

INDEPENDENT REGULATORY BOARD FOR AUDITORS

# THE ACCREDITATION MODEL 2013

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THE ACCREDITATION OF PROFESSIONAL BODIES AS PROVIDED FOR IN THE  
AUDITING PROFESSION ACT, NO. 26 OF 2005

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## FOREWORD

This document consists of three sections and two appendices.

Section 1: This section provides an overview of and orientation to the accreditation model. It explains the objectives to be achieved through the accreditation of professional bodies, the two levels of accreditation as defined by the IRBA and the principles underlying the model.

Section 2: This section provides details of the requirements for the institutional accreditation of professional bodies by the IRBA.

Section 3: This section provides details of the requirements for the recognition of the programmes (academic, core assessment and the professional development programme) of professional bodies by the IRBA.

Appendix 1: Appendix 1 contains the competency framework upon which section 3 relies.

Appendix 2: Appendix 2 contains the competency framework for the Audit Development Programme.



# SECTION 1

INTRODUCTION AND OVERVIEW OF  
THE ACCREDITATION MODEL

# THE ACCREDITATION MODEL

## SECTION 1

### INTRODUCTION AND OVERVIEW OF THE ACCREDITATION MODEL

#### Orientation to this section

*This section serves as an introduction to the accreditation model prescribed by the IRBA. It explains the objectives to be achieved through the accreditation of professional bodies as a statutory mechanism through which the IRBA may achieve its objectives.*

*Two levels of accreditation are identified, namely institutional accreditation and programme accreditation. The former refers to the quality of a professional body as a whole and its ability to support the various accredited programmes. This includes its commitment to the maintenance and further development of professional competence and the advancement and implementation of high standards of ethics and discipline within the profession. Programme accreditation refers to the quality of the programmes used by professional bodies to develop and assess core competence. It also involves programmes designed to develop and assess the professional competence of a professional accountant<sup>1</sup>.*

*This section defines the principles underlying the application of the model and describes the nature of the responsibilities implicit in accreditation, as well as the relationship established between the IRBA and accredited professional bodies. A distinction is made between partially and fully accredited professional bodies.*

#### 1. ACCREDITATION AS STATUTORY MECHANISM

1.1 The primary objective of the IRBA as established in terms of section 3 of the Auditing Profession Act, 2005 (the Act) is to protect the public through regulation of the auditing profession. In terms of section 2 of the Act, such regulation is intended to advance the development and maintenance of internationally comparable ethical and auditing standards and to advance the implementation of appropriate standards of competence and good ethics. These objectives seek to advance the economic well-being of South Africa by promoting investment and ultimately employment. The Act provides for various statutory mechanisms necessary to achieve these objectives, one of which is the accreditation of professional bodies.

1.2 The reputation, relevance and value of the auditing profession depend on the ability of its members to continually meet the expectations of stakeholders and provide a service appropriate to the needs of the South African economy within the global context. The IRBA therefore has a duty to ensure that all Registered Auditors (RAs):

- have the necessary professional competence on entering the auditing profession to serve the public interest and the needs of the economy;
- further develop and maintain their professional competence after registration; and
- are subject to appropriate ethical requirements and are disciplined where appropriate.

Supporting the realisation of the IRBA's objectives for the development, assessment and maintenance of the professional competence of auditors, demands more than high-quality education, training, assessment and continuing professional development (CPD) programmes. What is required is high-quality governance and management of these programmes by professional bodies devoted to providing relevant, effective and efficient services to members and other stakeholders.

For this reason, the accreditation of a professional body must address the institutional effectiveness and efficiency as well as the quality of programmes that develop and assess professional competence. It is therefore useful to distinguish between institutional and programme accreditation requirements. In terms of section 33 of the Act, in order to qualify for accreditation a professional body must demonstrate, to the satisfaction of the IRBA, that –

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<sup>1</sup> A professional accountant refers to a person who has completed recognised programmes of education; training and professional development through an accredited professional body, which provides direct access to the audit development programme (ADP).

Programme accreditation requirements

- It complies with the prescribed requirements for professional development and the achievement of professional competence;

Institutional accreditation requirements

- It has appropriate mechanisms for ensuring that its members participate in continuing professional development (CPD) as recognised or prescribed by the IRBA.
- It has mechanisms to ensure that its members are disciplined where appropriate;
- It is, and is likely to continue to be, financially and operationally viable for the foreseeable future;
- It keeps a register of its members in the format prescribed by the IRBA;
- It has in place appropriate programmes and structures to ensure that it is actively endeavouring to achieve the objective of being representative (race and gender) of all sectors of the South African population; and
- It meets any other requirement prescribed by the IRBA from time to time. In this regard:
  - The professional body must have appropriate technical support and guidance available to its members who are registered auditors.
  - The professional body must provide full details of any recognition agreements that it has concluded with any other professional body and that provide for membership of the accredited professional body.

Fig. 1. Structure of the accreditation model

Institutional accreditation (Section 33 (b) to (g) of the Act)	Programme accreditation (Section 33(a) of the Act)
All accredited professional bodies are required to comply with the following institutional accreditation requirements:	All accredited professional bodies must comply with the programme requirements for the development and assessment of core competence.
Continuing professional development (CPD)	Develop and assess core competence:
<ul style="list-style-type: none"><li>• Disciplining of members where appropriate</li><li>• Financial and operational viability</li><li>• Maintaining a register of members in prescribed format</li><li>• Programmes endeavouring to achieve representation of race and gender</li><li>• Other requirements:<ul style="list-style-type: none"><li>• Appropriate technical support and guidance available to all its members who are registered auditors</li><li>• Recognition agreements with other professional bodies</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Recognised academic programmes and</li><li>• Recognised core assessment programmes</li></ul> <p><i>In order to be fully accredited, a professional body must also comply with the requirements for the development and assessment of professional competence:</i></p> <ul style="list-style-type: none"><li>• Recognised professional development programme</li></ul>



## 2. INSTITUTIONAL AND PROGRAMME ACCREDITATION

### Accreditation

- 2.1 Accreditation is the status granted by the IRBA to professional bodies that meet and continue to meet the prescribed accreditation standards. In this regard, a distinction is made between full and partial accreditation.

### Full and partial accreditation

- 2.2 An accredited professional body complies with the requirements for institutional accreditation<sup>2</sup>. In addition to this, the IRBA has accredited the academic and core assessment programmes as well as the professional development programme of the professional body that enables admission to the audit development programme (ADP)<sup>3</sup>.

A partially accredited professional body must comply with the institutional accreditation requirements and the academic and core assessment programmes.

FULLY ACCREDITED	
Institutional requirements	Mandatory
Academic programme	Mandatory
Core assessment programme	Mandatory
Professional development programme	Mandatory

PARTIALLY ACCREDITED	
Institutional requirements	Mandatory
Academic programme	Mandatory
Core assessment programme	Mandatory
Professional development programme	Not mandatory

### Institutional accreditation requirements

- 2.3 Institutional accreditation is a prerequisite for full and partial accreditation. This is necessary to ensure that professional bodies accredited by the IRBA for conducting the academic and core assessment programmes are supported by high-quality institutions with appropriate infrastructure, policies and procedures capable of making a positive contribution to the auditing profession in South Africa. This contribution extends beyond the provision of recognised academic and core assessment programmes. It demands that all accredited professional bodies have in place mechanisms to ensure that members are disciplined where appropriate. In addition, the professional body concerned should be financially and operationally viable for the foreseeable future and should provide adequate and appropriate technical support and guidance to its members. Within the particular South African context, accredited professional bodies should contribute towards endeavouring to be representative of the population in terms of race and gender.
- 2.4 Compliance with the requirements for continuing professional development is a fundamental aspect of accreditation. The maintenance and further development of the professional competence of RAs is necessary to ensure that they continue to meet stakeholder expectations not only at the point of registration, but throughout their professional lives. The realisation of the objectives of the IRBA to develop and maintain internationally comparable standards of competence and ethics

<sup>2</sup> Recognition agreements with other professional bodies are compulsory for professional bodies wishing to facilitate audit rights through the IRBA in South Africa. Professional Bodies who do not wish to seek recognition rights for audit are not required to comply with this section of the model.

<sup>3</sup> The audit development programme is designed to develop audit competence to a level appropriate for an entry level Registered Auditor (RA). This programme is the direct responsibility of the IRBA.

in the auditing profession demands that all accredited professional bodies be required to place significant emphasis on the continuing professional development of their members.

- 2.5 In order to facilitate mobility and access to the profession, professional bodies are encouraged to enter into formal recognition agreements with other professional bodies.

Institutional accreditation requirements are set out in section 2 of this document.

### Programme accreditation requirements

- 2.6 In order to register and practise as an auditor an individual must, in terms of section 37(2), and in addition to various other requirements, satisfy the IRBA that the prescribed education, training and competency requirements for RAs (section 37(2)) have been complied with.

