

CPEC

Chartered Professional Engineers Council
Kāhui Kaiwetepanga Ngaio Whaimana

Chartered Professional Engineers Council

2020-2021 Annual Report



For the period 1 July 2020 to 30 June 2021

Annual Report by the Chartered Professional Engineers Council

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INTRODUCTION

For those who may not be entirely familiar with the Chartered Professional Engineers Council, it is helpful to start this year's report with some background. The Council, otherwise known as CPEC was established under the Chartered Professional Engineers of New Zealand Act 2002. The Council's functions include the review and approval of rules containing CPEng standards, the hearing of appeals relating to decisions of the Registration Authority (the RA) and reporting to the Minister for Building and Construction on the performance and exercise of the RA's and Council's respective functions and powers. The role of RA rests with Engineering New Zealand (The Institution of Professional Engineers of New Zealand Incorporated) under the Act.

For some years reforms have been under consideration which are likely to affect not only professional engineers but also the wider sector in which many professional engineers operate. Over the past year the Government has advanced its plans which incorporate licensing of engineers who perform safety-critical work. The implementation of the anticipated changes will involve new legislation and may take up to six years to complete. In parallel, Engineering New Zealand are advancing a review of the CPEng qualification with a view to making shorter-term beneficial changes that can either be achieved within the Rules (Chartered Professional Engineers of New Zealand Rules (No. 2) 2002) or with changes to those Rules. The Council continues to liaise regularly both with MBIE and Engineering New Zealand on the proposed changes.

In the first half of 2021 we have seen an increase in appeals lodged but other than the number of appeals being significantly greater than in the previous four years, their makeup and characteristics are similar.

In late 2020 four members had their terms renewed and we welcomed Tony Fairclough who was nominated by the Association of Consulting Engineers. In March 2021 we farewelled Rebecca Knott who was one of three Engineering New Zealand nominees on the Council. We thank her for the contribution she made as a member of the Council.

We also wish to thank the Council members for their continuing contributions, and in particular acknowledge the additional pressure that all are under with the currently heavy appeal workload. We look forward to working with Council members and our counterparts in Engineering New Zealand and the Ministry as reforms affecting professional engineers advance.



Chair



Deputy Chair

1. THE COUNCIL MEMBERS



Christopher (Chris) J Harrison

Chair

NZCE, BE(Hons)(Civil), CEngNZ (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), CEng, 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, CEngNZ, CEng, IntPE(NZ)

Appointed 1 December 2019 – Ministerial appointment

Manjit is a Chartered Professional Engineer and is registered as an International Professional Engineer. He has 30 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).

Rebecca resigned from the Council effective 31 March 2021.



Sarah Sinclair

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

Sarah is Chief Infrastructure Officer at Palmerston North City Council, which she joined after 8 years at Auckland Council as Chief Engineer. Her broad experience in infrastructure in the UK and New Zealand includes experience in 3 waters, asset management, regulatory and contract and project delivery, and in planning for, responding to, and recovering from natural hazard events.



Susan Simons

BA(Hons) LLB
Reappointed 1 September 2020 - 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
Reappointed 1 September 2020 - 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.



Tony Fairclough

NZCE (Civil), BE (Civil), MEngSt (Geotechnical, with Merit), DipMEEC, FEngNZ, CMEngNZ, CPEng, IntPE(NZ), MASCE
Appointed 1 September 2020 - Association of Consulting Engineers New Zealand nominee

Tony is a Christchurch based, University of Auckland educated Geotechnical and Civil engineer with approximately 30 years' of practical experience. He is an Engineering New Zealand Fellow, Chartered Professional Engineer and past Chair of the New Zealand Geotechnical Society (NZGS).

Note:

Members of the Council are appointed by the Minister for Building and Construction under sections 49 and 50 of the Chartered Professional Engineers Act 2002.

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 RA in accordance with the Act, and
- review and report to the Minister on the performance and exercise of the RA 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 2020/21, is outlined in the table below and addressed further in sections 3.2 to 3.5.

Expectations	Measure	Performance (2020/21)
Reporting on performance and effectiveness of the regulatory regime for engineers		
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">▪ the registration process▪ complaints received and how efficiently they are handled▪ participants' satisfaction with processes▪ the quality and ease of use of the CPEng Register 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 2021. Refer section 3.2 for further details.

Expectations	Measure	Performance (2020/21)
Appeals against Registration Authority decisions		
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.	The Council handled 14 appeals during the year (including three carried over from the previous year, one of which was withdrawn). 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 in 2020 had been appealed to the District Court. Both were dismissed with decisions issued on 29 June 2021 and the other since the end of the reporting period. See also 4.2.3
Approving Registration Authority Rules		
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.

