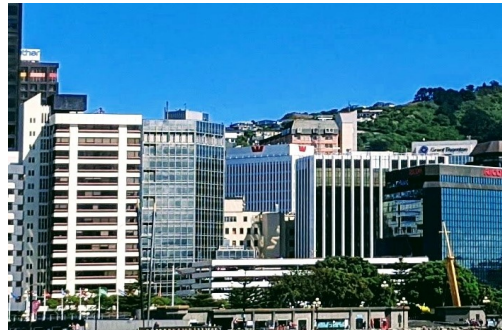


# CPEC

Chartered Professional Engineers Council  
Kāhui Kaiwetepanga Ngaio Whaimana

## Chartered Professional Engineers Council

### 2019 - 2020 Annual Report



**For the period 1 July 2019 to 30 June 2020**





## Annual Report by the Chartered Professional Engineers Council

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## INTRODUCTION

This report looks back on the year ending 30 June 2020 as well as providing some forward-looking commentary.

The Chartered Professional Engineers Council was established under the Chartered Professional Engineers of New Zealand Act 2002, with functions including review and approval of rules containing CPEng standards, hearing appeals from decisions of the Registration Authority, and reviewing and reporting to the Minister for Building and Construction on the performance and exercise of the Registration Authority's and Council's respective functions and powers. Under the Act, Engineering New Zealand (The Institution of Professional Engineers of New Zealand Incorporated) is the Registration Authority.

In November we acknowledged the strong contribution of Jon Williams (Outgoing Chair) and Ross Tanner (Outgoing Deputy Chair) as they completed their terms. Their work with Council members and with the leadership of Engineering NZ has underpinned what is a very constructive working relationship, one where open and robust discussion between our two organisations is welcomed and where at times different viewpoints may be taken but are mutually respected. We remain committed to maintaining that strong relationship.

In the aftermath of the Christchurch Earthquake, the last few years have seen a Government-led review of regulation across the wider sector, of which Engineering is a part. We understand that at this time there is no specific intention to implement a new licencing regime that was proposed at one stage, and that the CPEng qualification will likely remain in place for some time, albeit with refinements. Engineering New Zealand have already signalled an intention to review, as a priority, the CPEng model to ensure that it is fit for purpose. We look forward to engaging with them and with Ministry of Business, Innovation and Employment officials as this initiative develops.

During the year we focussed attention on our appeal procedures and are currently in the process of refining our approach to some of the more complex legal aspects involved.

In late 2019 we had two new appointees to Council, and with the awaited appointment of an eighth member, nominated by the Association of Consulting Engineers, our Council will be operating with a full complement.

I regard it as a privilege to chair such a diversely skilled and experienced team and look forward to not only the business-as-usual elements of our collective role, but also the initiatives to refine and develop our own practices and to positively influence the work of both Engineering New Zealand and the Ministry.



Chris J Harrison  
**Chair**

## 1. THE COUNCIL MEMBERS



**Christopher (Chris) J Harrison**

Chair

NZCE, BE(Hons)(Civil), CMEngNZ (Ret), FEngNZ (Ret)

*Nominated by Engineering New Zealand*

*Appointed Chair 1 December 2019*

Chris is a Tauranga-based engineer with a background in civil and marine structures engineering. He has over 35 years' professional experience which has spanned both the public and private sectors. He has held engineering leadership roles in New Zealand, Hong Kong, Malaysia and Canada and his project experience extends to other Asian and Pacific countries.



**Sandra Hardie**

Deputy Chair

NZCE, BE(Civil), CPEng, IntPE, MIPENZ, GDBS (DisRes)

*Nominated by Engineering New Zealand*

*Appointed Deputy Chair 1 December 2019*

Sandra is a director and consulting structural engineer of a Tauranga based consulting engineering firm. She has worked in the construction industry for over 30 years and has been involved in a wide range of projects for individuals, local government, the energy, paper and food industries.



**Manjit Singh Devgun**

BE(Civil, Hons), ME(Civil), MBA, PMP, CMEngNZ, CPEng, IntPE(NZ)

*Appointed 1 December 2019 – Ministerial appointment*

Manjit is a Chartered Professional Engineer and is registered as an International Professional Engineer. He has 28 years of experience in diverse engineering fields in the waters, energy and roading industry, working as a consultant as well as in local government.



**Rebecca Knott**

BE(Civil, Hons), MEngNZ, MSc(LSE) Nominated by Engineering New Zealand

Rebecca became Renewable Development Manager for Meridian Energy in November 2019. Prior to this, Rebecca was the founding General Manager of Dam Safety Intelligence Ltd, a subsidiary of Meridian Energy formed in 2016. She has been part of the dam industry for over 20 years, since starting with the Electricity Corporation of New Zealand (ECNZ).



**Sarah Sinclair**

MBA, BEng(Hons) CEng, FICE, FEngNZ, MInstD  
*Appointed 1 August 2019 – Ministerial appointment*

Sarah worked in engineering consultancy for 22 years before joining Auckland Council as Chief Engineer in 2012. Her broad experience in infrastructure in the UK and New Zealand includes experience in innovation, resilience and sustainability, and in planning for and recovering from natural hazard events. She has worked in governance, advisory and voluntary roles across engineering and other sectors.



**Susan Simons**

BA(Hons) LLB  
*Consumer Representative - Ministerial appointment*

For more than 30 years, Sue has been at the forefront of Environmental and Resource Management Law, working in every aspect of the speciality. Sue is co-owner and Partner in a specialist Environmental Law firm. Sue is an Advocate and litigation specialist with a career that features a number of precedent setting decisions and successes across the varied fields of Environmental and Planning law. Her expertise further includes public law and local government law.



**Alan Winwood**

BE(Civil), Dip Bus Admin, FIPENZ  
*Ministerial Appointment*

Alan is a retired construction engineer who has worked in New Zealand and Western Samoa on a range of infrastructure and commercial projects. He is a past member of the IPENZ Board and co-ordinated the sesquicentennial "IPENZ Engineering to 1990" project. Alan was presented with the IPENZ Communications award in 1991.

*Note:*

Members of the Council are appointed by the Minister for Building and Construction under section 49 of the Chartered Professional Engineers Act 2002.

