to inquire into allegations of improper conduct by a member; and
  - (j) in accordance with Section 5(2)(a), to submit to the Chairman a panel of names for consideration for appointment to the Board; and
  - (k) to establish and administer, or participate in the establishment and administration of any organization, whether incorporated or not, having as its principal object or as one of its principal objects the advancement of the profession of accountancy; and
  - (l) to provide for the education of members who intend to undergo the examinations conducted by an examination committee; and

- (m) to grant prizes and scholarships, to hold exhibitions and to establish and subsidize lectureships in universities and other educational institutions in subjects relating to accountancy; and
  - (n) to promote, in any manner in which the CPAPNG thinks fit, the interests of the profession of accounting and auditing in Papua New Guinea.
- (2) For the purpose of carrying out its functions under Subsections (1) the CPAPNG may–
- (a) charge fees for admission to membership of the CPAPNG and for renewal of membership of the CPAPNG; and
  - (b) receive grants from the Board and from other organizations including overseas organizations; and
  - (c) borrow money, by way of bank overdraft or otherwise, within limits set by the Council, for any of its purposes; and
  - (d) receive voluntary donations or grants; and
  - (e) sell publications and other documentation; and
  - (f) generally do all things necessary for carrying out its functions.
- (3) In addition to, but without limiting the powers, authorities, functions and jurisdiction conferred upon or imposed on the CPAPNG under this Act, the CPAPNG shall have the power, authority and jurisdiction to co-operate with any university, college or institute or institute of advanced education or other examining institute situated in the country in making provision for the training, education and examination of persons who wish to register under this Act and in the preparation of the syllabus of work for candidates for examination, and to advise from time to time as to the course of instruction, study and training for candidates.

#### **66. Council of the CPAPNG.**

- (1) The CPAPNG shall be governed by a Council consisting of 12 members, namely–
  - (a) the President who shall have previously served as a council member for a minimum of two years; and
  - (b) the Vice President; and
  - (c) the Treasurer; and
  - (d) nine other members.
- (2) The members of the Council–
  - (a) shall be Fellows or CPA of the CPAPNG; and
  - (b) shall be elected at the Annual General Meeting of the CPAPNG or by other means as the Council determines; and
  - (c) shall hold office for a term of two years; and
  - (d) are eligible for re-election.
- (3) The Council may, from time to time in its discretion, appoint any member of the CPAPNG to be a co-opted member of the Council provided that there are not more than two co-opted members of the Council at any one time.
- (4) The President shall serve a maximum of three terms, after which he shall not be eligible to stand for President.

#### **67. Chairman and Deputy Chairman.**

- (1) The President shall be Chairman of the Council.
- (2) In the absence of the President, the Vice President shall act as Chairman.



- (3) In a meeting of the Council where both the President and Vice President are absent, the members present shall elect from their own number a Chairman for that meeting.

#### **68. Vacation of office.**

- (1) If a member of the Council—
  - (a) becomes permanently incapable of performing his duties; or
  - (b) resigns by writing under his hand addressed to the Chairman; or
  - (c) dies; or
  - (d) ceases to be a resident of the country; or
  - (e) becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his creditors or makes an assignment of his remuneration for their benefit; or
  - (f) becomes of unsound mind as that expression is used in the *Public Health Act* 1973; or
  - (g) is convicted of an offence punishable under a law by death or imprisonment for one year or longer, and as a result of such conviction is subject to be sentenced to death or imprisonment, is under sentence of death or is undergoing imprisonment or is under bond to appear for sentence if called upon; or
  - (h) ceases for any reason to be eligible for membership of the Council; or
  - (i) fails to comply with Section 71,he shall cease to be a member of the Council and the vacancy thereby created is a casual vacancy until the next Annual General Meeting of the Council.
- (2) The Council may appoint an eligible person to fill a casual vacancy.
- (3) A person who ceases to be a member of the Council under Subsection (1)(a) to (j), except paragraph (c), shall not be eligible for nomination in the next immediate Council election.

#### **69. Meetings of the Council.**

- (1) The Council shall meet at such times as the members of the Council may consider necessary for the efficient conduct of its business, and such meetings shall be held at such places and times and on such days as the members shall determine.
- (2) At a meeting of the Council—
  - (a) not less than one half of the members of the Council constitute a quorum; and
  - (b) the Chairman, or in his absence the Deputy Chairman, shall preside, and in the absence of both the Chairman and the Deputy Chairman the members present shall elect one of their number to preside at the meeting; and
  - (c) all matters shall be decided by a majority of the members present and voting; and
  - (d) the member presiding has a deliberative and, in the event of an equality of votes on a matter, also a casting vote.
- (3) Minutes of each meeting shall be—
  - (a) kept by the Executive Director, who shall be appointed by the Council; and
  - (b) confirmed by the Council at its next meeting; and
  - (c) signed by the Chairman or other member presiding.
- (4) Subject to this Act, the procedures of the Council are as determined by the Council.