Expectations	Measure	Performance (2020/21)
Governance		
<p>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.</p>	<p>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.</p>	<p>At its March meeting the Council conducted its annual review and update of all policies.</p> <p>A report on the Council's self-appraisal for the year ending 30 June 2020 was forwarded to the Minister with the Council's 2020 annual report. A report on the Council's self-appraisal for the year ending 30 June 2021 is being forwarded to the Minister with this annual report.</p> <p>See also section 3.5</p>
<p>Create and maintain a membership succession plan and provide to Ministry of Business, Innovation and Employment.</p>	<p>The plan addresses the current skills and experience of Council members and identifies any gaps and proposals for future appointment rounds.</p>	
<p>Meet all obligations under relevant legislation, including reporting under the Chartered Professional Engineers Act 2002.</p>	<p>All legislative obligations are met.</p>	<p>Each quarter the Council's Executive Officer advises the Council of any updates to the legislation and regulations which govern its operations.</p>

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 RA. The RA reported to the Council on its activity for the year ended December 2020, and the Council provided its report on that performance, along with the RA's report to the Minister in July 2021 on receipt of a reprinted report from the RA.

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

- Maintaining a robust competency assessment and re-assessment process, where opportunities are being taken to maximise efficiency and effectiveness;
- Applying feedback, from consultation processes, the complaints process, and registration candidate surveys, to improve processes;
- The continuing increase in the total number of chartered professional engineers (4010), an increase of 3.4 % (131) since the last period;
- Continuing initiatives to achieve inclusion and diversity goals, highlighted by material gains in the percentage of female registrants during the reporting year;
- Ongoing initiatives to refine and streamline the complaints process; and
- The continuation of the expert engineering panel for the Greater Christchurch Claims Resolution Service (GCCRS) and for the Canterbury Earthquakes Insurance Tribunal (CEIT) utilising CPEng engineers - an overall initiative which is expediting resolution of complex and longstanding issues.

Areas where it is intended that the Council engage closely with the RA in 2021/22 include:

- Process and regulatory developments that flow from the CPEng Review.
- Reduction in processing times for CPEng assessments.
- Continuing to keep Engineering New Zealand members and CPEng registrants up to date with progress regarding the status of, and differences between, the Chartered Member and CPEng quality marks.
- Planning to manage the significant financial deficit, prioritising and scheduling specific actions and tracking progress.
- Consideration of potential amendments to the Levy Regulations to achieve greater flexibility than currently exists.

[See also further comment in Section 5].

3.3 Appeals Against Registration Authority Decisions

During the reporting year 2020/21, the Council handled a total of 14 appeals including three carried over from the previous year. Four 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.

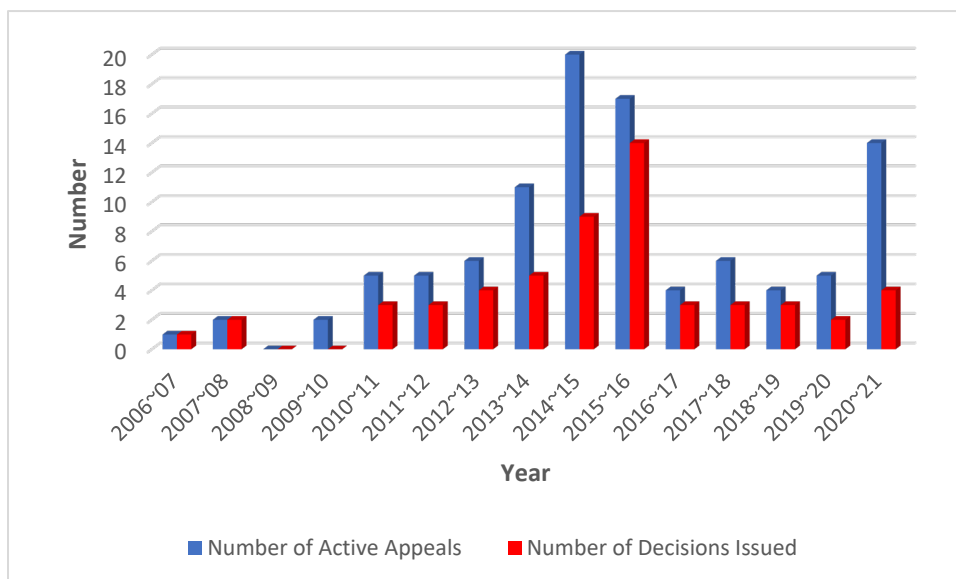


Figure 1: Number of active appeals and decisions issued

Peak active appeal numbers were recorded in 2014/15 (20) and 2015/16 (17), followed by four years with more modest appeal numbers (4 to 6 per year). In the second half of the 2020/21 reporting year there has been a surge in appeals with ten received between January and May 2021. Three appeals were carried over from the previous year, one of which was withdrawn. The previous peaks were largely attributed to issues arising from the Canterbury earthquake sequence. Four of the cases being considered during the 2020/21 year were related in some way to the earthquake sequence.

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.