On 30 November 2019 the terms for Jon Williams (Chair), who was nominated by the Association of Consulting Engineers New Zealand (ACE New Zealand), and Ross Tanner (Dep Chair), a Ministerial appointment, concluded. At 30 June 2020 appointment was pending for a member nominated by ACE New Zealand.

## 2. WHAT WE DO

Section 45 of the Chartered Professional Engineers of New Zealand Act 2002 (the Act) spells out the functions of the Chartered Professional Engineers Council (the Council), which are to:

- review and, if the proposed rules meet the applicable requirements, approve proposed rules containing chartered professional engineering standards in accordance with the Act,
- hear appeals from decisions of the Registration Authority in accordance with the Act, and
- review and report to the Minister on the performance and exercise of the Registration Authority and the Council's respective functions and powers under this Act in accordance with this Part.

## 3. PERFORMANCE

### 3.1 Assessment Against Performance Measures

Performance is assessed annually against the Council's statutory functions. The Council's performance over 2019/20, is outlined in the table below and addressed further in sections 3.2 to 3.5.

Expectations	Measure	Performance (2019/20)
<b>Reporting on performance and effectiveness of the regulatory regime for engineers</b>		
Undertake an annual review of the Registration Authority's performance.	Annual report shows how the registration regime is performing over time, by showing relevant assessment for: <ul style="list-style-type: none"><li>• the registration process</li><li>• complaints received and how efficiently they are handled</li><li>• participants' satisfaction with processes</li><li>• the quality and ease of use of the CPEng Register</li></ul> and includes recommendations to improve the Registration Authority's performance where needed.	The Council's report on the Registration Authority's performance was published in June 2020.  Refer section 3.2 for further details.

<b>Appeals against Registration Authority decisions</b>		
Hear appeals from decisions of the Registration Authority, in accordance with Part 2 of the Act.	Appeals are considered in accordance with statutory procedures, and decisions are published on the Council website without unreasonable delay.	Five appeals were active during the year (including one carried over from the previous year). Redacted copies of the decisions issued were published on the Council's website after expiration of the 28-day appeal period.  Refer section 3.3 for details.
	No appeals are overturned on any further appeal to the District or High Court.	Two appeals for which the Council had issued decisions earlier in 2020 have been appealed to the District Court. The outcome is still pending at 30 June 2020. See also 4.2.
<b>Approving Registration Authority Rules</b>		
Review and approve Rules containing standards proposed by the Registration Authority in a timely way.	Rules are reviewed, and those which meet statutory requirements are approved at the next Council meeting.	No changes were made to the rules during the year as noted in section 3.4.

<b>Governance</b>		
Undertake an annual self-appraisal of the Council's performance as a board and provide a summary to Ministry of Business, Innovation and Employment, as part of the reporting process to the Minister.	The summary of the self-appraisal identifies areas which are working well, areas for improvement, and the action the Council intends to take as a result.	At its March meeting the Council conducted its annual review and update of all policies.  A report on the Council's self-appraisal as at 30 June 2020 is being forwarded to the Minister in parallel with this annual report.  See also section 3.5
Create and maintain a membership succession plan and provide to Ministry of Business, Innovation and Employment.	The plan addresses the current skills and experience of Council members and identifies any gaps and proposals for future appointment rounds.	See section 3.5
Meet all obligations under relevant legislation, including reporting under the Chartered Professional Engineers Act 2002.	All legislative obligations are met.	Each quarter the Council's Executive Officer advises the Council of any updates to the legislation and regulations which govern its operations.  See section 3.5

### **3.2 Annual Review of Registration Authority's Performance**

The Council is required to provide a report to the Minister annually on the performance of the Registration Authority. The Registration Authority reported to the Council on its activity for the year ended December 2019, and the Council provided its report on that performance, along with the Registration Authority's report to the Minister in June 2020.

The Council considers that the Registration Authority continues to perform well in the following areas:

- Maintaining a robust competency assessment and reassessment process;
- Applying feedback, such as from the complaints process and registration candidate surveys, to improve processes;

- Recognising engineers practising in critical and/or emerging practice fields by the addition in 2019 of Water Engineering, Mechatronics and Software;
- A continuing increase in the total number of chartered professional engineers;
- Continuing initiatives to achieve inclusion and diversity goals;
- Continuing to streamline the complaints process;
- The establishment of an expert engineering panel for the Greater Christchurch Claims Resolution Service (GCCRS) and for the Canterbury Earthquake Insurance Tribunal (CEIT) utilising chartered professional engineers.

Areas where it is intended that the Council engage closely with the Registration Authority in 2020/21 include:

- Measures to address the Registration Authority’s reported accumulated financial deficit
- Resourcing and refinement of the CPEng assessment process and associated CPEng review
- A review of the report’s content with Ministry of Business, Innovation and Employment officials for future annual reporting by the Registration Authority.
- A joint Registration Authority/Council proposal for amendment of the Chartered Professional Engineers of New Zealand Levy Regulations.

[See also further comment in Section 5]

### 3.3 Appeals Against Registration Authority Decisions

During the reporting year 2019/20, The Council had a total of 5 active appeals including one carried over from the previous year. Two decisions were issued in the period.

Figure 1 shows the number of active appeals, and the number of decisions issued by The Council per year since 2006/07. Some of the active appeals appear in more than one reporting year.