#### **70. Committees.**

- (1) The Council may establish such committees as it considers necessary or expedient for the purposes of exercising or carrying out its powers or functions under this Act.
- (2) The Council shall appoint persons to be members of a committee established under Subsection (1) and may appoint persons who are not members of the Council.
- (3) The Council may delegate to a committee established under Subsection (1) all or any of its powers or functions except this power of delegation.
- (4) The procedures at a meeting of a committee shall be determined by the Council or, in the absence of any determination, by the committee.

#### **71. Disclosure of interest.**

- (1) A member of the Council who is directly or indirectly interested in a matter being considered by the Council, otherwise than as a member in common with the other members of an incorporated company consisting of not less than 25 persons, shall, as soon as practicable after the relevant facts have come to his knowledge, disclose the nature of his interest at a meeting of the Council.
- (2) A disclosure under Subsection (1) shall be recorded in the minutes of the Council.
- (3) The member making the disclosure under Subsection (1)–
  - (a) shall not, after the disclosure, take part in any deliberation or decision of the Council with respect to that matter; and
  - (b) shall be disregarded for the purpose of constituting a quorum of the Council for any such deliberation or decision.

#### **72. General functions and powers of the Council.**

The management and control of the affairs of the CPAPNG shall be vested in the Council and all such powers, acts or things as may be exercised or done by the CPAPNG which are not in this Act expressly directed as required to be exercised or done by the CPAPNG in general meeting may, subject to this Act and any resolution passed from time to time by the CPAPNG in general meeting, be exercised or done by the Council.

#### **73. Rules.**

- (1) The Council may make Rules providing for–
  - (a) procedures for Council meetings; and
  - (b) conduct of elections for members of the Council; and
  - (c) procedures for general meetings of the CPAPNG; and
  - (d) the due performance of professional obligations by members of the CPAPNG; and
  - (e) the protection of client funds held by members of the CPAPNG; and
  - (f) professional conduct of members of the CPAPNG; and
  - (g) disciplining of members of the CPAPNG for breaches of professional conduct.
- (2) Until such time as the Council has made Rules under Subsection (1), the Chairman of the Council may determine the Rules.
- (3) Rules determined under Subsection (4) shall, on the making of Rules under Subsection (1), be deemed to have been repealed.

#### **Division 2. – Administration.**

#### **74. Secretariat.**

- (1) There is established a Secretariat for the CPAPNG comprising–
  - (a) the Executive Director; and
  - (b) such other officers as may be determined by the Council.
- (2) Subject to Subsection (3), the Council shall appoint the persons specified in Subsection (1) on terms and conditions determined by the Council.
- (3) The appointments to the offices referred to in Subsection (1)(a) and (b) are for a period of two years and are renewable.

#### **75. General functions of the Executive Director.**

The Executive Director shall–

- (a) be the officer-in-charge of the Secretariat; and
- (b) be responsible to the President for the safe custody of all papers and documents submitted to the Council; and
- (c) be responsible for the proper carrying out of the functions of an Executive Director; and
- (d) attend all meetings of the Council, record the proceedings thereof, conduct the correspondence and deal with such other matters as may be assigned to him by the President.

#### **76. Funds of the Council, keeping of books and audit of accounts.**

- (1) The funds of the Council shall consist of–
  - (a) such sums as may be charged by the Council by way of fees; and
  - (b) such moneys or assets as may accrue to or vest in the Council whether in the course of the exercise of its functions, or otherwise; and
  - (c) such moneys or other assets as may be donated to the Council by any foreign government, international agency or other external body of persons, corporate or unincorporate; and
  - (d) such moneys borrowed from financial institutions within limits determined by the Council.
- (2) The Council shall cause proper books of accounts to be kept.
- (3) The Council shall cause its books to be audited by a Registered Company Auditor at year end 30 September each year.

#### **Division 3. Qualification and registration of members of CPAPNG.**

#### **77. Qualification for membership.**

- (1) Any person who–
  - (a) is registered under Section 27; or
  - (b) possesses qualifications of diploma, degree or professional level in accountancy or commerce or other business related disciplines; and
  - (c) is employed by the State or by a statutory body or by a private organization to perform duties connected with–

- (i) the recording, classifying and analysing of financial transactions; or
- (ii) the preparing of financial information; or
- (iii) the performing of forensic accounting; or
- (iv) investigating financial transactions; or
- (v) auditing and/or investigating transactions of an accounting nature; or
- (vi) book-keeping and accounting generally,

shall register with the CPAPNG as a member.