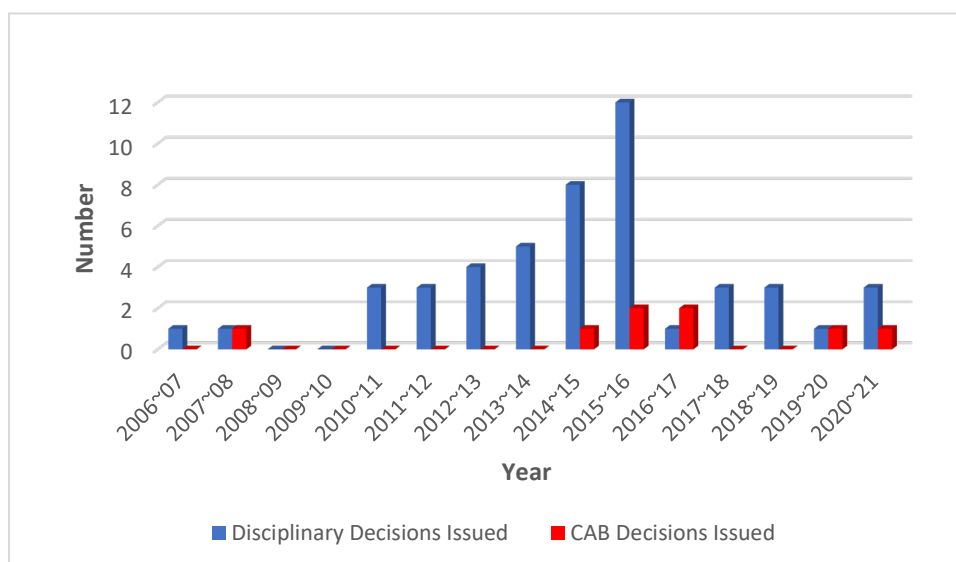


Figure 2: Decisions by Type

Figure 3 shows the number of appeals upheld versus those declined, on an annual basis. As also noted in the previous report and as is clear from the plot, the number of appeals that were declined is generally higher than the number upheld and this suggests some validation of the RA's handling of complaints.

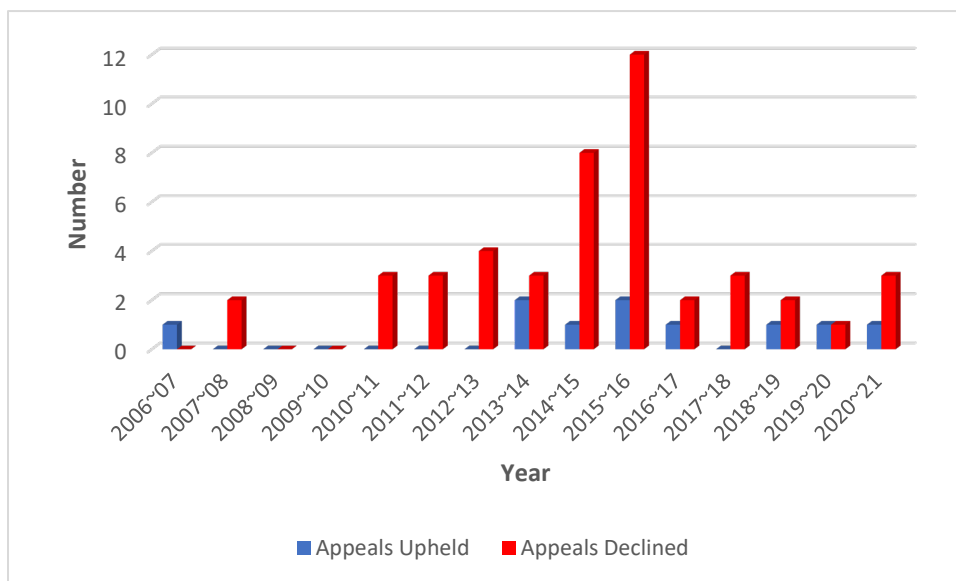


Figure 3: Total Number of Appeals Upheld Versus Declined

This is particularly evident in Figures 4 and 5 that show the relative numbers of appeals upheld or declined for Disciplinary or Competency Assessment Board (CAB) decisions respectively.