- 2.7 The requirements so prescribed are as follows:

- Successful completion of a recognised academic programme (section 7(1)(a)); and
- Successful completion of a recognised core assessment programme (section 7(1)(a)); and
- Successful completion of a recognised professional development programme of the prescribed period and format (section 7(1)(d)) and under a contract registered with the IRBA (section 7(1)(e)) in the office of an RA recognised by the IRBA as a training officer (section 7(1)(g)); and
- Demonstration of professional competence appropriate for an entry level RA through successful completion of the ADP conducted by the IRBA in terms of section 7(1)(b).

- 2.8 Section 7(1)(a) provides for the recognition of the programmes of educational institutions as well as accredited professional bodies. In this regard the following applies:

- The IRBA will give preference to the recognition of the programmes of accredited professional bodies. This is due to the partnership relationship established through the process of accreditation whereby the IRBA's objectives are supported by accredited professional bodies that have complied and continue to comply with the requirements for institutional accreditation.
- In the interests of providing continuous paths of access to the registered profession, where it is not possible to recognise the programmes of an accredited professional body and in order to enable such access, the IRBA may, subject to the relevant requirements being met, recognise the educational qualifications or programmes of educational institutions as provided for in terms of section 7(1)(a).

- 2.9 It is evident from the above that the following programmes can be recognised by the IRBA in terms of section 7(1)(a):

- Recognised academic programme;
- Recognised core assessment programme;
- Recognised professional development programme

The recognition requirements, including programme objectives, standards and indicators, are described in section 3 of this document.

In terms of section 7(1)(d), (e) and (g) the IRBA must prescribe training requirements, including but not limited to the period of training and the format of training contracts. The IRBA must approve and register training contracts entered into by prospective RAs and must either conditionally or unconditionally recognise or withdraw the recognition of RAs as training officers. These statutory requirements as they relate to training are incorporated into the conditions for the accreditation of the professional development programme of professional bodies.

In terms of section 7(1)(b) the IRBA may recognise or withdraw the right of accredited professional bodies to conduct the final qualifying examination for registration purposes. The IRBA may also on its own conduct any such examination for registration purposes. However, given that the IRBA must, in terms of section 7(1)(f), prescribe competency requirements, it considers itself well placed to assess the competence of aspirant RAs against its prescribed requirements. The IRBA will therefore not recognise the assessments of professional bodies as constituting the final assessment of professional competence required for the purpose of registering as an RA. The IRBA will assume full responsibility for conducting this assessment.

### 3. PRESCRIBED ACCREDITATION REQUIREMENTS

#### Institutional and programme objectives

- 3.1 The IRBA must, in terms of section 5(a), prescribe minimum requirements for accreditation in addition to those provided for in the Act. This is achieved firstly through the definition of objectives (institutional and programme) that relate to each of the accreditation requirements specified in the Act. The objectives are a broad statement of the IRBA's minimum expectations and requirements at the institutional and programme levels.

#### Accreditation standards

- 3.2 Accreditation standards describe the fundamental characteristics that should be present at either an institutional or a programme level to realise the stated objectives. It should be noted, however, that the mere existence of such characteristics is not an assurance that the required standards will be achieved, but rather that the institution or its programme possesses the necessary resources that, if effectively applied, are likely to achieve the stated objectives.
- 3.3 Accreditation standards describe the minimum institutional and/or programme requirements that must be complied with, and it is likely that professional bodies may exceed these requirements for their own purposes.
- 3.4 The IRBA will seek to define its accreditation standards on the basis of appropriate experience and research and, where appropriate, after consultation with accredited professional bodies. Standards will be periodically reviewed and revised so as to remain relevant to changed circumstances.
- 3.5 While the accreditation standards are intentionally general, the assessment thereof is based upon careful and detailed examination of the specific circumstances of the professional body concerned. The generality of the accreditation standards enables the IRBA to focus on the particular circumstances relevant to a specific professional body, rather than on establishing measures of conformity. The widely diverse purposes and scope of professional bodies demand that the accreditation standards be sufficiently broad to encompass this diversity, and thereby support innovation. At the same time, the accreditation standards must be sufficiently clear so as to promote quality.
- 3.6 The IRBA has articulated the following six principles that underpin the interpretation and application of accreditation standards:
- The accreditation standards are statements of good practice and are not intended to seek uniformity or conformity that may be applicable to a limited set of circumstances.
  - The diversity and range of professional bodies in South Africa must be respected and accommodated, thus emphasising that good practice may be manifested in a wide range of professional situations.
  - Accreditation standards focus on inputs and outcomes, thereby embracing a model of accreditation that requires the assessment of resources, processes and outcomes at both the institutional and programme level.
  - The standards strive towards clarity and avoid redundancy and ambiguity.
  - No single accreditation standard is considered to have overriding importance for the purposes of granting or maintaining accreditation. Rather, standards are viewed as an interdependent set of requirements that, collectively, enable the institutional and programme objectives to be met.

- The standards recognise that the IRBA is a statutory regulatory body charged with protecting public interest within the Republic, and therefore must advance the best interests of the profession in this regard.

### Indicators of standards

- 3.7 In order to make it possible to determine the extent to which an accreditation standard has been met, certain indicators that provide guidance on how the standard may be achieved in practice are included in the accreditation model.
- 3.8 The inability to adhere to a specific indicator will not be viewed in isolation in the accreditation and monitoring process. It is accepted that the standard may also be achieved through alternative means not referred to in the indicators.
- 3.9 The indicators elaborate upon the accreditation standards defined by the IRBA. While they identify practices that the IRBA considers characteristic of the standard, they do not demand a specific application nor carry any endorsements of particular practices. The indicators address major components of the accreditation standards but they are not designed to cover every aspect of the standard. Professional bodies are, however, encouraged to address each indicator and, where appropriate, to include alternative or additional indicators if doing so would provide greater depth or more applicability to the individual institution.

## 4. THE ACCREDITATION PHILOSOPHY

The accreditation of professional bodies is intended to give rise to long-term partnerships between the regulator and relevant professional bodies that share an interest in advancing an appropriate standard within the auditing profession. No assurance is given or implied that every accredited professional body manifests all the accreditation standards to the same degree. Accredited bodies are expected to demonstrate these standards in a substantial measure and always to be in the process of striving toward improvement. The IRBA will base its accreditation processes and procedures upon the following broad principles:

### 4.1 Objectivity

Accreditation by the IRBA is an expression of confidence in a professional body's institutional and programme quality. Accreditation attests to the judgement of the IRBA that a professional body complies with certain minimum accreditation requirements. Such judgement is based, as far as possible, on an objective decision supported by evidence that arises both from a self-evaluation process conducted by the professional body concerned, and an external validation process carried out by the IRBA.

### 4.2 Public assurance

Given the statutory objectives of the IRBA, accreditation must provide public assurance that a professional body has the resources that render it capable of delivering high-quality academic and core assessment programmes of an appropriate standard, supported by a high-quality institution. Accreditation cannot, however, provide assurance as to the quality of actual delivery, as this is a function of the extent to which available resources are actually applied.

### 4.3 Continual improvement

Accreditation seeks to achieve, maintain and constantly enhance high standards of programme delivery within the profession. It must therefore provide an opportunity for accredited professional bodies to continually evaluate stated objectives, and through innovation and change seek continuous improvement in quality. Thus, the accreditation process involves more than an examination of static requirements against predetermined criteria. It rather involves an elaborate and interactive process to evaluate the extent to which a professional body is able to support the realisation of the objectives of the IRBA.

### 4.4 Forum for consultation

The IRBA recognises that its statutory objectives are to be partly achieved through the mechanism of the accreditation of professional bodies. To this end, therefore, accreditation should provide a forum for consultation between the IRBA, accredited bodies and identified stakeholders that share a common interest in enhancing the development, assessment and maintenance of high standards of competence within the accounting and auditing profession.

#### 4.5 Diversity and innovation

The accreditation process tolerates and encourages diverse and innovative means of achieving common objectives. For this reason, the focus of the accreditation process is on fostering a commitment to quality, rather than on prescribing specific quantitative measures of consistency in policies and procedures among professional bodies.

#### 4.6 Access to the profession

The accreditation process is intended to provide access to the auditing profession to all who have the ability and desire to qualify, register and practise as RAs. It is, however, not the policy of the IRBA to establish academic, core assessment and professional development programmes required for registration purposes. The IRBA believes that this function is best fulfilled by professional bodies that seek accreditation, either in full or in part. Given that the IRBA is to conduct the final assessment of professional competence for those persons wishing to register and practice as RAs, it is in the interests of the broader profession that programmes that prepare individuals for this assessment be conducted by accredited professional bodies. In this manner, access to the auditing profession through accredited professional bodies will be encouraged. The roles to be played by the providers (accredited professional bodies) and the assessor (the IRBA) will also be appropriately differentiated.

