



Standard conditions attaching to licences for overseas auditors

1. The licensed overseas auditors must not accept or undertake any FMC audit (other than through a registered audit firm they are a partner or employee of) unless the licenced overseas auditor's practice has:
 - (a) effective systems, policies and procedures which:
 - (i) materially comply with the requirements of Professional and Ethical Standard 1 – Code of Ethics for Assurance Practitioners and Professional and Ethical Standard 3 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements; and
 - (ii) comply with the requirements of the corresponding standards applicable in the audit firm's home jurisdiction; and
 - (b) professional indemnity insurance that is adequate and appropriate for the nature and scale of the licensed overseas audit's practice.
2. The licensed overseas auditors must comply with:
 - (a) the laws of each prescribed jurisdiction in which it operates; and
 - (b) all rules, codes of conduct, and codes of ethics of each approved professional accounting body of which the licensed overseas auditor is a member.
3. The licensed overseas auditor must, within such reasonable timeframe as FMA specifies, provide to FMA an annual report in the form specified by FMA.
4. The licensed overseas auditors must promptly notify FMA (and provide details of the circumstances or reasons) if any of the following events occur:
 - (a) The licenced overseas auditor becomes aware that any FMC audit engagement he or she has undertaken, worked on, or reviewed has not been carried out in accordance with auditing and assurance standards or the systems, policies and processes adopted by the auditor's practice, or the opinions expressed in any audit report issued on the basis of that engagement is incorrect or inappropriate.
 - (b) The licensed overseas auditor becomes aware that he or she has failed to comply with any requirement under the Act or a condition of his or her auditor licence.
 - (c) The licensed overseas auditor becomes aware that an investigation has been commenced, or any action is taken, in respect of the licenced overseas auditor, or its practice, by any regulatory or law enforcement authority.
 - (d) The licensed overseas auditor resigns from, or declines, any FMC audit engagement, or otherwise ceases to be the auditor of a particular FMC reporting entity.
 - (e) The licenced overseas auditor becomes aware of any material matters relevant to the auditor's status as a licensed auditor.

5. The licenced overseas auditor must provide to FMA details of any review of their audit work, practice, or systems, policies and procedures, (other than an engagement quality control review or a review which is reported to FMA under the conditions of a firm registration) together with:
- (a) details of who conducted that review;
 - (b) the findings of that review;
 - (c) the steps which the licenced overseas auditor has taken, or proposes to take, to address any issues or implement any recommendations; and
 - (d) if any recommendations will not be implemented, the reasons why those recommendations will not be implemented.