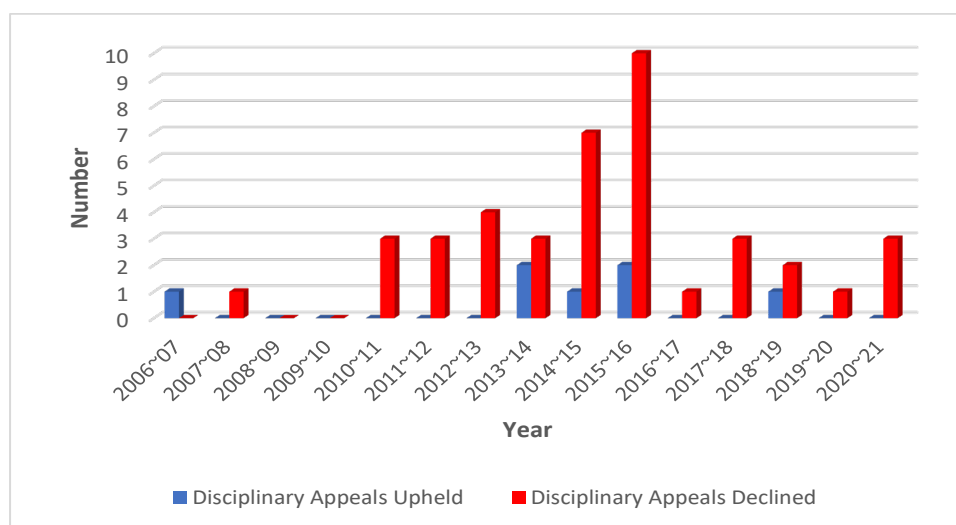


Figure 4: Appeals against Disciplinary Decisions Upheld / Declined

Figure 5 indicates the relatively small number of appeals annually against decisions of the CAB, in the context of the large number of CPEng assessments or reassessments carried out each year. For the 12 months ending 31 December 2020 the RA reported having undertaken 421 assessments for admission and 587 for continued registration.

The single Council decision regarding a CAB decision appeal in 2020/21, while indicated as upheld, was only partially upheld in that the outcome required the applicant to submit a new application immediately.

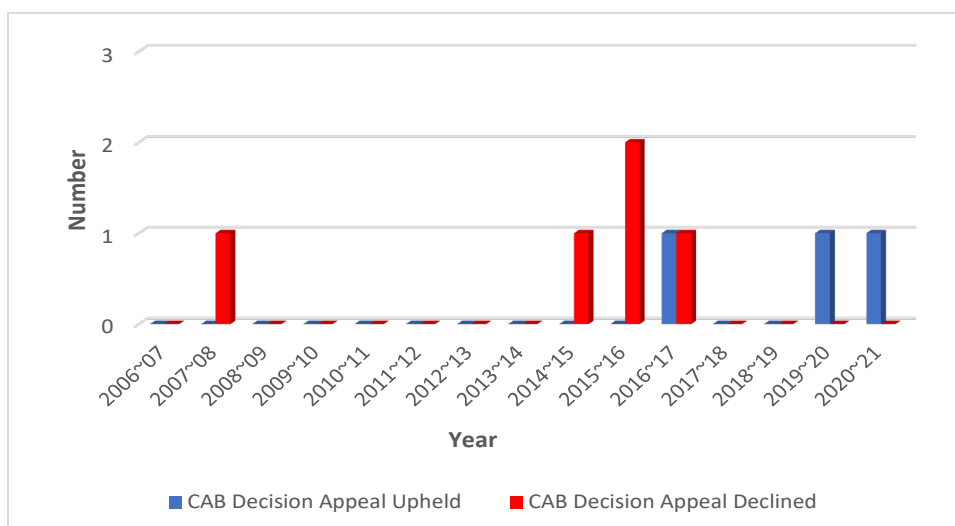


Figure 5. Appeals Against CAB Decisions Upheld / Declined

3.4 Approving the Registration Authority Rules

No changes were made to the RA rules in the reporting year.

3.5 Governance

As implemented in 2020, the Council now conducts its self-appraisal at its September meeting to align the appraisal with the 30 June reporting year end date.

4. THE YEAR'S OPERATIONS

4.1 Meetings

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

Meeting # 73 - Friday 4 September 2020 (Held in Wellington)

Meeting # 74 - Friday 4 December 2020 (Held via Zoom)

Meeting # 75 - Friday 5 March 2021 (Held in Wellington)

Meeting # 76 - Friday 4 June 2021 (Held via Zoom)

Representatives from the RA, including the Chief Executive and/or other members of the RA'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 the Council handled 14 appeals, three carried over from the previous year and 11 lodged during the year. One appeal was withdrawn. The appeals are outlined below.

4.2.1 Appeals Relating to Disciplinary Complaints to the Registration Authority

Case 1 – A member of the public appealed a decision of an investigating committee to dismiss a complaint about an engineer who provided design services relating to a new residence. The focus of the appeal was whether or not the engineer had acted with honesty and integrity. After conducting a hearing by video conference, the panel dismissed the appeal.

Case 2 – An engineer filed a notice of appeal relating to the nature and magnitude of a cost order in respect of disciplinary committee decisions on a complaint laid by a former client and a parallel own motion complaint by the RA. The complaints related to the conduct of the engineer. At the end of the previous reporting year, the appeal was in abeyance pending a decision of the appellant as to whether or not to proceed. The appeal was since withdrawn.

Case 3 – A homeowner appealed the decision of an adjudicator to dismiss a complaint relating to concerns as to whether the engineer had acted with honesty, objectivity and integrity in the review of a report for a third party in respect of the home. The hearing was conducted on the papers and the panel's decision was to dismiss the appeal.