- (2) Any person who is a student at a university in Papua New Guinea and who is studying accountancy or commerce or other business related disciplines may register with the CPAPNG as a member.

### **78. Registration of members.**

- (1) A person may, in the prescribed form and in the prescribed manner, apply to the Council for registration as a member.
- (2) A person applying for registration under this Section shall-
  - (a) furnish to the Executive Director evidence of his qualification; and
  - (b) pay the prescribed fee.
- (3) The prospective employer of a person to whom this division applies shall;
  - (a) apply for the registration of that person prior to that person commencing employment; or
  - (b) apply for the registration of that person within 3 months, or such other period as determined by the Council, from the date of his or her employment.
- (4) Where an employer is required to register a person under this section but fails to register that person, the employer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding K5,000.00.

### **79. Categories of membership.**

- (1) Membership of the CPAPNG is divided into the following categories:-
  - (a) Fellows;
  - (b) Certified Practicing Accountants;
  - (c) Certified Accounting Technicians;
  - (d) Registered Accounting Graduates;
  - (e) Registered Accounting Technicians ;
  - (f) Registered Accounting Students.
- (2) The Rules of the CPAPNG shall provide for the terms and conditions relating to the admission or advancement of a person to membership of the CPAPNG as a Fellow and without limiting the foregoing shall specify the required level of training, examinations, period of service, experience and fitness for membership.
- (3) The Rules of the CPAPNG shall provide for the terms and conditions relating to the admission of a person as Certified Practicing Accountant of the CPAPNG, and without limiting the foregoing shall specify the required level of training, examinations, period of service, experience and fitness for membership.
- (4) The Rules of the CPAPNG shall provide for the terms and conditions relating to the admission of a person as a Certified Accounting Technician, and without limiting the foregoing shall specify the required level of training, examinations, period of service, experience and fitness for membership.
- (5) The Council may from time to time determine -

- (a) the terms and conditions under which a graduate in accountancy may be registered as a Registered Accountancy Graduate and without limiting the foregoing the terms and conditions in respect of educational qualification and fitness for registration.
- (b) the rights and privileges to be granted to and the obligations under which the rights and privileges are granted to persons who are Registered Accountancy Graduates in accountancy.
- (6) The Council may from time to time determine -
  - (a) the terms and conditions under which a graduate in accountancy may be registered as a Registered Accounting Technician and without limiting the foregoing the terms and conditions in respect of educational qualification and fitness for registration.
  - (b) the rights and privileges to be granted to and the obligations under which the rights and privileges are granted to persons who are Registered Accounting Technician in accountancy.
- (7) A person who is a bona fide student at a university in Papua New Guinea or overseas and who is studying accountancy or commerce or other business related disciplines may be admitted as a Registered Accountancy Student of the CPAPNG.
- (8) Those persons who registered under Subsection 6 and those who are admitted under Subsection 7 shall have no voting rights in respect of the CPAPNG.
- (9) Subject to Subsection 1, the Council may create additional categories of members and may determine the terms and conditions under which members may be required to register.

#### **80. Certificate of membership and record in Register.**

- (1) Upon a person being registered under Section 78, the Executive Director shall —
  - (a) issue to him a certificate of membership; and
  - (b) record his name and relevant particulars in the appropriate Register to be maintained by the Executive Director.
- (2) A certificate of membership shall be issued in such form or manner as the Council may determine.
- (3) The certificate of membership shall be in force from the date of its issue or renewal to 31st December of the year in respect of which the certificate is issued or renewed.

#### **Division 4. Disciplinary Proceedings**

#### **81. Membership Ethics and Disciplinary Committee.**

- (1) The Council shall establish a Membership Ethics and Disciplinary Committee.
- (2) The function of the Membership Ethics and Disciplinary Committee is to inquire into complaints against a member for improper conduct by him or conduct by him that could bring the profession into disrepute.

#### **82. Complaint.**

- (1) Any complaint concerning any improper conduct on the part of a member in the discharge of his professional duty shall be made to the Council in writing and shall be supported by a statutory declaration.

- (2) The Council shall, upon receiving any complaint under Subsection (1), refer the complaint to the Membership Ethics and Disciplinary Committee.
- (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 shall refer the complaint to the Accountants Statutory Committee.