#### 4.7 Appropriate standards

Given the status of the IRBA as a statutory regulatory body, the accreditation process must promote appropriate standards of professional competence that will ensure that only those persons who have demonstrated the prescribed degree of professional competence are able to register and practise as auditors. Accreditation must also ensure that, as South Africa continues to participate in a competitive global economy, standards of professional competence and continuing professional development are on par with international standards.

### 5. RESPONSIBILITIES IMPLICIT IN ACCREDITATION

Accreditation establishes a partnership relationship between the IRBA and the professional bodies that gives rise to certain responsibilities.

#### 5.1 Responsibilities undertaken by the IRBA

In granting accreditation to professional bodies, the IRBA undertakes to:

- Constantly evaluate its own policies and practices to ensure that they represent best international accreditation practices that promote the autonomy of accredited professional bodies.
- Ensure that its accreditation policies and procedures are appropriate within South African circumstances, are responsive to the particular needs of the profession, and contribute towards achieving the objectives of the IRBA as defined in the Act.
- Provide opportunities whereby partially accredited professional bodies that appear to be capable of achieving full accreditation within a reasonable period are able to learn from the accreditation process and thereby enhance their programmes so as to make them capable, over time, of full accreditation.
- Honour the relationships between accredited professional bodies and the providers of their various programmes to strengthen the relationships between the profession and those responsible for the development, assessment and training of individuals for the profession.
- Cooperate, where appropriate, with other statutory bodies and organs of state and other professional institutes that share the objectives of advancing the standards of competence of RAs within South Africa.

#### 5.2 Responsibilities undertaken by an accredited professional body

The accreditation process is intended to strengthen and sustain the quality and integrity of the auditing profession, making it worthy of public confidence. The extent to which each accredited body accepts and fulfils the responsibilities inherent in the process is a measure of its concern for the quality of auditing and its commitment to striving for and achieving excellence in its own endeavours.

The IRBA accredits a professional body only after it is satisfied that its accreditation standards have been complied with. The process of accreditation provides an opportunity for critical self-analysis by the professional body concerned, leading to improvements in quality. With the granting of accreditation status to a professional body, the body should undertake to:

- Cooperate fully with the IRBA in the monitoring activities carried out by the IRBA in respect of the accreditation standards
- Inform the IRBA timeously of any anticipated changes in the professional body that might affect the extent to which it continues to meet accreditation standards
- Inform the IRBA of any anticipated intention to renounce its accreditation
- Bring to the attention of the IRBA any circumstances that may affect the accreditation or continued accreditation of the professional body concerned
- Respond to correspondence from the IRBA in matters relating to accreditation within a reasonable period
- Demonstrate a commitment to the accreditation process by remaining informed about the process and by participating in the process to improve it through cooperation
- Demonstrate commitment to continuous improvement by performing regular self-evaluations against stated objectives.





# SECTION 2

Institutional accreditation



## SECTION 2

### INSTITUTIONAL ACCREDITATION

#### Orientation to this section

*The purpose of this section is to set out the requirements for the institutional accreditation of professional bodies by the IRBA. The section deals with each of the institutional accreditation requirements listed in section 33(b) to (g) of the Act. For each requirement, an objective is defined from which accreditation standards and indicators are derived.*

*The accreditation standards describe the minimum requirements to be met by professional bodies seeking accreditation. The maintenance of accreditation is dependent upon the professional body concerned continuing to comply with the accreditation standards. Indicators describe certain patterns of evidence that point to the manner in which a particular standard may be met in practice.*

*Institutional accreditation is a prerequisite for both full and partial accreditation because it provides the foundation upon which an accreditation relationship is established between the IRBA and the relevant professional body. Institutional accreditation requirements are aimed at ensuring that accredited professional bodies can make a positive contribution to the auditing profession in South Africa, thereby supporting the IRBA in the achievement of its unique statutory objectives.*

#### 1. STATUTORY REQUIREMENTS (The Act)

1.1 In order to qualify for accreditation, a professional body must demonstrate, to the satisfaction of the IRBA that:

- It complies with the prescribed requirements for professional development and the achievement of professional competence
- It has appropriate mechanisms for ensuring that its members participate in continuing professional development as recognised or prescribed by the IRBA
- It has mechanisms to ensure that its members are disciplined where appropriate
- It is, and is likely to continue to be, financially and operationally viable for the foreseeable future
- It keeps a register of its members in the format prescribed by the IRBA
- It has in place appropriate programmes and structures to ensure that it is actively endeavouring to achieve the objective of being representative of all sectors of the South African population
- It meets any other requirement prescribed by the IRBA from time to time. In this regard –
  - The professional body concerned must have appropriate technical support and guidance available to its members who are RAs.
  - The professional body concerned must provide full details of any recognition agreements that it has concluded with any other professional body and that provide for membership of the accredited professional body.

**Fig. 1. Structure of the accreditation model**

INSTITUTIONAL ACCREDITATION	PROGRAMME ACCREDITATION
<ul style="list-style-type: none"> <li>• Continuing professional development (CPD)</li> <li>• Disciplining of members where appropriate</li> <li>• Financial and operational viability</li> <li>• Maintaining a register of members in prescribed format</li> <li>• Representivity in the profession</li> <li>• Other requirements: <ul style="list-style-type: none"> <li>• Appropriate technical support and guidance available to all its members who are registered auditors</li> <li>• Recognition agreements with other professional bodies</li> </ul> </li> </ul>	<p>All accredited (fully or partially) professional bodies:</p> <ul style="list-style-type: none"> <li>• Recognised academic programme; and</li> <li>• Recognised core assessment programme</li> </ul> <p>Fully accredited professional body, in addition to the above:</p> <ul style="list-style-type: none"> <li>• Recognised professional development programme</li> </ul>

1.2 Accreditation is the status granted by the IRBA to professional bodies that meet and continue to meet the prescribed accreditation standards. In this regard, a distinction is made between full and partial accreditation.

1.3 Compliance with the institutional requirements is a prerequisite for both full and partial accreditation.

- In addition to its compliance with the institutional requirements, in the case of a fully accredited professional body the IRBA has recognised its academic and core assessment programmes, as well as the professional development programme that enable admission to the ADP.
- In addition to its compliance with the institutional requirements, in the case of a partially accredited professional body the IRBA has recognised both the academic and core assessment programmes.

1.4 Institutional accreditation is a prerequisite for both full and partial programme accreditation. The objectives and functions of the IRBA as defined in the Act are rigorous. The promotion of investment in South Africa and ultimately opportunity for employment must be sought in partnership with accredited professional bodies. In order to realise its objectives, and where it is appropriate, the IRBA should therefore draw on the support of accredited professional bodies in order to extend its sphere of influence into the broader profession. Thus, the requirements of accredited professional bodies extend beyond the delivery of development and assessment programmes. The IRBA accredits professional bodies committed to supporting the IRBA in its disciplinary and CPD objectives, where appropriate, and capable of making a positive contribution to the auditing profession in particular, as well as to the broader profession in South Africa.

## Continuing professional development (CPD)

1.5 Compliance with the requirements for CPD is a fundamental aspect of both full and partial accreditation. The maintenance and further development of professional competence among Registered Auditors (RAs) is necessary to ensure that they continue to meet stakeholder expectations, not only at the point of registration, but throughout their professional lives. The realisation of the objectives of the IRBA to develop and maintain internationally comparable standards of competence and ethics in the auditing profession demands that all accredited professional bodies be required to place significant emphasis on the continuing professional development of their members.

1.6 Accredited professional bodies must have appropriate mechanisms for ensuring that members participate in continuing professional development that is either recognised or prescribed by the IRBA.

## Discipline and ethical conduct

- 1.7 Compliance with the accreditation requirements for discipline and ethical conduct demonstrates the commitment of a professional body towards advancing the implementation of appropriate standards within the broader profession. The level of professional standing for all members of an accredited professional body has direct implications for the regard of RAs who are members of the same professional body.

## Financial and operational viability

- 1.8 The provision of consistent support for the IRBA's objectives and the making of a sustainable commitment to the broader profession over an extended period demand that an accredited professional body must be financially and operationally viable for the foreseeable future.

## Register of members

- 1.9 A further institutional requirement for accreditation is that a professional body must maintain a register of its members in an appropriate format.

## Representivity in the profession

- 1.10 Within the particular South African circumstances all accredited professional bodies should contribute towards endeavouring to be representative of race and gender sectors of the population.

## Other accreditation requirements

- 1.11 In addition to the above, the IRBA may from time to time prescribe any other accreditation requirements. This emphasises the fact that the accreditation relationship is not a static one, but must be adapted to changing circumstances. Accreditation standards and indicators will be regularly reviewed in order to ensure that they remain relevant to the particular needs of the South African auditing profession within the global context. In this regard, the following:
- Technical support and guidance: The professional body concerned must provide adequate technical support and guidance in order to assist its members to maintain and develop their professional competence.
  - Recognition agreements with other professional bodies: The professional body concerned must provide full details of any recognition agreements that it has concluded with any other professional body and that provide for membership of the accredited professional body through partial or full accreditation.