Case 4 – The owners of a home appealed the decision of an investigating committee to dismiss their complaint about an engineer who was engaged by a third party. A hearing was conducted and at 30 June 2021 the panel's decision was being prepared.

Case 5 – The appeal related to a decision of an adjudicator to dismiss a complaint by a member of the public about an engineer's competence and ethical conduct. The services provided by the engineer for another party involved assessment of earthquake repairs to a residence. At 30 June 2021 the submission process was complete and arrangements were in hand for a hearing to be held.

Case 6 – The owner of a commercial building appealed against the decision of an investigating committee to dismiss a complaint about an engineer who was engaged by others in relation to the design of earthquake remedial measures on an adjacent building. A hearing was conducted on the papers and the panel issued its decision dismissing the appeal.

Case 7 – The developer of a residential subdivision appealed the decision of an adjudicator to dismiss a complaint about an engineer's professionalism and design. At 30 June 2021 the submission process was in progress.

Case 8 – An engineer appealed the decision of an adjudicator to dismiss a complaint about another engineer. The complaint concerned the competence of the respondent, referencing a structural assessment of an industrial building on behalf of a third party. At 30 June 2021 the submission process was complete and it had been agreed with the parties that the panel would conduct the hearing on the papers.

Case 9 – The decision of an investigating committee to dismiss a complaint about two engineers was appealed by the homeowner. The focus of the appeal is the adequacy of measures to retain a slope on the property. At 30 June 2021 the appeal process was under way.

Case 10 – A homeowner appealed a decision by an adjudicator to dismiss a complaint about an engineer. The central issue is inspection and certification of internal structural modifications to the home. At 30 June 2021 the appeal process was under way.

Case 11 – An engineer appealed a decision of an investigating committee to refer a complaint about him, by homeowners, to a disciplinary committee. The complaint related to assessment and reporting on earthquake damage remedial works. At 30 June 2021 the schedule for submissions was being finalised with the parties.

4.2.2 Appeals Against Decisions of the Competency Assessment Board

Case 1 – An engineer appealed the decision of the Competency Assessment Board to decline his application for renewal of registration as a Chartered Professional Engineer. A hearing was held and the decision of the panel partially upheld the appeal, ordering that the engineer's CPEng registration be renewed for a limited period, sufficient for the engineer to submit a fresh application for renewal of registration.

Cases 2 and 3 – In two similar, separate cases engineers appealed decisions of the Competency Assessment Board to decline their respective applications for registration as a Chartered Professional Engineer. At 30 June 2021 both appeals were in their early stages.

4.2.3 CPEC Decisions Appealed to the District Court

As outlined in the previous annual report, two CPEC appeal decisions had been appealed to the District Court. Outlines of both cases are presented below.

Case 1 – In a decision issued during the previous reporting period, a CPEC panel upheld an appeal from an Engineer whose application for renewal of CPEng registration had been declined by the Competency Assessment Board. The RA appealed that decision to the District Court and the court dismissed the appeal, upholding the panel's decision.

Case 2 - In the previous reporting year a panel dismissed an appeal by an engineer against a decision made by a disciplinary committee in respect of a complaint laid by a local authority about the engineer's work. The appeal had focussed on the penalties ordered by the disciplinary committee. The engineer appealed the decision to the District Court. Shortly after the hearing commenced, the engineer decided to abandon the appeal meaning that the appeal was dismissed and that the orders made by the disciplinary committee and upheld by the Council will stand.

4.2.4 Recurring Themes from Appeals Over Time

Several themes continue to be observed in appeals that are heard by the Council. While some observations below are similar to those reported previously, they are repeated for reference by those who may wish to better understand the complaint / appeal process under the Chartered Professional Engineers Act.

- Communication breakdowns or lack of timely engagement between parties often appear to have contributed to situations which led to complaints. In some cases, a simple conversation or professionally written letter to address or clarify a point of emerging concern could mean that a complaint is avoided.

- Many lay people who submit a complaint or pursue an appeal against an engineer, do so in the expectation of financial compensation or a direction requiring a physical outcome with respect to their property. Such outcomes more likely should be routed through a disputes tribunal or the courts. Disciplinary penalties which are available through the complaints process are limited to restrictions on an engineer's registration, censure, a fine and publication of details of disciplinary rulings against the engineer.
- In a significant number of cases, complainants who have justifiable concerns may pursue a complaint against an engineer, even when viewed objectively, responsibility may rest with another party. Such cases can be very time-consuming and result in an outcome which is disappointing to the complainant.
- In a number of cases a complaint has been pursued against an engineer where there is no contractual relationship between the complainant and the engineer. In such cases the engineer's primary duty of care will be to the person or entity that has engaged the engineer and consequently a complainant or appellant may be disappointed in the outcome of the process. However, this does not relieve the engineer of responsibility to comply with the code of ethical conduct that is set down in part three of the Chartered Professional Engineers Rules.