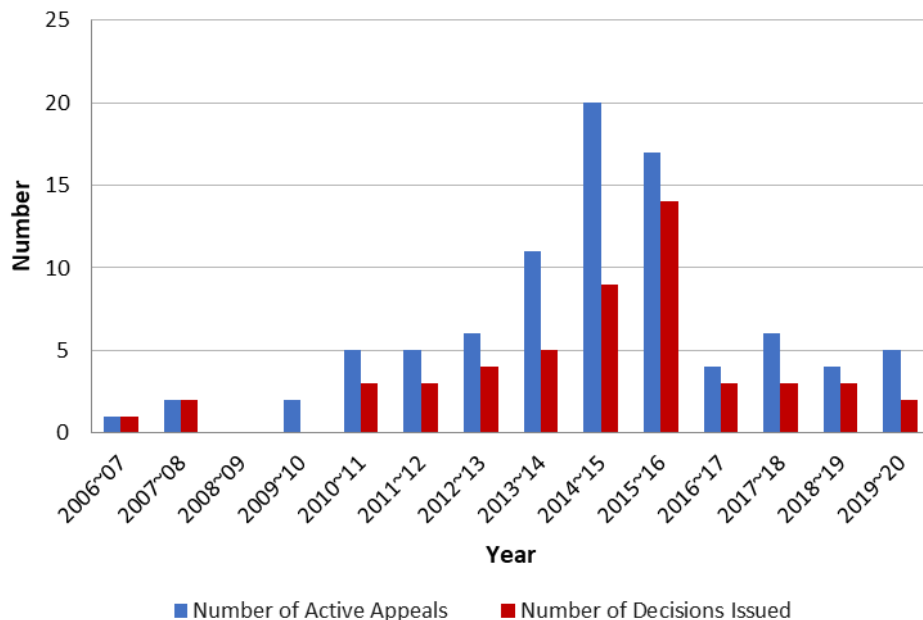


Figure 1: Number of active appeals and decisions issued

Over the last decade, the number of active appeals handled by the Council has typically ranged between 4 and 6 every year. The exception was the period from 2013/14 to 2015/16, which experienced up to 20 active appeals against the Registration Authority’s decisions. These

peaks related to complaints that followed the Christchurch earthquake. During that period a maximum of 14 decisions were issued by the Council in a single year.

Figure 2 indicates whether appeal decisions issued by the Council related to registration (Competency Assessment Board) or disciplinary complaints. The plotted data shows that decisions related to disciplinary complaints far outnumbered those related to registration.

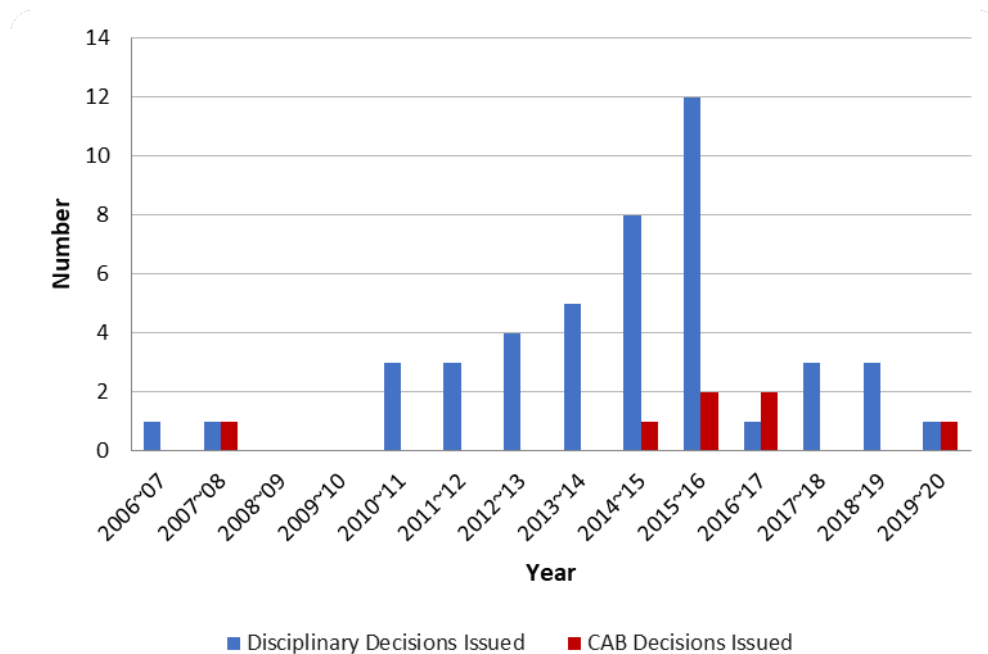


Figure 2: Decisions by Type

Figure 3 shows the number of appeals upheld versus declined on an annual basis. As is clear from the plot, the number of appeals that were declined is generally higher than the number upheld, signifying some validation of the Registration Authority’s handling of complaints.

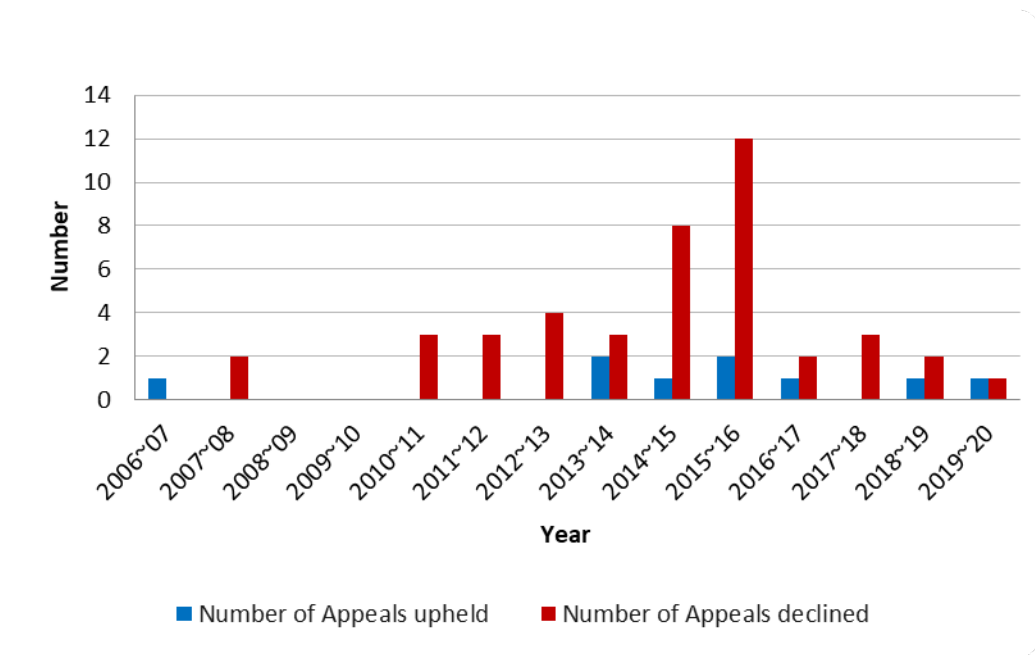


Figure 3: Number of Appeals Upheld Versus Declined

This is further evident in Figures 4 and 5 that show the proportion of appeals declined or upheld for Disciplinary or Competency Assessment Board decisions respectively.