## 2. MONITORING IN THE CONTEXT OF ACCREDITATION

- 2.1 Central to achieving the objectives of the IRBA is the monitoring of the institutional requirements to be complied with by accredited professional bodies.
- 2.2 The monitoring process is designed to encourage and assist accredited professional bodies in seeking continuous improvement in those institutional requirements set out in paragraph 1.1.
- 2.3 Once a professional body has been accredited by the IRBA, either partially or fully, it shall be deemed to be accredited unless monitoring procedures reveal that it no longer complies with the accreditation requirements.
- 2.4 The maintenance of accreditation status is therefore dependent on the accredited professional body continuing to meet all the institutional accreditation requirements, in addition to at least the accreditation of its academic and core assessment programmes as determined through the continuous monitoring procedures carried out by the IRBA.
- 2.5 Every professional body that is accredited by the IRBA will be subjected to a monitoring process by the IRBA.

2.6 The following monitoring procedures apply to every institutional accreditation requirement:

- regular formal reporting by the professional body concerned;
- self-evaluation by the relevant professional body;
- external validation (where appropriate); and
- specific investigation (where appropriate).

2.7 The manner in which the above monitoring procedures are applied to the institutional requirements of a particular accredited professional body will be determined by means of a consultative process between the relevant professional body and the IRBA.

### Regular formal reporting

2.8 It is essential for the accredited professional body to submit regular formal reports to the IRBA to ensure that the IRBA receives relevant and up-to-date information with respect to every institutional accreditation requirement.

### Self-evaluation

2.9 The purpose of the self-evaluation is to provide the professional body concerned with an opportunity to:

- determine the extent to which the institutional accreditation requirements defined by the IRBA continue to be complied with;
- recommend to the IRBA possible changes to accreditation requirements and/or monitoring procedures defined by the IRBA; and
- identify particular aspects relating to the regulation of the auditing profession in general that call for appropriate measures to be taken by the IRBA.

2.10 The absence of external validation procedures ordinarily carried out by the IRBA in respect of institutional accreditation requirements implies that a high degree of reliance is to be placed on the information forwarded to the IRBA by the professional body concerned in the regular formal report and self-evaluation reports. Accordingly, the professional body concerned should ensure that the information so provided is sufficient and appropriate to enable the IRBA to determine the extent to which each of the institutional accreditation requirements is complied with. The IRBA therefore reserves the right to request the professional body concerned to address particular aspects of the institutional accreditation requirements as part of its self-evaluation report.

### External validation

2.11 The purpose of the external validation procedures is to provide the IRBA with an opportunity to assess, independently, the opinions with regard to institutional accreditation requirements expressed in the self-evaluation report by the professional body concerned.

2.12 Given the nature of the institutional requirements for accreditation and the direct role that the IRBA plays with regard to the regulation of registered auditors through its own CPD and disciplinary functions, external validation procedures will not ordinarily be carried out with respect to institutional accreditation requirements. However, the IRBA reserves the right to conduct its own external validation procedures of the institutional requirements where appropriate in order to satisfy itself that the institutional requirements are complied with.

### Specific investigation

2.13 Where the IRBA has reason to question the extent to which the institutional accreditation requirements are being complied with, it will investigate the matter and take appropriate action.

### 3. THE MONITORING REPORT

- 3.1 The IRBA will use the information gathered through the regular formal report and self-evaluation report (and external validation procedures and specific investigations, if undertaken) to compile a monitoring report that addresses each of the institutional accreditation requirements.
- 3.2 The IRBA will prepare a draft monitoring report, a copy of which will be forwarded to the professional body concerned for comment.
- 3.3 A copy of the final monitoring report will be forwarded to the professional body concerned.
- 3.4 On the basis of the final monitoring report and the recommendations contained therein, the IRBA will either resolve that accreditation of the professional body concerned be continued or withdrawn immediately, or that a warning of possible withdrawal be issued.
- 3.5 The decision of the IRBA will be communicated to the professional body concerned in writing.

### 4. WITHDRAWAL OF ACCREDITATION

- 4.1 The IRBA will, prior to cancelling accreditation, give notice in writing to the professional body concerned of its intention to cancel its accreditation and the reasons upon which this decision is based, and must afford the professional body a period of at least 21 days and not more than 30 days in which to submit grounds for not proceeding with the cancellation.
- 4.2 A warning of withdrawal of accreditation by the IRBA implies that if the situation is not rectified within the period specified in the warning, the accreditation of the professional body concerned will be withdrawn.
- 4.3 Upon issuing a warning, the IRBA will set out the reasons for the warning and set specific and clear objectives that must be achieved by the professional body concerned within the specified period in order to maintain its accreditation status.
- 4.4 During the warning period, the professional body concerned may work closely with the IRBA with a view to maintaining standards and rectifying the situation.
- 4.5 In deciding whether to withdraw accreditation immediately or to issue a warning, efforts will be made to avoid disadvantaging existing students to whom a commitment regarding access to a profession has been made. However, the IRBA will also recognise its commitment toward the protection of the public interest and the maintenance of appropriate standards.
- 4.6 If standards for institutional accreditation have not been complied with by the end of the warning period, accreditation will be withdrawn.
- 4.7 Since compliance with institutional requirements is a prerequisite for accreditation, non-compliance with these requirements will have implications for the continued recognition of the academic and core assessment programmes (as well as the professional development programme, if applicable). Non-compliance with institutional accreditation requirements implies the withdrawal of recognition of such programmes.

## 5. INSTITUTIONAL ACCREDITATION REQUIREMENTS

5.1 The accreditation requirements as they relate to each of the institutional requirements for accreditation are set out as follows:

Section 2 A:	Continuing professional development (CPD)
Section 2 B:	Discipline and ethical conduct of members
Section 2 C:	Financial and operational viability
Section 2 D:	Register of members
Section 2 E:	Representivity in the profession
Section 2 F:	Other: Technical support and guidance
Section 2 G:	Other: Recognition agreements with other professional bodies

In each case, the following details relating to each requirement are set out:

- Objectives
  - Recognition standards and indicators
  - Monitoring procedures
- 5.2 Recognition standards are those criteria that are regarded as essential for the realisation of the objectives of each of the programmes. Standards reflect the minimum requirements for the recognition of the programmes of a professional body and the body concerned may choose to include additional requirements for its own purposes.
- 5.3 In determining the extent to which a recognition standard has been met, certain indicators that give practical guidance on how the standard may be achieved have been described. The inability to comply with a specific indicator will not be viewed in isolation. It is accepted that a recognition standard may also be realised through alternative means not referred to in the indicators.



## A. INSTITUTIONAL ACCREDITATION REQUIREMENTS

### Continuing professional development (CPD)

#### 1. OBJECTIVE

- 1.1 In order to protect the public interest, the IRBA must ensure that every RA has the necessary professional competence on entering the profession. As a direct consequence of this obligation, the IRBA also has a duty to ensure that all RAs engage in appropriate CPD programmes designed to maintain and further develop the competence they demonstrated on entering the profession. Thus, having been charged to act in the public interest, the IRBA must, in the context of the maintenance and further development of professional competence, prescribe and monitor the extent to which every RA engages in CPD.
- 1.2 The IRBA may either in full or in part recognise or withdraw the recognition of the continued education, training and professional development programmes of educational institutions and accredited professional bodies. However, since the IRBA will conduct the final assessment of professional competence on an RA's entry to the auditing profession, it considers it appropriate to take direct steps to ensure that RAs engage in appropriate programmes designed to further develop and maintain this competence throughout their professional life.
- 1.3 The recognition of the academic and core assessment programmes and the professional development programme clearly demonstrates that accredited professional bodies share in the responsibility for developing the professional competence of those aspiring RAs. It is therefore appropriate for professional bodies to have mechanisms for ensuring that their members participate in CPD as recognised or prescribed by the IRBA.
- 1.4 An individual who applies for registration as an RA must have arranged for his or her continuing professional development if the applicant is not a member of an accredited professional body.
- 1.5 Where appropriate, accredited professional bodies ought to cooperate with the IRBA by placing appropriate emphasis on CPD, by promoting lifelong learning among their members and by providing support for and access to CPD interventions.
- 1.6 Compliance with the institutional accreditation requirements for CPD is a fundamental aspect of both full and partial accreditation. The maintenance and further development of professional competence among RAs is necessary to ensure that they continue to meet stakeholder expectations not only at the point of registration, but throughout their professional lives. The realisation of the objectives of the IRBA to advance the implementation of appropriate standards of competence and good ethics in the auditing profession demands that all accredited professional bodies be required to cooperate with the IRBA by placing significant emphasis on the CPD of their members.
- 1.7 This cooperative arrangement between the IRBA and the accredited professional body with regard to CPD is encompassed in the following accreditation standards designed to enable the professional body to provide support for the CPD objectives of the IRBA:
  - Standard 1            Mandatory CPD required for membership
  - Standard 2            Fostering of commitment to lifelong learning
  - Standard 3            Facilitation of access to CPD interventions

## 2. ACCREDITATION STANDARDS

### 2.1 Standard 1: Mandatory CPD required for membership

In order for RAs to support the CPD objectives of the IRBA, it is essential that they be bound not only by the CPD requirements prescribed by the IRBA, but also by the requirements of the professional body concerned as an integral part of continued membership. Thus, the professional body of which the RA is to be a member must have appropriate CPD policies that will require as a condition for continued membership that its members participate in appropriate CPD activities.