4.3 Development

During the year the Council refined its internal appeal procedure guidelines having considered an external legal opinion regarding jurisdictional limits which may apply in appeals being heard by an appeal panel.

5. THE YEAR AHEAD

5.1 Review of CPEC Website

A review of the Council's website will be undertaken, and changes made that make the process clearer for users and provide web-based submission of notices of appeal. It is expected that this will help appellants make more focussed submissions, with grounds that align appropriately with the provisions of the Chartered Professional Engineers Act, Rules and Regulations.

5.2 Engagement with The Registration Authority

5.2.1 CPEng Review

Following the consultation process initiated by Engineering New Zealand focussed on potential changes to CPEng registration, the Council will continue to engage with both Engineering New Zealand and MBIE as solutions are developed and implemented. It is anticipated that changes to the Chartered Professional Engineers Rules will allow short-medium term beneficial changes that support the longer-term goals of the occupational regulation changes being driven by MBIE.

5.2.2 Assessment Capacity

The Council will continue to engage with the RA as they continue to focus on having assessment capacity to meet the demand for applicants for initial registration and those for renewal of registration.

5.2.3 Resolution of the Registration Authority's Accumulated Deficit

The Council will continue to engage with the RA regarding its accumulating net deficit. The Council recognises that this is a matter for Engineering New Zealand but is conscious that it is of interest to MBIE and the Minister.

5.3 Organisational Matters

5.3.1 Levy Regulations

During the year the Council and the RA jointly made a submission to MBIE proposing an amendment to the Chartered Professional Engineers of New Zealand Levy Regulations 2016. The submission proposed that there be flexibility in the timing of payment(s) and the maximum amount of the levy that the RA is required to pay to the Council each year. The proposal involved the ability of the Council to determine, in consultation with the RA, an amount, not to exceed a sum to be specified in the Regulations. At the time of writing, advice from MBIE is that legal aspects are being considered, which may affect the scope for amendment of the regulations.

5.3.2 The Council's Tax Status

Last year the Council reported an intention to address the matter of the Council's tax status with MBIE. Having explored the matter further, it is no longer proposed to pursue the matter.

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.

A replacement is being sought for the position vacated by Ms Rebecca Knott, a member nominated by Engineering New Zealand. In addition, discussions are under way with MBIE and Engineering New Zealand regarding reappointment / replacement of four members whose terms expire in 2022.

APPENDIX: FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT

Chartered Professional Engineers Council
Financial Statements
For the Year Ended 30 June 2021

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Chartered Professional Engineers Council
Entity Information
For the Year Ended 30 June 2021

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 contracted 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 2021 this was \$100,000 plus GST.

Council Members :

Chris Harrison (Chair)

Sandra Hardie (Deputy Chair)

Manjit Devgun

Tony Fairclough

(Appointed Council Member from 1 September 2020)

Rebecca Knott

(Resigned from the Council from 31 March 2021)

Sue Simons

Sarah Sinclair

Alan Winwood

Executive Officer :

Lisa Kinghorn

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 2021

Contact Details :

Physical Address :

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Postal Address :

PO Box 6140, Wellington, 6140, New Zealand.

Email :

info@cpec.org.nz

Website :

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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 2021

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 7 to 13, that comprise the entity information and statement of financial position as at 30 June 2021, 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 2021 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 13 September 2021. 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.

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 2021

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 2021.

For and on behalf of the Council



..... Chair



..... Deputy Chair

Date 3 September 2021



Chartered Professional Engineers Council

Statement of Service Performance

For the Year Ended 30 June 2021

Meetings of the Council

During the Year the Council held 4 quarterly meetings in September and December 2020, March and June 2021. Because of the Covid-19 pandemic, the December 2020 and June 2021 meetings were virtual meetings. 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 Appeal Panels of Council members were considering 3 ongoing appeals lodged prior to 1 July 2020. This reporting year 11 appeals were received and Appeal Panels of Council members were appointed for these appeals.

Of these 14 appeals, 4 were completed during the reporting year, 1 was withdrawn by the appellant and 9 were ongoing.

Of the 11 appeals received this reporting year, 7 were from a members of the public concerning engineers, 1 was from an engineer concerning another engineer, 1 was from an engineer appealing a disciplinary process decision and 2 were from engineers appealing a decision of the Registration Authority not to issue or renew their CPEng registration.

Report on the performance of the Registration Authority

The Chartered Professional Engineers of NZ Act 2002 requires the Registration Authority to provide the Council with a report on its operations and on the Chartered Professional Engineer (CPEng) register for its year ended 31 December by 31 March each year.

The Registration Authority's initial report met this deadline. When the Council reviewed this initial report it discovered some errors and it was referred back to the Registration Authority for correction. The Registration Authority's amended report was provided to the Council in electronic form in June 2021 and the reprinted report was received July 2021.