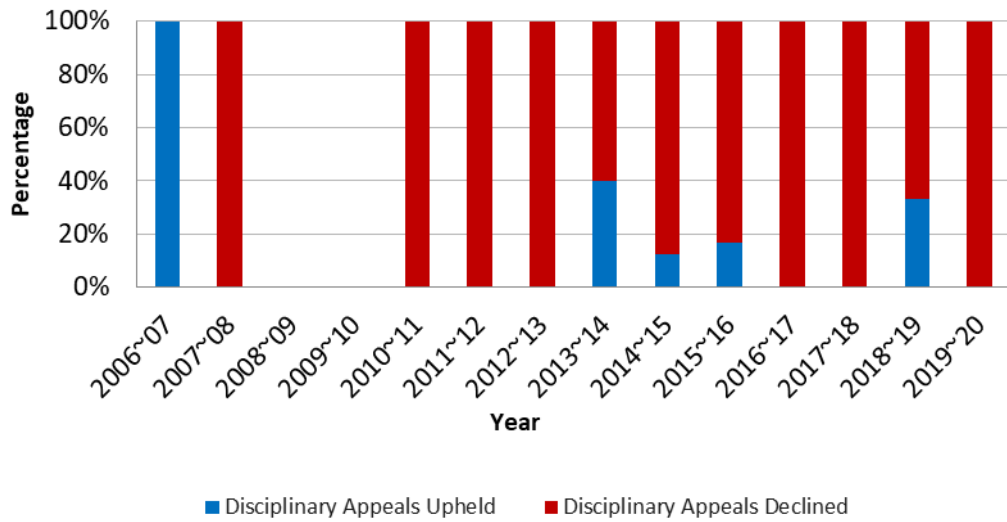


Figure 4: Appeals against Disciplinary Decisions Upheld / Declined

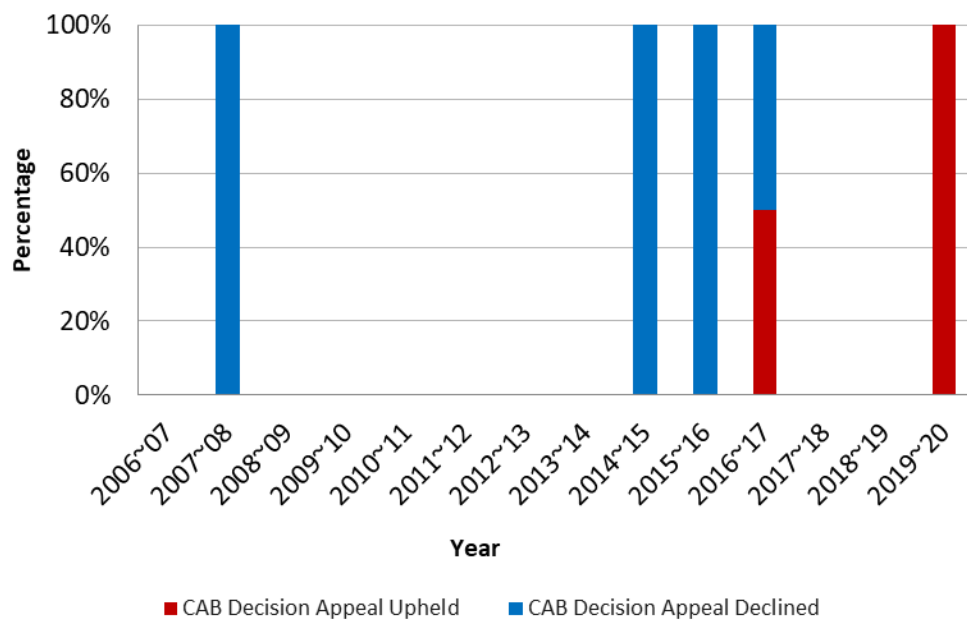


Figure 5. Appeals Against CAB Decisions Upheld / Declined

### 3.4 Approving the Registration Authority Rules

No changes were made to the Registration Authority rules in the reporting year.

### 3.5 Governance

In prior years the Council has conducted its self-appraisal at the March meeting. To align with its own cycle of reporting to the Minister, the self-appraisal is now conducted annually at the Council's September meeting for the year ending 30 June.

## 4. THE YEAR'S OPERATIONS

### 4.1 Meetings

During the year the Council held four formal meetings on the following dates:

Meeting # 69 - Thursday 5 September 2019

Meeting # 70 - Thursday 14 November 2019

Meeting # 71 - Thursday 5 March 2020

Meeting # 72 - Thursday 4 June 2020

The first three meetings were held in Wellington, whereas meeting #72 was held by Zoom, as it was deemed inappropriate for an in-person meeting given the Covid 19 situation. Representatives from the Registration Authority, including the Chief Executive and/or other members of the Registration Authority's leadership team, attended each of the Council's meetings. The Ministry of Business, Innovation and Employment also had representation at all meetings of the Council during the year.

### 4.2 Appeals

During the reporting year there were five active appeals, one carried over from previous years and four lodged during the year. They are outlined below. Two decisions have been appealed to the District Court and at time of writing both cases remained before the Court.

#### 4.2.1 Appeals Relating to Complaints to the Registration Authority

**Case 1** - An engineer appealed against a decision of a disciplinary committee, regarding a complaint laid by a local authority about the engineer's work. The appeal focussed on the penalties ordered by the disciplinary committee. The appeal panel considered the appeal on the papers and upheld the decision of the disciplinary committee. The appellant has since appealed the matter to the District Court.

**Case 2** – A member of the public appealed against the decision of an investigating committee to decline his complaint about the engineer's professional behaviour. In essence the appellant was questioning the investigating committee's interpretation of the facts. The panel conducted a virtual hearing, to work around the challenges of the Covid-19 restrictions and at the end of the reporting year its decision was being prepared.