#### Standard

The professional body concerned should ensure that all its members who are registered with the IRBA as RAs are subject to a mandatory programme of CPD as an integral component of continued membership of that professional body.

#### Indicators

The following indicators provide guidance on how this standard may be achieved in practice:

- a. Members of the accredited professional body who are/desire to become RAs should be required to undertake mandatory programmes of CPD as an integral component of their continued membership of the professional body concerned. In keeping with the IFAC statement dealing with CPD, such CPD requirements may be input or output based, or a combination of both.
- b. In recognition of the self-directedness of lifelong learning and the personal commitment required for CPD, accredited professional bodies should as far as possible place the responsibility on the individual to identify development needs and undertake the appropriate learning interventions in those areas. The professional body concerned should require all registered members to develop and maintain their professional competence in areas that are relevant and appropriate to the nature of the work they undertake and the level of responsibility they assume.
- c. The CPD policy of the professional body concerned should require that members maintain appropriate records of CPD in as much detail as is necessary to describe the nature, extent and relevance of the learning activities undertaken.
- d. The CPD policy of the professional body concerned should provide a mechanism through which an appropriate degree of monitoring of the extent to which the requirements are met may take place.
- e. The CPD policy of the professional body concerned should stipulate the action that may be taken in instances of non-compliance with the CPD requirements.
- f. Given the continually changing environment in which RAs function, the professional body concerned should reassess the appropriateness of its CPD policy on a continuous basis in order to address changing needs.

### 2.2 Standard 2: Fostering of commitment to lifelong learning

RAs should be professionally competent individuals who are capable of adapting to change and who are committed to a process of lifelong learning that will enable them to make a meaningful contribution to the profession and society throughout their professional lives. The maintenance of professional competence in a constantly changing environment makes it imperative for RAs to develop and maintain a commitment to lifelong learning.

#### Standard

The professional body concerned should foster a commitment to self-directed, lifelong learning as part of its education, training and assessment programmes that prepare individuals to enter the profession. A commitment to lifelong learning should also be fostered among the members of the professional body.



## Indicators

The following indicators provide guidance on how this standard may be achieved in practice:

- a. The professional body concerned should place considerable emphasis on the development of lifelong learning capabilities among its students by appropriately focusing on the delivery of the recognised academic programmes that prepare students for entering the auditing profession. Assessment methods applied within these programmes should also be designed to encourage and assess the extent to which students are capable of carrying out systematic enquiries in unstructured circumstances. (In this regard, refer to the recognition standards relating to the academic programmes).
- b. The professional body concerned should ensure that the recognised academic programmes appropriately emphasise the ethical requirements of the profession. In particular, programmes in ethics should emphasise the need to maintain competence in the interests of the public and the profession, and to undertake only those services commensurate with the appropriate degree of competence. (In this regard, refer to the recognition standards relating to the academic programmes).
- c. The professional body concerned should require providers of the recognised professional development programme to take appropriate measures to ensure that trainee accountants are afforded sufficient opportunities to maintain and develop their professional competence during the training period so as to help foster a personal commitment towards CPD among aspirant RAs. (In this regard, refer to the recognition standards relating to the professional development programme.)
- d. The professional body concerned should continuously take positive steps to promote the importance of the maintenance and development of competence and a commitment to lifelong learning among its registered members.

### 2.3 Standard 3: Facilitation of access to CPD interventions

Appropriate CPD programmes should maintain and further develop the professional competence of RAs throughout their professional life. This lifelong learning is intended to make provision for the self-directed and full professional development of every practitioner within a particular role, responsibility and context.

## Standard

The professional body concerned should facilitate access to CPD interventions and provide appropriate support and resources to its members in order to assist them in meeting their responsibility to undertake lifelong learning and in so doing, to maintain and develop their professional competence.

## Indicators

The following indicators provide guidance on how this standard may be achieved in practice:

- a. The professional body concerned should take steps to identify and communicate to its registered members relevant developments in national and international pronouncements on accounting, auditing and other regulations and statutory requirements pertaining to the profession, legislation, techniques and standards that may be of particular relevance to RAs in meeting their CPD requirements.
- b. The professional body concerned should, where appropriate, collaborate with the IRBA, and in particular with its standard-setting, inspections and disciplinary functions, in order to identify particular learning areas that may require further development and should therefore be included in CPD programmes. This information should be communicated to members.
- c. The professional body concerned should facilitate access to CPD opportunities through the direct provision and/or through the identification and dissemination of information relating to suitable providers, or through the establishment of collaborative partnerships with such providers. In this regard, however, it should be emphasised that CPD interventions need not be delivered directly by the professional body itself, nor need they be outsourced to particular providers under arrangement with that professional body. The professional body concerned should provide details of available CPD activities to its members. These activities may include programmes undertaken by firms of registered auditors.

- d. The professional body concerned should provide the necessary tools, support and assistance to members by developing and promoting the use of CPD records for its members.
- e. The professional body concerned should develop CPD documentation and other resources that may assist its registered members in reflecting on their performance, identifying areas that require maintenance or development of competence, undertaking and recording relevant CPD activities, and subsequently assessing their performance. This may include developing and promoting the use of learning plans for its registered members.

### 3. MONITORING OF INSTITUTIONAL ACCREDITATION REQUIREMENT

#### 3.1 Regular formal reporting

The submission of a regular formal report by the professional body concerned is essential to ensure that the IRBA receives relevant and up-to-date information with respect to the CPD programmes of accredited professional bodies.

The information should relate to the previous calendar year and should be forwarded to the IRBA by a date to be determined in consultation between the IRBA and the accredited professional body. The information should include the following:

- Details relating to the CPD policy of the professional body concerned, including:
  - the CPD requirements for continued membership;
  - the maintenance of CPD records;
  - the monitoring of CPD requirements; and
  - the effect of non-compliance with CPD requirements on membership.
- Details relating to any anticipated changes in the CPD policy of the professional body concerned.
- To the extent possible through the monitoring activities of the professional body concerned, details as to the measure to which its members have complied with its CPD requirements, and an indication of the steps taken to address instances of non-compliance.

#### 3.2 Self-evaluation

The self-evaluation report should provide the accredited professional body with an opportunity to reflect on the extent to which it continues to meet each of the accreditation standards and indicators defined by the IRBA in relation to CPD. In doing so the professional body concerned should identify shortcomings in its CPD programme and reach specific conclusions as to whether or not the relevant accreditation requirements have been met.

Such an objective analysis by the accredited professional body should assist in identifying the means by which cooperation between that professional body and the regulator may be extended in order to provide support for the CPD objectives of the IRBA. The analysis should also provide insights into specific deficiencies in the policies and procedures of the IRBA that have become apparent in the year under review.

The information should relate to the previous calendar year and should be forwarded to the IRBA by a date to be determined in consultation between the IRBA and the accredited professional body. In addition the above requirements, the information should include:

- A description and critique of the specific educational philosophies, learning theories or other philosophies that explain and underpin the CPD policy of the professional body concerned.
- Details as to what actions the professional body concerned has taken to advance lifelong learning capabilities among students through appropriate emphasis upon the delivery of the recognised academic and professional programmes that prepare students to enter the profession. In addition to on-the-job training, students should be required to maintain and update their knowledge of new developments through more formalised courses. (Refer to the recognition requirements in respect of the recognised professional development programme in this regard.)

- Details as to what actions the professional body concerned has taken to ensure that recognised academic programmes sufficiently emphasise the ethical requirements of the profession through their inclusion in business ethics courses.
- Details as to what actions the professional body concerned has taken to ensure that trainee accountants are afforded sufficient opportunity to maintain and further develop their competence throughout the period of the registered training contract.
- Details as to what actions the professional body concerned has taken to promote the importance of lifelong learning and the maintenance and development of competence among its members.
- A description of the steps taken to identify and communicate to the registered members relevant developments in the profession that may be of particular relevance to RAs in meeting their CPD requirements.
- An overview of the general nature and availability of CPD interventions in the areas of professional knowledge, professional skills and ethical values and the steps taken by the professional body concerned to facilitate access to such CPD opportunities.
- Details of the tools, support or assistance that the professional body concerned provides to its members in order to help foster a commitment towards CPD by developing and promoting the use of learning plans, CPD records and other material.

### 3.3 External validation

Given the role of the IRBA in the prescription and monitoring of the extent to which individual auditors comply with CPD requirements, external validation procedures may not be carried out as a matter of course.