This report together with the Council's own report on the performance of the Registration Authority was provided to MBIE in July 2021 who provided these reports to the Minister in August 2021.



Chartered Professional Engineers Council
Statement of Financial Performance
For the Year Ended 30 June 2021

2020 Actual \$		Note	2021 Actual \$	2021 Budget \$
	Income			
100,000	Levies Received	3	100,000	100,000
3,400	Interest Received	4	1,835	1,000
<u>103,400</u>	Total Income		<u>101,835</u>	<u>101,000</u>
	Less Expenses			
30,000	Administration	5	30,264	29,500
37,152	Appeal Costs	6 & 8	41,183	35,000
31,736	Governance	7 & 8	35,346	40,500
<u>98,888</u>	Total Expenses		<u>106,793</u>	<u>105,000</u>
<u>4,512</u>	Net Operating Surplus (Deficit)		<u>(4,958)</u>	<u>(4,000)</u>

Chartered Professional Engineers Council
Statement of Movements in Equity
For the Year Ended 30 June 2021

2020 Actual \$		2021 Actual \$	2021 Budget \$
4,512	Net Operating Surplus (Deficit)	(4,958)	(4,000)
<u>4,512</u>	Total Recognised Revenues and Expenses	<u>(4,958)</u>	<u>(4,000)</u>
80,567	Opening Equity Balance	85,079	85,079
<u>85,079</u>	Total Equity	<u>80,121</u>	<u>81,079</u>

The accompanying notes form part of these financial statements




Chartered Professional Engineers Council
Statement of Financial Position
As at 30 June 2021

2020 Actual \$		Note	2021 Actual \$	2021 Budget \$
Current Assets				
23,516	Cash and Cash Equivalents	9	19,462	11,979
80,000	Investments - Short Term Deposits	10	80,000	80,000
6,338	Debtors	11	5,170	5,600
<u>109,854</u>	Total Current Assets		<u>104,632</u>	<u>97,579</u>
Less Current Liabilities				
24,775	Creditors	12	24,511	16,500
<u>24,775</u>	Total Current Liabilities		<u>24,511</u>	<u>16,500</u>
<u>85,079</u>	Net Assets		<u>80,121</u>	<u>81,079</u>
Represented By:				
<u>85,079</u>	Total Equity		<u>80,121</u>	<u>81,079</u>

For and on behalf of the Council


..... Chair


..... Deputy Chair

Date: 3 September 2021



Chartered Professional Engineers Council
Statement of Cash Flows
For the Year Ended 30 June 2021

2020 Actual \$		2021 Actual \$	2021 Budget \$
	Cash Flow from Operating Activities		
	Cash was Provided from:		
100,000	Levies Received	100,000	100,000
1,196	Net Goods and Services Tax Received (Paid)	403	(1,088)
101,196		100,403	98,912
	Cash was Disbursed to:		
91,019	Payments to Suppliers and Council Members	106,792	111,924
91,019		106,792	111,924
10,177	Net Cash Flow (Deficit) from Operating Activities	(6,389)	(13,012)
	Cash Flow from Investing Activities		
2,807	Interest Received	2,335	1,475
2,807	Net Cash Flow from Investing Activities	2,335	1,475
12,984	Net Increase (Decrease) in Cash and Cash Equivalents	(4,054)	(11,537)
10,532	Opening Cash and Cash Equivalents	23,516	23,516
23,516	Closing Cash and Cash Equivalents	19,462	11,979

Note 9

The accompanying notes form part of these financial statements



Chartered Professional Engineers Council

Notes to the Financial Statements

For the Year Ended 30 June 2021

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.

Budget Figures

The budget figures were approved by the Council at its June 2020 meeting and were calculated on a basis consistent with previous years. The budget was prepared in accordance with GAAP accounting standards.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year, however some classification and presentation changes have been made and relevant prior year values have been updated to aid comparison.

Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except Creditors (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 Professional Engineers Council (CPEC), as a public entity created by statute, was tax exempt under the Income Tax Act 2007. Following an Inland Revenue review CPEC was advised that it was to be taxed at the company rate. The IRD allowed CPEC to lodge tax returns from 2007, which resulted in accumulated losses to be carried forward. After adding the 2021 tax loss of \$4,958 the accumulated losses to carry forward will be \$81,423 (2020 \$76,465)

2. Financial Instruments

The Chartered Professional Engineers Council is party to financial instruments in the form of bank accounts, short term investments, debtors and creditors as part of its everyday operations. These are disclosed in the Statement of Financial Position at their fair value. Income and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance in arriving at the operating result.

3. Levies Received

The Council receives an annual grant from Engineering New Zealand, funded through a levy on its members. For the year ended 30 June 2021 this was \$100,000 plus GST (2020 \$100,000 plus GST).