**Case 3** – A chartered professional engineer filed a notice of appeal against a decision by a disciplinary committee, regarding a complaint by a member of the public and a parallel own-motion complaint by Engineering NZ / the Registration Authority. The underlying complaint relates to the behaviour of the engineer. At the end of the reporting year the appeal was in abeyance pending a decision of the appellant as to whether or not to proceed, there being some jurisdictional limitations to the Council panel's ability to hear the entire case.

#### **4.2.2 Appeals Against Decisions of the Competency Assessment Board**

**Case 1** – This was a complex case where the engineer was appealing a decision of the Competence Assessment Board to decline his application for renewal of registration as a Chartered Professional Engineer. An in-person hearing was held, and the appeal panel upheld the appeal, including a cost order. The Registration Authority has appealed the matter to the District Court.

**Case 2** – An engineer has appealed the decision of the Competency Assessment Board to decline his application for renewal of registration as a Chartered Professional Engineer. At the time of writing, the appeal is at the submission stage.

#### **4.2.3 Recurring themes from Appeals Over Time**

Members of appeal panels observe a number of recurring themes and these are outlined below for possible reference by practitioners or people contemplating a complaint or an appeal under the CPEng Act.

- Communication issues often underlie the tension that appears to result in a complaint being laid in the first place and this can carry through to an appeal. In some cases, heard by panels, the complaint and appeal could have been avoided had the respondent communicated more effectively with the complainant at the first sign of a concern arising. A timely conversation or letter might have prevented escalation.
- In some cases, complainants who have justifiable concerns may pursue a complaint against an engineer when in fact the problem may lie with another party such as a builder or developer. Such cases can occupy the time of many people and end up with an outcome which is disappointing to the complainant.
- Panels also see situations where a professional engineer, even if not strictly in the wrong, could as a professional, have taken action to avoid a problem developing to the point where it is pursued through the formal complaints process.

### **4.3 Development**

During the year the Council completed two key internal guideline documents:

- Appeal Procedure Guidelines for Disciplinary Decisions by the Registration Authority
- Appeal Procedure Guidelines for Decisions by the Competency Assessment Board.

## **5. THE YEAR AHEAD**

### **5.1 Refinement of Internal Appeals Guidelines**

At the end of the reporting year an external legal opinion had been sought to provide more detail regarding jurisdictional limits which may apply in appeals being heard by an appeal panel. The opinion will inform further refinement of the Council's procedure guidelines later in 2020.

### **5.2 Engagement with The Registration Authority**

#### **5.2.1 Workshops with Registration Authority Representatives**

At the June 2020 meeting it was agreed to schedule two separate workshops with Registration Authority representatives for July 2020 by internet link. The first workshop covered the

Registration Authority's complaints process, whereas the second covered the registration assessment process. These workshops, to be attended by the Council members, are aimed at providing an overview of the processes used by the Registration Authority along with discussions on current issues and challenges and future improvements.

### **5.2.2 Resolution of the Registration Authority's Accumulated Deficit**

The Registration Authority reported a net deficit in 2019, increasing an historic accumulated deficit. The Council plans to engage with the Registration Authority in the coming year with a view to resolving the issue. The Council recognises this is a matter for Engineering New Zealand but is conscious that it is of interest to Ministry of Business, Innovation and Employment and the Minister.

### **5.2.3 Resolution of Resourcing Issues**

The Registration Authority has highlighted a significant assessment workload for the year ahead, which presents a resourcing challenge. The Council will continue to engage with the Registration Authority as they work to achieve improvement. They already have measures in place to improve efficiency using a triaging process for some CPEng renewal applications and the process will also be reviewed under the Registration Authority's planned review of CPEng. This is consistent with the expectation that CPEng will remain in place for some time and as noted by the Registration Authority in its own reporting, needs to be fit for purpose.

### **5.2.4 CPEng Review**

Engagement will continue with the Registration Authority, as its significant CPEng review initiative advances.

### **5.2.5 Enhanced Annual Reporting by The Registration Authority**

The Council has taken on-board the recent Ministerial feedback on the annual reports and will engage with the Registration Authority to ensure the proposed enhancements to report their performance are implemented. A joint discussion on the subject with the Registration Authority and Ministry of Business, Innovation and Employment is on the agenda for the September 2020 Council meeting.

## **5.3 Organisational Matters**

### **5.3.1 Levy Regulations**

The Chartered Professional Engineers of New Zealand Levy Regulations 2016 were enacted to ensure the ongoing financial viability of the Council, following a period of heavy appeal workload related to the Christchurch Earthquakes, which strained the Council's financial resources.

As indicated in Section 3.3 above, average annual appeal numbers have since returned to a more modest level, meaning that funds held in the Council's accounts are accumulating. This is effectively depriving Engineering New Zealand of funds that it could use beneficially in its own operations.

The Council and Engineering New Zealand are agreed that an amendment to the regulations is warranted. Any such amendment would logically ensure that levy amounts payable by Engineering New Zealand are linked to forecast cost projections of the Council.

Further, in place of a single fixed amount which must be paid each year by Engineering New Zealand, a more fitting approach would be that the amount be varied up to a maximum agreed total figure and that payments could, by agreement between the Council and Engineering New Zealand, be phased.

The Council intends to make a joint submission with Engineering New Zealand to the Government in 2020 for an amendment to be processed.

### **5.3.2 The Council's Tax Status**

Previously approaches have been made to IRD to revise the requirement that the Council is subject to income tax assessment. With regard to the tax status of the provider of the Council's levy funding, Engineering New Zealand this requirement appears anomalous. The Council will address this further with Ministry of Business, Innovation and Employment officials in 2020.

### **5.3.3 Council Appointments**

Appointments to the Council are made under Sections 49 and 50 of the Chartered Professional Engineers of New Zealand Act 2002. Succession and appointments are generally discussed with Ministry of Business, Innovation and Employment officials at each quarterly meeting of the Council, with a view to ensuring continuity of appointments.

The vacancy left by the departure of the Council's former Chair on 30 November 2019 meant that there has not been a member of Council who was nominated by the Association of Consulting Engineers of New Zealand. At the end of the reporting year this appointment was pending and has since been confirmed.