### **83. Inquiry.**

- (1) Where the Membership Ethics and Disciplinary Committee decides that inquiry in respect of a complaint is necessary it shall hold an inquiry, after giving notice to the member concerned of the matters to be inquired into and of the time and place at which the inquiry is to be held.
- (2) For the purpose of an inquiry under this section, the Membership Ethics and Disciplinary Committee may require the complainant or the member concerned or any other person to appear and answer any question or to furnish any document or information or give evidence on any matter in relation to the subject matter of the inquiry.
- (3) Where, upon an inquiry under this section, the Membership Ethics and Disciplinary Committee adjudges the member to have committed an offence, the Membership Ethics and Disciplinary Committee shall report its findings to the Council and recommend to the Council to take any of the actions referred to in Section 86.

### **84. Power to summon witnesses.**

- (1) The Chairman of the Membership Ethics and Disciplinary Committee may, by writing, summon a person to attend the Membership Ethics and Disciplinary Committee at a time and place specified in the summons to give evidence and produce such books, documents or writings in his custody or control as he is required by the summons to produce.
- (2) A summons under this section may be served personally or by post to the person at his place of abode or business last-known to the Chairman.
- (3) A member of the Membership Ethics and Disciplinary Committee may administer an oath to a person appearing as a witness before the Membership Ethics and Disciplinary Committee.
- (4) A person served with a summons to attend the Membership Ethics and Disciplinary Committee who refuses or fails, without reasonable excuse, to attend the Membership Ethics and Disciplinary Committee, or to produce the books, documents or writings in his custody or control that he is required by the summons to produce, is guilty of an offence and shall be liable on conviction to a fine not exceeding K100.00.
- (5) A statement or disclosure made before the Membership Ethics and Disciplinary Committee by a witness is not, except in an appeal to the National Court, or in proceedings for giving false testimony before the Membership Ethics and Disciplinary Committee, admissible in evidence against him in any civil or criminal proceedings.
- (6) A witness before the Membership Ethics and Disciplinary Committee has the same protection as a witness in a matter before the National Court.
- (7) A person who attends for the purpose of giving evidence before the Membership Ethics and Disciplinary Committee is entitled to receive such fees and allowances as

the Chairman, or in his absence the Deputy Chairman, thinks fit to allow in accordance with the prescribed scale of fees and allowances.

#### **85. Membership Ethics and Disciplinary Committee may inspect books, etc.**

The Membership Ethics and Disciplinary Committee may inspect books, documents or writings before it and may—

- (a) retain them for such reasonable period as it thinks fit; and
- (b) make copies of such portions of them as are relevant to a matter before the Membership, Ethics and Disciplinary Committee.

#### **86. Cancellation of membership.**

- (1) Upon receiving the report and recommendation of the Membership Ethics and Disciplinary Committee under Section 83, the Council may make one or more of the following orders:—
  - (a) by writing censure the member;
  - (b) impose on the member a penalty not exceeding K1000.00;
  - (c) direct that the name of the member be removed from the Register;
  - (d) in the case of an accountant in public practice, report the findings to the Board and the Accountants Statutory Committee.
  - (e) in the case of an accountant who is employed by the State or by a statutory body or by a private organization, direct the employer of the accountant concerned to suspend or terminate him or her; or
  - (f) make such other order as it thinks just and expedient in the circumstances of the case.
- (2) Where an employer was ordered to terminate a member under Subsection (1)(e) but fails to terminate the member within 30 days from the date of the order shall be guilty of an offence and shall be liable on conviction to a fine not exceeding K5,000.00.

#### **87. Appeal.**

Any member who is aggrieved by a decision of the Council to take action under Section 86 may appeal to the National Court within a period of 30 days after the service of the Council's decision on the member.

#### **88. Reinstatement to Register.**

- (1) Where the registration of a member has been cancelled under Section 86 and his name and particulars removed from the Register, the member concerned shall, if his appeal to the National Court is allowed, be immediately reinstated to the Register without payment of any fee.
- (2) The Council may, in its discretion, after the expiration of not less than 2 years from the cancellation of the registration of a person as a member, consider any fresh application for registration by that person.

## **PART VII. – MISCELLANEOUS.**

### **89. Judicial notice.**

- (1) All courts, Judges, and persons acting judicially shall take judicial notice of the signature of any person who has been or is the Registrar, appearing on a certificate issued under this Act and of the fact that the person by whom the certificate purports to have been signed was, at the time when the certificate was signed, the Registrar.
- (2) All courts, Judges, and persons acting judicially shall take judicial notice of the signature of any person who has been or is the Executive Director, appearing on a certificate issued under Part VI and of the fact that the person by whom the certificate purports to have been signed was, at the time when the certificate was signed, the Executive Director.