However, the IRBA reserves the right to conduct such procedures as it deems necessary, in addition to receiving the regular formal report and the self-evaluation report, in order to satisfy itself that the accreditation requirements in relation to CPD are complied with.

### 3.4 Specific investigation

Where the IRBA has reason to question the extent to which accreditation standards continue to be met, it has a duty to investigate and take appropriate action.

## B. INSTITUTIONAL ACCREDITATION REQUIREMENTS

### Discipline and ethical conduct of members

#### 1. OBJECTIVE

- 1.1 In order to be accredited, a professional body must demonstrate that it has mechanisms to ensure that its members are disciplined where appropriate. Compliance with the accreditation requirements demonstrates the commitment of a professional body towards advancing the implementation of appropriate standards of ethical conduct within the broader profession. The rigour of a professional body's own disciplinary processes and the actions taken against members in the case of improper conduct provide support for the IRBA's function to promote the integrity of the auditing profession.
- 1.2 The IRBA will take steps to promote the integrity of the auditing profession, including investigating improper conduct, conducting disciplinary hearings, and imposing sanctions for improper conduct. The IRBA prescribes standards of ethics and conduct to RAs.

These functions apply specifically to the IRBA and are designed to protect the public in South Africa by regulating audits performed by RAs. However, within the context of the broader profession, members of professional bodies, including those who are not RAs, must be required to conduct themselves according to a prescribed code of ethical conduct. Members of accredited professional bodies, including those who are not RAs, should also be held accountable in terms of the code of ethics.

- 1.3 The role of the accredited professional body in supporting the objectives of the IRBA as they relate to the disciplining of RAs is contained in the following accreditation standards:
  - Standard 1: Code of ethical conduct applicable to all members
  - Standard 2: Evidence of appropriate disciplinary proceedings

#### 2. ACCREDITATION STANDARDS

- 2.1 Code of ethical conduct applicable to all members

##### Standard

The accredited professional body should have a code of ethical conduct that is applicable, where relevant, to all its members, including RAs and those members who are not RAs.

##### Indicators

The following indicators provide guidance on how this standard may be achieved in practice:

- a. The accredited professional body should formally adopt and publish a code of ethical conduct. It is accepted that this code may be drawn from the ethical requirements applicable to international accounting bodies, but in such instances it should be adapted, where appropriate, to accommodate the specific South African circumstances.
- b. The accredited professional body should prescribe a code of ethical conduct that, where relevant, is applicable to all members of the accredited professional body, including but not limited to those who are RAs.
- c. The accredited professional body should subject the code of ethical conduct to regular review so as to ensure that it remains relevant to the particular South African circumstances.
- d. The accredited professional body should ensure that, where appropriate, the ethical requirements prescribed by the IRBA as they relate to RAs are contained in the code as a minimum requirement for ethical conduct.

## 2.2 Appropriate disciplinary proceedings

### Standard

The accredited professional body should have sufficient and appropriate resources and capacity to investigate alleged improper conduct, conduct disciplinary proceedings and impose appropriate sanctions. However, a duplication of the disciplinary proceedings required to be implemented by the IRBA is not considered to be in the best interests of the profession, and where appropriate the accredited professional body should place reliance on the IRBA's investigative powers.

### Indicators

The following indicators provide guidance on how this standard may be achieved in practice:

- a. The accredited professional body should have a disciplinary committee that has an appropriate number of RAs acting as full members thereof.
- b. The accredited professional body should formally set out, adopt and publish the investigation and disciplinary processes and procedures that will be applicable when cases of alleged improper conduct are brought to its attention. These processes and procedures should provide for the following:
  - Charges of improper conduct that are laid directly with the professional body concerned but that relate to the regulation of audits performed by an RA should be referred to the IRBA. The IRBA will, once the matter has been finalised, inform the accredited professional body of the outcome and provide details of sanctions imposed (if any).
  - Charges of improper conduct laid with the IRBA but that do not relate to the regulation of audits performed by an RA may, where the IRBA deems it appropriate, be referred to the accredited professional body and be subject to its investigation and disciplinary processes.
- c. The accredited professional body should formally set out, adopt and publish the range of possible disciplinary sanctions it may impose on its members (including but not limited to RAs) who are found guilty of improper conduct. Such sanctions should include, where appropriate, possible expulsion.
- d. The accredited professional body should establish a mechanism between itself and the IRBA whereby it has access to the outcome of disciplinary hearings and the sanctions imposed by the IRBA on RAs who are also members of the accredited professional body.
- e. The accredited professional body should establish a mechanism whereby, without undue duplication of the disciplinary proceedings and sanctions of the IRBA, appropriate action may be taken in the case of members found guilty of improper conduct by the IRBA.
- f. The accredited professional body should establish a mechanism whereby cases of alleged improper conduct that are brought to the attention of the IRBA but that do not relate to the regulation of audits performed by an RA may be referred to the disciplinary functions of the relevant accredited professional body of which that person is a member.

## 3. MONITORING OF ACCREDITATION REQUIREMENT

### 3.1 Regular formal report

The submission of a regular formal report by the professional body concerned is essential to ensure that the IRBA receives relevant and up-to-date information with respect to the disciplinary programmes of accredited professional bodies.

The information should relate to the previous calendar year and should be forwarded to the IRBA on a date to be determined in consultation between the IRBA and the accredited professional body.

The information should include the following:

- Details relating to the disciplinary regulations prescribed by the professional body concerned, including:
  - the code of ethical conduct, including details of any revisions;
  - the applicability of the code to members, including RAs; and
  - a description of the disciplinary policies and procedures of the professional body as they relate to complaints lodged, investigations, hearings and sentencing.
- A report on the nature of disciplinary activities in the most recent calendar year, with specific reference to:
  - the number of complaints lodged directly with the professional body and an indication of the general nature thereof and the actions taken;
  - the number of hearings held and an indication of the findings and, where relevant, the sanctions imposed;
  - a report on the process and outcome of any disciplinary matter referred to the professional body by the IRBA that did not relate to the conduct of an audit by an RA; and
  - a report on the process and outcome of any findings by the IRBA in relation to an RA who is also a member of the professional body and who was found guilty of improper conduct by the IRBA.
- Details relating to any anticipated changes in the disciplinary policies or procedures of the professional body concerned.

### 3.2 Self-evaluation

The self-evaluation report should provide the accredited professional body with an opportunity to reflect on the extent to which it continues to meet each of the accreditation standards and indicators defined by the IRBA in relation to the disciplining of its members. In doing so, the professional body concerned should identify shortcomings in its disciplinary policies and procedures and reach specific conclusions as to whether or not the relevant accreditation requirements have been met.

Such an objective analysis by the professional body concerned should assist in identifying the means through which cooperation between the professional body and the IRBA may be extended so as to provide support for the disciplinary objectives of the IRBA. The analysis should also provide insights into specific deficiencies in the policies and procedures that have become apparent in the year under review.

The information should relate to the previous calendar year and should be forwarded to the IRBA by a date to be determined in consultation between the IRBA and the accredited body. In addition to the above, the information should also include the following:

- A critique of the disciplinary policies and procedures of the professional body concerned and an indication of the steps that may be taken to improve the quality of the process.
- Details as to what actions the professional body concerned has taken to promote ethical behaviour among all its members.
- Details as to what actions the professional body concerned has taken to ensure that appropriate action is taken in instances where members are found guilty of improper conduct.
- Details as to what actions the professional body concerned has taken to ensure that trainee accountants are aware of their responsibility to abide by the code of professional conduct and are subject to it.
- Details as to what mechanisms the professional body concerned may propose be investigated so as to implement effective and efficient disciplinary proceedings in the profession while drawing upon the resources of both the IRBA and the accredited body, where appropriate, in order to minimise duplication.
- A description of any actions taken by the professional body concerned to bring to the attention of its members any particular practices that may be subject to specific ethical concerns and issues.



### 3.3 External validation

Given the role of the IRBA in relation to the disciplining of individual RAs, external validation procedures will not be carried out as a matter of course. However, the IRBA reserves the right to conduct such procedures as it deems necessary, in addition to the receipt of the regular formal report and self-evaluation report, in order to satisfy itself that the accreditation requirements in relation to discipline are complied with.

### 3.4 Specific investigation

Where the IRBA has reason to question the extent to which accreditation standards continue to be met, it clearly has a duty to investigate and take appropriate action.

## C. INSTITUTIONAL ACCREDITATION REQUIREMENTS

### Financial and operational viability

#### 1. OBJECTIVE

- 1.1 In order to be accredited, a professional body must demonstrate that it is and will continue to be financially and operationally viable for the foreseeable future. Providing consistent support for the IRBA's objectives and making a sustainable commitment to the broader profession over an extended period demand that an accredited professional body be likely to remain financially and operationally viable for the foreseeable future.
- 1.2 Accreditation standards that focus on the financial and operational viability of a professional body address those aspects that relate to its resources and functioning that are necessary to support other accreditation requirements at both the institutional and programme level. Without appropriate resources and effective and efficient modes of operation, the CPD and disciplinary requirements (at institutional level) and the academic, core assessment and professional development programmes (at programme level) are unlikely to remain sustainable in the long term.
- 1.3 Accordingly, the professional body concerned should demonstrate that its resources are appropriate to sustain the relevance, effectiveness and efficiency of its operations over the long term.