**APPENDIX: FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT**



**Chartered Professional Engineers Council**  
**Financial Statements**  
**For the Year Ended 30 June 2020**

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# Chartered Professional Engineers Council

## Entity Information

For the Year Ended 30 June 2020

### Legal Name :

Chartered Professional Engineers Council

### Type of Entity and Legal Basis :

The Chartered Professional Engineers Council is a statutory body established under the Chartered Professional Engineers of New Zealand Act 2002, that came into force on 1 July 2002.

### Entity's Purpose :

The Council's primary role is to hear appeals from decisions of the Registration Authority about the registration of, or complaints about the conduct of, professional engineers. The Institution of Professional Engineers New Zealand Incorporated was established as the Registration Authority under the Act. On 1 October 2017 The Institution of Professional Engineers New Zealand Inc changed its trading name to Engineering New Zealand.

It is also the role of the Council :

- to review proposed rules containing CPEng standards to ensure they are in accordance with the Act and if they meet the applicable requirements, to approve them.
- to review and report to the Minister on the performance and exercise of the functions of the Registration Authority.
- to report to the Minister on the Council's exercise of its own functions.

### Entity's Structure :

Under the Act the Council must have at least 6, but no more than 8 members, who are appointed by the Minister for Building and Construction.

It is supported by a part-time Executive Officer.

### Main Source of the Entity's Income :

The Council receives an annual grant from Engineering New Zealand, funded through a levy on its members. For the year ended 30 June 2020 this was \$100,000 plus GST.

### Council Members :

Jon Williams	(Chair)	(Term Ended 30 November 2019)
Ross Tanner	(Deputy Chair)	(Term Ended 30 November 2019)
Chris Harrison	(Chair)	(Appointed Chair from 1 December 2019)
Sandra Hardie	(Deputy Chair)	(Appointed Chair from 1 December 2019)
Manjit Devgun		(Appointed Council Member from 1 December 2019)
Rebecca Knott		
Sue Simons		
Sarah Sinclair		(Appointed Council Member from 1 August 2019)
Alan Winwood		

### Executive Officer :

Katie van Dinther	(to March 2020)
Lisa Kinghorn	(from March 2020)

### Auditors :

Baker Tilly Staples Rodway Audit Limited on behalf of the Auditor-General

### Bankers :

Westpac



**Chartered Professional Engineers Council**  
**Entity Information Continued**  
**For the Year Ended 30 June 2020**

**Contact Details :**

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**INDEPENDENT AUDITOR'S REPORT TO THE READERS OF  
CHARTERED PROFESSIONAL ENGINEERS COUNCIL'S  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

The Auditor-General is the auditor of the Chartered Professional Engineers Council (the Council). The Auditor-General has appointed me, Chrissie Murray, using the staff and resources of Baker Tilly Staples Rodway, to carry out the audit of the financial statements of the Council on his behalf.

**Opinion**

We have audited the financial statements of the Council on pages 1 to 2 and 6 to 13, that comprise the entity information and statement of financial position as at 30 June 2020, the statement of service performance, the statement of financial performance, the statement of movements in equity and the statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Council present fairly, in all material respects:

- the entity information,
- its financial position as at 30 June 2020 and
- its service performance, financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)

Our audit was completed on 4 September 2020. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and we explain our independence.

**Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the Auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – COVID-19**

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Council as set out in note 8 to the financial statements.

**Responsibilities of the governing body for the financial statements**

The governing body is responsible for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The governing body is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body is responsible on behalf of the Council for assessing the Council's ability to continue as a going concern. The governing body is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Council or to cease operations, or there is no realistic alternative but to do so.

The governing body's responsibilities arise from the Chartered Professional Engineers of New Zealand Act 2002.

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governing body.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the governing body, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility arises from section 15 of the Public Audit Act 2001 and the Chartered Professional Engineers of New Zealand Act 2002.

**Independence**

We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Council.



Chrissie Murray  
Baker Tilly Staples Rodway Audit Limited  
On behalf of the Auditor-General  
Wellington, New Zealand

# Chartered Professional Engineers Council

## Statement of Responsibility

### For the Year Ended 30 June 2020


The Council is responsible for the preparation of the Chartered Professional Engineers Council's Financial Statements and Statement of Service Performance and for the judgements made in them.

The Council accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the Council's opinion these Financial Statements and the Statement of Service Performance fairly reflect the financial position and the operations of the Chartered Professional Engineers Council for the year ended 30 June 2020.

For and on behalf of the Council

  
..... Chair

  
..... Deputy Chair

Date 4 September 2020

**Chartered Professional Engineers Council**  
**Statement of Service Performance**  
**For the Year Ended 30 June 2020**

**Meetings of the Council**

During the Year the Council held 4 quarterly meetings in September and November 2019, March and June 2020. Because of the Covid-19 pandemic, the June 2020 meeting was a virtual meeting. These meetings were attended by representatives from the Registration Authority including the Chief Executive of Engineering New Zealand and/or members of the management team and representatives from the Ministry of Business Innovation and Employment (MBIE).

**Changes to Rules**

There were no changes to the rules during the year.

**Appeals under consideration**

At the start of this reporting year an Appeal Panel of Council members was considering 1 ongoing appeal lodged prior to 1 July 2019. This reporting year 4 appeals were received and Appeal Panels of Council members were appointed for 3 of these appeals. An appeal panel has not yet been appointed for the remaining appeal as the Council awaits a decision on whether the appellants wish to proceed, based on consideration of a procedural matter.

Of these 5 appeals, 2 were completed during the reporting year, with 3 ongoing. Both of the CPEC appeal decisions released this reporting year have been appealed to the District Court.

Of the 4 appeals received this reporting year, 1 was from a member of the public, 1 from an engineer appealing a decision not to renew CPEng registration and 2 from engineers appealing decisions on disciplinary matters.

**Report on the performance of the Registration Authority**

As required by the Act the Registration Authority provided the Council with a report on its operations and on the Chartered Professional Engineer (CPEng) register for the year ended 31 December 2019.

In June 2020 the Council reported to the Minister on the performance of the Registration Authority.