4. Interest Received

Is the Interest earned on the Westpac Bank short term deposits and on funds held in the Westpac Bank operating account. Interest revenue is recognised in the period in which it is earned using the effective interest rate method

Chartered Professional Engineers Council
Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2021

		2021	2020
5. Administration Expenses	Note	\$	\$
Accounting Fees		7,800	8,175
Audit Fees	13	4,604	4,357
Consultant - Executive Officers Fees		10,856	10,490
Dropbox, Google and Zoom Fees		3,427	3,710
Printing Annual Reports		875	1,249
Sundry Expenses		2,702	2,019
		<u>30,264</u>	<u>30,000</u>
6. Appeal Costs	Note		
Council Member Appeal Fees	8	33,522	31,738
Council Member Appeal Travel Expenses	8	1,497	2,208
Legal and Consultants Fees Appeals		3,737	2,351
Other Appeal Costs		2,427	855
		<u>41,183</u>	<u>37,152</u>

During the 2021 year the Council incurred appeal costs for 14 appeals (2020 5 Appeals). Since 1 July 2021 the Council has incurred costs associated with 9 ongoing appeals (2020 3 ongoing appeals) and these expenses will be recorded in the 2022 Financial Statements.

	Note		
7. Governance			
Council Meeting Fees	8	18,772	16,913
Council Meeting Travel Expenses	8	6,147	7,313
Council Member Other Fees	8	8,042	5,780
Council Meeting Other Costs		2,385	1,730
		<u>35,346</u>	<u>31,736</u>

8. Related Party Transactions	Council	Appeal	Other
	Meeting Fees	Hearing Fees	Fees
During the 2021 year Council Members received fees totalling \$60,336 as follows:	2021	2021	2021
	\$	\$	\$
Chris Harrison (Chair)	3,588	12,517	5,733
Sandra Hardie (Deputy Chair)	2,840	5,135	926
Manjit Devgun	2,271	2,370	988
Tony Fairclough	2,469	1,185	395
Rebecca Knott	1,284	679	-
Sue Simons	1,876	2,725	-
Sarah Sinclair	2,271	2,295	-
Alan Winwood	2,173	6,616	-
	<u>18,772</u>	<u>33,522</u>	<u>8,042</u>

During the 2021 year Council Members were also reimbursed travel expenses totalling \$6,146 for attending Council meetings and \$1,497 for attending Appeal hearings.

	2020	2020	2020
During the 2020 year Council Members received fees totalling \$54,431 as follows:	\$	\$	\$
Jon Williams (Chair to 30-11-19)	1,872	7,110	-
Ross Tanner (Deputy Chair to 30-11-19)	988	-	-
Chris Harrison (Chair from 1-12-19)	2,745	2,370	4,175
Sandra Hardie (Deputy Chair from 1-12-19)	2,420	5,135	618
Manjit Devgun	1,383	-	-
Rebecca Knott	2,173	1,975	-
Sue Simons	988	5,569	-
Sarah Sinclair	2,172	3,654	-
Alan Winwood	2,172	5,925	987
	<u>16,913</u>	<u>31,738</u>	<u>5,780</u>

During the 2020 year Council Members were also reimbursed travel expenses totalling \$7,313 for attending Council meetings and \$2,208 for attending Appeal hearings.



Chartered Professional Engineers Council
Notes to the Financial Statements (Continued)
For the Year Ended 30 June 2021

	2021	2020
	\$	\$
9. Cash and Cash Equivalents		
Cash and cash equivalents are cash funds readily available in the Westpac Bank operating account as follows:		
Westpac Bank operating account	19,462	23,516
Cash and Cash Equivalents	19,462	23,516
10. Investments - Short Term Deposits		
Investments are short term deposits with the Westpac Bank with original maturities of less than one year. They are recorded at cost, interest accrued to balance date is recognised as a Debtor at year end.		
Westpac Short Term Deposit at cost	80,000	80,000
Investments - Short Term Deposits	80,000	80,000
11. Debtors		
Debtors are accounts receivable which are recorded at their realisable value as follows:		
Goods and Services Tax Receivable	4,895	5,563
Interest Accrued	275	775
Debtors	5,170	6,338
12. Creditors		
Creditors are the accounts payable to suppliers and council members and are recorded at the amount payable as follows:		
Accounts payable to suppliers and council members	24,511	24,123
PAYE payable	-	652
Creditors	24,511	24,775
13. Auditor's Remuneration		
Baker Tilly Staples Rodway Audit Limited provides audit services to the Council on behalf of the Auditor-General. The audit fees charged for the 2021 audit were \$4,604 (2020 \$4,357)		
No non-audit services are provided by Baker Tilly Staples Rodway Limited.		
14. Contingent Liabilities		
The Chartered Professional Engineers Council had no contingent liabilities as at balance date (2020 Nil).		
15. Commitments		
The Chartered Professional Engineers Council had no commitments as at balance date (2020 Nil).		
16. Subsequent Events		
There were no subsequent events.		