### **90. Disqualification of unregistered person from holding certain appointments.**

- (1) No person, other than a Registered Company Auditor under this Act, shall be competent to hold or shall hold any appointment (whether honorary or not)–
  - (a) as an auditor under the provisions of the *Associations Incorporation Act* 1966 or the *Savings and Loan Societies Act* 1961; or
  - (b) as an Auditor appointed under Section 99(b) of the *Co-operative Societies Act* 1981.
- (2) No person, other than a Company Auditor registered under this Act, shall be competent to hold or shall hold an appointment as an auditor under the *Trust Account (Lawyers) Regulation*.

### **91. Regulations.**

The Head of State, acting on advice, may make regulations, not inconsistent with this Act, prescribing all matters that by this Act are required or permitted to be prescribed, or that are convenient to be prescribed for carrying out or giving effect to this Act, and in particular for prescribing matters providing for and in relation to–

- (a) the fees (if any) payable in respect of any application, late application registration, certificate or other proceeding, act or thing provided for or required under this Act; and
- (b) the forms to be used for the purposes of this Act; and
- (c) the rights to practise of–
  - (i) Registered Public Accountant; and
  - (ii) Registered Company Auditor; and
  - (iii) Registered Liquidator; and
  - (iv) Registered Tax Agent
- (d) particulars to be entered in the Register; and
- (e) penalties of fines not exceeding K2,000.00, and default penalties of fines not exceeding K200.00, for offences against the regulations.

## **PART VIII. – REPEAL.**



## **92. Repeal.**

The following Acts are hereby repealed:–

- (a) Accountants Registration Act 1996;
- (b) Accountants (Amendment) Act 2003.

## **PART IX. – SAVINGS AND TRANSITIONAL PROVISIONS.**

### **93. Registration.**

A person who, immediately before the coming into operation of this Act, was registered under the repealed Acts as a Registered Public Accountant, Registered Company Auditor or Registered Liquidator shall on that coming into operation, be deemed to be registered as a Registered Public Accountant, Registered Company Auditor or Registered Liquidator, as the case may be, under this Act, until his registration under the repealed Acts has expired or is revoked according to law.

### **94. Membership of the Certified Practicing Accountants of Papua New Guinea.**

A person who, immediately prior to the coming into operation of this Act, was a member of the CPAPNG, is, on that coming into operation, deemed to be a member of the CPAPNG of the same category as he was, until such time as his membership has expired or is revoked according to the Rules of the CPAPNG.

### **95. Assets, etc, of the Certified Practicing Accountants of Papua New Guinea.**

All assets held or occupied by and all liabilities and obligations of the CPAPNG immediately prior to the coming into operation of this Act are, on that coming into operation, transferred to and become assets and liabilities and obligations of the CPAPNG.

### **96. Staff.**

- (1) The person who, immediately before the coming into operation of this Act, held the position of Registrar under the repealed Acts, shall, on that coming into operation, hold the position of Registrar under this Act and on the same terms and conditions until his appointment expires or otherwise terminates according to law.
- (2) A person who, immediately before the coming into operation of this Act–
  - (a) held an office under the repealed Acts; or
  - (b) was employed by the CPAPNG,

shall, on that coming into operation, hold a similar office in the secretariat under this Act and on the same terms and conditions, until his appointment expires or otherwise terminates according to law.

**97. Application of Acts, etc.**

Where—

- (a) any Act or subordinate enactment other than this Act; or
- (b) any document or instrument whenever made or executed,

contains a reference, express or implied, to the repealed Acts or to any provision of the repealed Acts or to any office established or person registered under the repealed Acts, that reference shall, unless the context otherwise requires, be read and construed and have effect as a reference to this Act or the equivalent provision of this Act or office or person registered under this Act, as the case may be.

## SCHEDULE 1 – OATH AND AFFIRMATION OF OFFICE.

### Sec. 8

#### Oath

“I, ... , do swear that I will well and truly serve the Independent State of Papua New Guinea in the office of Chairman/Deputy Chairman/Member/Alternate Member of the Accountants Registration Board of Papua New Guinea.

So help me God!”

#### Affirmation

“I, ... , do solemnly and sincerely promise and declare that I will well and truly serve the Independent State of Papua New Guinea in the office of Chairman/Deputy Chairman/Member/ Alternate Member of the Accountants Registration Board of Papua New Guinea.”

Office of the Legislative Counsel,  
Papua New Guinea