**Chartered Professional Engineers Council**  
**Statement of Financial Performance**  
**For the Year Ended 30 June 2020**

2019 Actual \$		Note	2020 Actual \$	2020 Budget \$
	<b>Income</b>			
100,000	Levies Received		100,000	100,000
3,690	Interest Received		3,400	3,000
103,690	<b>Total Income</b>		103,400	103,000
	<b>Less Expenses</b>			
7,350	Accounting Fees		8,175	7,500
15,589	Appeal Costs	5 & 6	37,152	25,000
4,355	Audit Fees		4,357	4,700
1,911	Council Meeting Costs		1,730	1,800
16,335	Council Meeting Fees	6	16,913	14,000
9,145	Council Meeting Travel		7,313	10,500
15,283	Consultant/ Executive Officer Fees		10,490	13,000
4,975	Consultant/Legal Fees		5,780	9,000
6,357	Sundry Expenses		6,978	5,500
81,300	<b>Total Expenses</b>		98,888	91,000
22,390	<b>Net Operating Surplus</b>		4,512	12,000

**Chartered Professional Engineers Council**  
**Statement of Movements in Equity**  
**For the Year Ended 30 June 2020**

2019 Actual \$		2020 Actual \$	2020 Budget \$
22,390	Net Operating Surplus (Deficit)	4,512	12,000
22,390	<b>Total Recognised Revenues and Expenses</b>	4,512	12,000
58,177	Opening Equity Balance	80,567	80,567
80,567	<b>Total Equity</b>	85,079	92,567

**Chartered Professional Engineers Council**  
**Statement of Financial Position**  
**As at 30 June 2020**

2019 Actual \$	Note	2020 Actual \$	2020 Budget \$
<b>Current Assets</b>			
10,532	Westpac Cheque Account	23,516	15,567
80,000	Westpac Short Term Deposits	80,000	90,000
182	Interest Receivable	775	300
6,372	GST Receivable	5,563	5,000
97,086	<b>Total Current Assets</b>	109,854	110,867
<b>Less Current Liabilities</b>			
16,519	Accounts Payable	24,775	18,300
16,519	<b>Total Current Liabilities</b>	24,775	18,300
80,567	<b>Net Assets</b>	85,079	92,567
<b>Represented By:</b>			
80,567	Total Equity	85,079	92,567

For and on behalf of the Council

  
..... Chair

  
..... Deputy Chair

Date: 4 September 2020

**Chartered Professional Engineers Council**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2020**

2019 Actual \$		Note	2020 Actual \$	2020 Budget \$
<b>Cash Flow from Operating Activities</b>				
<b>Cash was Provided from:</b>				
100,000	Levies Received		100,000	100,000
4,201	Interest Received		2,807	2,882
-	Net Goods and Services Tax Received		1,196	409
<u>104,201</u>			<u>104,003</u>	<u>103,291</u>
<b>Cash was Disbursed to:</b>				
80,655	Payments to Suppliers and Council Members		91,019	88,256
1,094	Net Goods and Services Tax Paid		-	-
<u>81,749</u>			<u>91,019</u>	<u>88,256</u>
22,452	<b>Net Cash Flow from Operating Activities</b>	7	12,984	15,035
68,080	Add Opening Cash Brought Forward		90,532	90,532
<u>90,532</u>	<b>Closing Cash Carried Forward</b>		<u>103,516</u>	<u>105,567</u>
<b>Represented By:</b>				
10,532	Westpac Cheque Account		23,516	15,567
80,000	Westpac Short Term Deposit		80,000	90,000
<u>90,532</u>	Total Cash on Hand		<u>103,516</u>	<u>105,567</u>



**Chartered Professional Engineers Council**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**1. Statement of Accounting Policies**

**Reporting Entity**

The financial statements presented here are for the reporting entity Chartered Professional Engineers Council (the Council). The Council was established on 1 July 2002 by the Chartered Professional Engineers of New Zealand Act 2002 (the Act).

**Basis of Preparation**

Under Section 55 of the Act, the Council is required to prepare financial statements that comply with generally accepted accounting practice in New Zealand (GAAP). Under the GAAP Standards, that applied from 1 July 2014, the Council is designated a Public Benefit Entity (PBE) for financial reporting purposes. The Council has elected to apply PBE SFR-A (PS) Tier 3 - PBE Simple Format Reporting - Accrual (Public Sector) Tier 3 on the basis that the Council has no public accountability and has total annual expenses of less than \$2 million. All transactions in the financial statements are reported using the accrual basis of accounting.

**Going Concern Assumption**

The financial statements are prepared on the assumption that the Council will continue to operate in the foreseeable future.

**Measurement Base**

The measurement base adopted is historical cost.

**Changes in Accounting Policies**

All financial information is reported on a basis consistent with previous years.

**Goods and Services Tax**

The financial statements have been prepared on a GST exclusive basis, except Accounts Payable which are shown inclusive of GST.

**Taxation**

Prior to the Year Ended 30 June 2016, no provision was made for income tax as it was believed the Chartered Engineers Council, as a public entity created by statute, was tax exempt under the Income Tax Act 2007. Following an Inland Revenue review, IRD advised the Chartered Professional Engineers Council that it was to be taxed at the company rate. The Council has previously made the Minister aware of the situation and is currently considering its next steps. Inland Revenue allowed the Chartered Professional Engineers Council to lodge tax returns from 2007. These returns resulted in accumulated losses to carry forward. After deducting the 2019 surplus of \$22,390, the accumulated losses to carry forward reduced to \$80,977 and will reduce to \$76,465 after deducting this year's surplus of \$4,512.

**2. Contingent Liabilities**

The Chartered Professional Engineers Council had no contingent liabilities as at balance date (2019 Nil).

**3. Financial Instruments**

The Chartered Professional Engineers Council is party to financial instruments in the form of bank accounts, accounts receivable and accounts payable as part of its everyday operations. These instruments are reflected in the Statement of Financial Position at their fair value. Revenues and expenses in relation to the financial statements are recognised in the Statement of Financial Performance in arriving at the operating result.

**4. Commitments**

The Chartered Professional Engineers Council had no commitments as at balance date (2019 Nil).

**5. Appeal Costs**

During the 2020 year the Council incurred \$37,152 (2019, \$15,589) in appeal costs for 5 appeals (2019, 4 appeals). Since 1 July the Council has incurred costs associated with 3 ongoing appeals (2019, 1 ongoing appeal) and these expenses will be recorded in the 2021 Financial Statements.