The following accreditation standards are relevant:

- Standard 1: Clearly defined institutional objectives
- Standard 2: On-going institutional self-study
- Standard 3: Appropriate financial and other resources
- Standard 4: Appropriate administration and governance functions

#### 2. ACCREDITATION STANDARDS

- 2.1 Clearly defined institutional objectives

##### Standard

An accredited professional body should have a clearly defined and publicly stated objective that is consistent with its operations and appropriate to an institution committed to making a positive contribution to the auditing profession in South Africa.

##### Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should:

- a. Be properly constituted as a juristic person in South Africa and therefore be capable of entering into contracts and of being held liable in its own name, subject to the South African constitution and the law.
- b. Clearly express and actively pursue its objectives in relation to its members and other constituents. The objective should be expressed in terms of the results sought and the means by which they are to be attained, and should be applied within the professional body concerned to guide decisions and actions and to conduct internal self-assessment.
- c. Ensure that its programmes and services are consistent with its defined objectives, within the scope of the available resources. While an accredited professional body should aspire to the highest standards of operation, it is also expected to establish objectives that are realistic in the light of such factors as the purpose for which the body was established, the constituencies it serves and the needs of its community.
- d. As part of its stated objective, recognise the responsibility assumed as an accredited professional body and its commitment to uphold standards within the auditing profession in South Africa.



- e. Implement processes to ensure that relevant stakeholders are identified and consulted where appropriate and are included in decision-making processes.
- f. Demonstrate institutional integrity in conducting its activities through equitable policies and practices in dealing with members, employees and other constituencies.

## 2.2 On-going institutional self-study

### Standard

An accredited professional body should demonstrate a commitment to on-going institutional self-study and be responsive to the need for institutional change and renewal in order to maintain and enhance the relevance, effectiveness and efficiency of its operations.

### Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should:

- a. Conduct institutional self-assessment at the institutional level (financial, CPD and discipline) as well as at the programme level (including academic, core assessment and professional development programme). Effectiveness should be assessed through processes designed to gather both qualitative and quantitative evidence on the extent to which institutional and programme objectives are being met. This process should in turn engender a commitment to continuous improvement as a cornerstone of the accreditation relationship.
- b. Demonstrate that the information obtained through the self-assessment process is used as the basis for on-going development.

The results of the institutional self-assessment may also provide an opportunity for the re-assessment of assumptions and priorities, and the identification of factors that may affect the professional body concerned in the future.

## 2.3 Appropriate financial and other resources

### Standard

An accredited professional body should demonstrate that it has access to sustainable financial, human and physical resources necessary to ensure the provision of relevant, effective and efficient programmes and services in the foreseeable future.

### Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should:

- a. Have access to a current and sustainable resource base and, where appropriate, be capable of levying fees from its members, and of raising funds within South Africa.
- b. Have sufficient financial resources at its disposal so as to be in a position to fund its application costs payable to the IRBA in respect of the initial accreditation process, as well as the on-going monitoring costs and accreditation fees payable.
- c. Have appropriate financial resources available to support its on-going operations in the foreseeable future. The extent to which the availability of resources may be assessed will depend, among other things, upon:
  - the appropriateness of its fee income structure;
  - the ownership of assets; and
  - the extent of its liabilities, both long and short term.
- d. Operate and manage an appropriate accounting and financial reporting system capable of accounting for and reporting on the source and application of resources within the South African context.

- e. Appoint, at least on an annual basis, an external independent auditor to express an opinion as to whether or not the financial statements fairly reflect the financial position and results of operations at a specific date and over a specified period in accordance with a recognised reporting framework.
- f. Have access to appropriate physical resources and operate from a permanent office located within South Africa.

#### 2.4 Appropriate administration and governance

##### Standard

An accredited professional body should demonstrate sound administration and governance of its operations so as to facilitate the active fulfilment of its objectives.

##### Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should:

- a. Be governed by a board of executive and non-executive decision-makers who demonstrate an interest in and understanding of the range and complexity of issues affecting the broad profession in South Africa and who are committed to preserving institutional integrity and adhering to relevant corporate governance principles.
- b. Be managed by a chief executive officer, or equivalent, appointed on a full-time basis to oversee the operations of the professional body concerned within South Africa and to be held accountable to the board.
- c. Employ an appropriate complement of qualified and experienced professional staff on a full-time basis to oversee institutional activities and exercise appropriate responsibility for them.
- d. Allow an appropriate complement of full-time administrative staff tasked with the implementation of well-defined organisational structures, policies and procedures to implement effective and efficient functions.

### 3. MONITORING OF ACCREDITATION REQUIREMENTS

#### 3.1 Regular formal report

The submission of a regular formal report by the professional body concerned is essential to ensure that the IRBA receives relevant and up-to-date information on the financial and operational viability of the accredited professional body.

The information should relate to the previous calendar year and should be forwarded to the IRBA on a date to be determined in consultation between the IRBA and the accredited professional body.

The information should include the following:

- Details relating to the juristic standing of the professional body concerned in South Africa, including any specific by-laws to which it may be subject.
- A statement of the institutional objective of the professional body concerned, including the constituents it serves.
- A copy of the most recent annual financial statements and report of the independent auditors.
- Details of the staff complement, including full-time and part-time administrative and executive staff.
- Details of the decision-making mechanisms within the professional body concerned, including the executive and non-executive board members.
- A statement demonstrating compliance with corporate governance principles.

### 3.2 Self-evaluation

The self-evaluation report should provide the accredited professional body with an opportunity to reflect on the extent to which it continues to meet each of the accreditation standards and indicators defined by the IRBA. In doing so, the professional body concerned should identify shortcomings in its financial and operational viability and reach specific conclusions as to whether or not the relevant accreditation requirements have been met.

Such an objective analysis by the professional body concerned should assist in identifying the means through which improvement may be sought in the quality of institutional self-assessment that is aimed at improving the level of services and programmes provided. The analysis should also provide insights into specific deficiencies in the policies and procedures that have become apparent in the year under review.

The information should relate to the previous calendar year and should be forwarded to the IRBA by a date to be determined in consultation between the IRBA and the accredited body. In addition to the above, the following information should be included:

- A description of the processes the professional body concerned uses to conduct its self-assessment, both at the institutional and at the programme level.
- A discussion of factors identified as part of the self-assessment process that may require further investigation and that may have the potential to enhance the quality of services and programmes offered by the professional body concerned.

### 3.3 External validation

The IRBA reserves the right to conduct such procedures as it deems necessary, in addition to receiving the regular formal report and self-evaluation report, in order to satisfy itself that the accreditation requirements in relation to financial and operational viability are complied with.

### 3.4 Specific investigation

Where the IRBA has reason to question the extent to which accreditation standards continue to be met, it clearly has a duty to investigate and take appropriate action.

## D. INSTITUTIONAL ACCREDITATION REQUIREMENTS

### Register of members

#### 1. OBJECTIVE

##### Statutory requirement

- 1.1 An institutional requirement for accreditation is that a professional body must maintain a register of its members in an appropriate format. In order to be accredited a professional body must demonstrate that it keeps a register of its members in the format prescribed by the IRBA.
- 1.2 An accredited professional body committed to making a contribution to the auditing profession in South Africa should be in a position to communicate with its members on matters relating to the profession. Its register of members should therefore distinguish between those members who are RAs and those who are not. In addition, members of the public may need to make enquiries as to the professional affiliations of an RA.

#### 2. ACCREDITATION STANDARD

##### Standard

The accredited professional body should maintain a register of its members that is complete, valid and accurate, that contains appropriate information, is made reasonably available to members of the public and that enables efficient communication by the professional body concerned with all its members.

##### Indicators

The accredited professional body should maintain a register of its members that:

- a. Is maintained in an appropriate, secure format.
- b. Specifically identifies which of its members are also RAs.
- c. Specifically identifies which of its members have gained membership through recognition agreements with other professional bodies.
- d. Is complete, accurate and valid. All persons included in the register should be members of the professional body concerned, and all those who are members should be listed. In addition, the critical information maintained in the register in respect of all members should be accurate.
- e. Is open to the public or accessible to the public at reasonable times for the purpose of enquiries.
- f. Contains sufficient and appropriate information should members of the public make enquiries regarding the name of the member, date of qualification for membership, and contact details of the practice.
- g. Contains relevant and accurate contact details in respect of all members so as to enable the professional body concerned to communicate effectively and efficiently with them.

#### 3. MONITORING OF ACCREDITATION REQUIREMENT

Given the nature of this accreditation standard, the extent to which it is complied with may be discussed at least on an annual basis at a meeting held between representatives of the IRBA and the relevant accredited professional body.