**Chartered Professional Engineers Council**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended 30 June 2020**

**6. Related Party Transactions**

During the course of business operations Council Members received fees totalling \$16,913 (2019 \$16,355) for attending 4 Council Meetings and \$31,738 (2019 \$11,455) for Appeal Hearings as follows:

	2020 Actual \$ Council Meetings	2019 Actual \$ Council Meetings	2020 Actual \$ Appeal Hearings	2019 Actual \$ Appeal Hearings
Jon Williams (Chair to 30-11-19)	1,872	3,744	7,110	5,135
Ross Tanner (Deputy Chair to 30-11-19)	988	1,729	-	1,580
Chris Harrison (Chair from 1-12-19)	2,745	2,370	2,370	-
Sandra Hardie (Deputy Chair from 1-12-19)	2,420	1,975	5,135	3,160
Manjit Devgun	1,383	-	-	-
Rebecca Knott	2,173	2,370	1,975	1,580
Sue Simons	988	1,777	5,569	-
Sarah Sinclair	2,172	-	3,654	-
Alan Winwood	2,172	2,370	5,925	-
	16,913	16,335	31,738	11,455

Council Members were also reimbursed travel expenses totalling \$7,313 (2019 \$9,145) for attending Council Meetings and \$2,208 (2019 \$382) for attending Appeal Hearings.

During the year ended 30 June 2020 in addition to the Council Meeting and Appeal fees listed above:

The Chair, Chris Harrison received \$4,175 for time spent :

- (a) on general CPEC operations
- (b) recruitment and engagement of new Executive Officer
- (c) preparing/reviewing CPEC's Annual Report on the operations of the RA
- (d) induction of new Council member

Deputy Chair Sandra Hardie received \$618 for time spent on general CPEC operations

Council member Alan Winwood received \$987 for time spent :

- (a) preparing CPEC's Annual Report
- (b) preparing CPEC's Annual Report on the operations of the RA

During the year ended 30 June 2019 in addition to the Council Meeting and Appeal fees listed above:

The Chair Jon Williams received \$3,198 for time spent :

- (a) preparing/reviewing CPEC's submission on MBIE's proposed building reform programme
  - (b) reviewing with MBIE and interviewing applicants for the position of 8th Council member
  - (c) reviewing and preparing CPEC's response to MBIE's review of occupational regulations
- Council member Sandra Hardie received \$790 for time spent preparing the Annual Report on the performance of the RA.

Council member Chris Harrison received \$592 for time spent :

- (a) reviewing CPEC's Annual Report
- (b) reviewing CPEC's Annual Report on the performance of the RA
- (c) reviewing CPEC's submission on MBIE's proposed building reform programme

Council member Alan Winwood received \$395 for time spent preparing the CPEC Annual Report.

No related party debts were written off or forgiven during the year.

**7. Reconciliation of the Net Operating Surplus with the Net Cash Flow from Operating Activities**

	2020 Actual \$	2019 Actual \$
Net Operating (Deficit) Surplus	4,512	22,390
Movements in Other Working Capital Items		
Increase in Accounts Payable	8,256	660
Decrease (Increase) in GST Receivable	809	(1,109)
(Increase) Decrease in Interest Receivable	(593)	511
Net Cash Flow from Operating Activities	12,984	22,452



**Chartered Professional Engineers Council**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended 30 June 2020**

**8. Effect of the Covid-19 Pandemic**

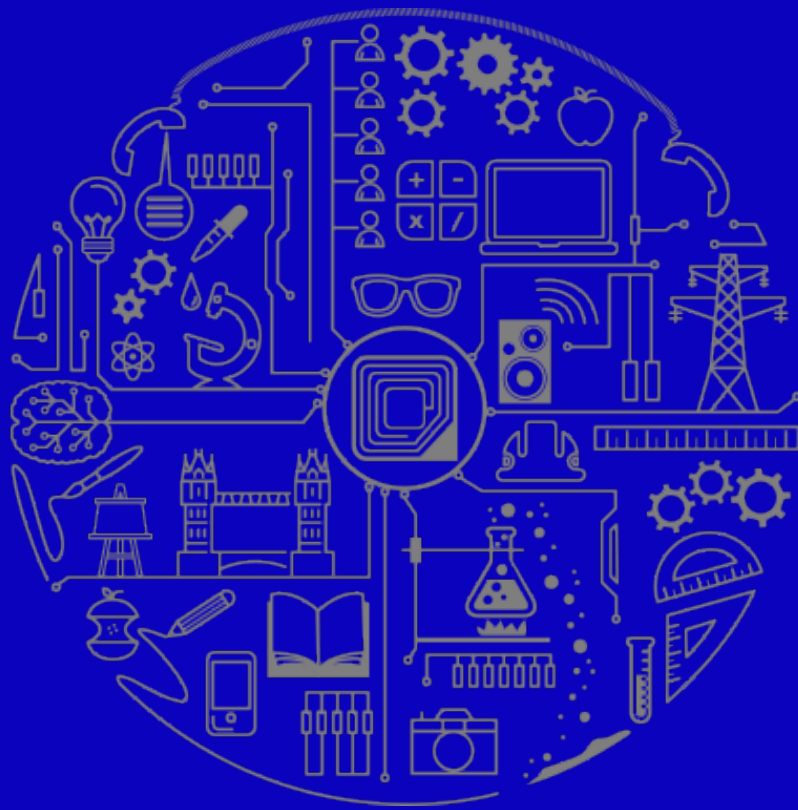
On the 11 March 2020, the World Health Organisation declared the outbreak of Coronavirus (COVID-19) a pandemic.

In response to this outbreak the New Zealand Government moved New Zealand to Alert Level 4 on the 25 March 2020. This meant a nationwide lockdown and all non essential businesses ceased face to face trading. This lockdown was subsequently lowered on 18 May 2020.

During the lockdown the council continued to operate within the guidelines to fulfil its statutory obligations. This included the holding of its June 2020 quarterly meeting by video link.

The Council does not expect the impact of COVID-19 to significantly impact on its financial performance or the ability of the Council to continue to operate.





**CPEC**  
Chartered Professional Engineers Council