The meeting should endeavour to:

- explore ways in which the exchange of data between the IRBA and the accredited professional body may facilitate the maintenance of complete, accurate and valid information in the register of members; and
- reach consensus as to what corrective action must be taken in order to rectify inaccurate or invalid data or omissions.

## E. INSTITUTIONAL ACCREDITATION REQUIREMENT

### Representivity in the profession

#### 1. OBJECTIVE

- 1.1 In order to be accredited a professional body must demonstrate that it has in place appropriate programmes and structures to ensure that it is actively endeavouring to achieve the objective of being representative (race and gender) of the South African population.
- 1.2 Within the particular South African circumstances, all accredited professional bodies should contribute towards endeavouring to be representative of all sectors of the population.

#### 2. ACCREDITATION STANDARD

##### Standard

An accredited professional body must demonstrate a commitment to enhancing access to the auditing profession through the implementation of appropriate programmes designed to endeavour to make the profession representative of all sectors of the South African population.

##### Indicators

The accredited professional body should:

- a. Establish realistic and measurable targets for enhancing representivity within the profession. Outcomes achieved should be measured against established targets and reported on a regular basis. Collect, analyse and report data indicating the extent to which its membership is representative of various population groups and gender. Outcomes achieved should be measured against established targets and reported on a regular basis.
- b. Collect, analyse and report data indicating the extent to which prospective members (i.e. students and trainees at various stages of qualification) are representative of various population groups and gender.
- c. Either on its own or in conjunction with other parties, establish the necessary development programmes aimed at enhancing access to the profession from members of previously disadvantaged racial groups.
- d. Establish practices and procedures for ensuring that its own staff complement and the membership of its relevant governing structures and various committees are representative of all sectors of the South African population.
- e. Encourage the providers of its recognised academic and professional development programmes to implement proactive steps designed to enhance access to the profession.
- f. Encourage providers of the professional development programme to take proactive steps to address issues of employment and gender equity.
- g. Implement programmes designed to attract persons from previously disadvantaged backgrounds who demonstrate an interest in and aptitude for accounting and auditing to enter the profession.
- h. Implement programmes designed to support and assist those persons from academically disadvantaged backgrounds to successfully complete academic and professional development programmes that enable admission to the profession.
- i. Where appropriate, participate in the activities of other bodies established for the purpose of developing skills appropriate to the accounting and auditing profession.

### 3. MONITORING OF ACCREDITATION REQUIREMENT

#### 3.1 Regular formal report

The submission of a regular formal report by the professional body concerned is essential to ensure that the IRBA receives relevant and up-to-date information on the transformation initiatives of the accredited professional body.

The information should relate to the previous calendar year and should be forwarded to the IRBA on a date to be determined in consultation between the IRBA and the accredited professional body.

The information should include the following:

- A description of the processes the professional body concerned uses to conduct its self-assessment, both at the institutional and at the programme level.
- A discussion of factors identified as part of the self-assessment process that may require further investigation and that may have the potential to enhance the quality of services and programmes offered by the professional body concerned.

#### 3.2 External validation

The IRBA reserves the right to conduct such procedures as it deems necessary, in addition to receiving the regular formal report and self-evaluation report, in order to satisfy itself that the accreditation requirements in relation to financial and operational viability are complied with.

#### 3.3 Specific investigation

Where the IRBA has reason to question the extent to which accreditation standards continue to be met, it clearly has a duty to investigate and take appropriate action.

## F INSTITUTIONAL ACCREDITATION REQUIREMENTS

### Other: Technical support and guidance

#### 1. OBJECTIVE

- 1.1 In order to protect the public interest the IRBA must ensure that every RA has the necessary professional competence at the point of registration and must ensure that this professional competence is maintained and developed further after initial registration. Maintenance and development of professional competence is achieved, *inter alia*, through CPD. The professional body concerned must, in addition to its CPD responsibility, also provide adequate technical support and guidance in order to assist its members to maintain and develop their professional competence.
- 1.2 In order to be accredited a professional body must demonstrate that it has mechanisms to ensure that it provides adequate technical support and guidance to its members. Compliance with the accreditation requirements demonstrates the commitment of the professional body concerned towards advancing the implementation of appropriate standards of technical expertise in the profession.
- 1.3 Accreditation standards address the aspects that relate to the technical expertise and capacity available from the professional body concerned and that will ensure the provision of adequate technical support and guidance of a high standard.
- 1.4 Accordingly, the professional body concerned should demonstrate that its human resources are appropriately and sufficiently qualified to provide technical support and guidance in applying the standards and guidance issued by IFAC and the IRBA.

The following accreditation standards are relevant:

- Standard 1: Appropriate technical expertise
- Standard 2: Effective communication with members
- Standard 3: High-quality guidance
- Standard 4: High-quality support

#### 2. ACCREDITATION STANDARDS

##### 2.1 Appropriate technical expertise

##### Standard

It is essential for the accredited professional body to have access to technical expertise that will ensure the provision of high-quality technical support and guidance to its members.

##### Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should:

- a. Have access to persons who are appropriately qualified and experienced to provide technical support and guidance in applying the standards and guidance issued by IFAC and the IRBA. Such persons may be employed by the accredited professional body or may volunteer themselves through a formal committee structure of the body.
- b. Have access to appropriately qualified and experienced persons so as to ensure that they:
  - Remain abreast of relevant developments within each technical disciplines.
  - Prepare guidance for members in an appropriate form, where considered necessary.
  - Provide technical support for individual members where considered necessary and appropriate.



## 2.2 Effective communication with members

### Standard

It is essential that the accredited professional body establish efficient and effective means of communicating technical guidance to members. It is also essential that the accredited professional body establish efficient and effective means by which individual members can seek technical support and that there be effective and efficient means for the provision of support to individual members.

### Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should:

- a. Ensure that technical guidance is communicated to members in any manner deemed to be appropriate. This could include, but is not limited to, newsletters, seminars, lectures and circulars.
- b. Ensure that technical guidance is communicated to members in a timely manner that ensures members use the guidance appropriately.
- c. Ensure that there are effective and efficient methods available to individual members to seek technical support from the professional body concerned. These methods could include, but are not limited to, the communication of requests through the internet, telephone and email, and visits to the premises of the professional body. The professional body should clearly inform members of the accepted method(s) prescribed for seeking technical support.
- d. Ensure that the response given to members who have sought technical support is appropriate. These may include, but are not limited to, the internet, telephone or postal service, or through a meeting.
- e. Ensure that the response given to members who have sought technical information is provided timeously in the circumstances.

## 2.3 High-quality guidance

The guidance provided by the professional body concerned should be of a high quality commensurate with the level of competence expected of a professional accountant and an RA.

### Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should:

- a. Ensure that all technical guidance communicated to its members is accurate, complete, reliable and relevant.
- b. Ensure that all technical guidance communicated to its members is based on and relates to up-to-date practice, legislation and pronouncements.
- c. Ensure that all technical guidance communicated to its members is presented in a manner that is clear, unambiguous and relevant.

## 2.4 High-quality support

The support provided by the professional body concerned should be of a high quality commensurate with the level of competence expected of a professional accountant and an RA. In this regard particular attention should be paid to the provision of support to practitioners in small practices.



## Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should ensure that support rendered to practitioners:

- a. Is accurate, complete, reliable and relevant.
- b. Is based on and relates to current practice, legislation and pronouncements.
- c. Is clear, unambiguous and relevant.

The accredited professional body must further ensure that:

- Appropriate technical support is provided for all practitioners, including those in small practices.

## 3. MONITORING OF ACCREDITATION REQUIREMENTS

### 3.1 Regular formal report

The submission of a regular formal report by the professional body concerned is essential to ensure that the IRBA receives relevant and up-to-date information with respect to the provision of technical support and guidance by professional accredited bodies.

The information should relate to the previous calendar year and should be forwarded to the IRBA on a date to be determined in consultation between the IRBA and the accredited professional body.

The information should include the following:

- Details relating to the technical expertise employed by the professional body concerned in the provision of technical guidance and support to its members.
- Copies of all technical guidance rendered to members during the year under review.
- Copies of all policies and procedures pertaining to technical guidance and support to members.
- Details of policies and procedures relating to the communication of technical guidance to members.
- Details of policies and procedures relating to communication between the professional body concerned and individual registered auditors relating to technical support.
- Mechanisms through which the need for guidance is identified.

### 3.2 Self-evaluation

The self-evaluation report should provide the accredited professional body with an opportunity to reflect on the extent to which it continues to meet each of the accreditation standards and indicators defined by the IRBA in relation to technical support and guidance. In doing so, the professional body concerned should identify shortcomings in its provision of technical support and guidance and reach specific conclusions as to whether or not the relevant accreditation requirements have been met.

Such an objective analysis by the professional body concerned should assist in identifying the means through which cooperation between the professional body and the regulator may be extended so as to provide support for the technical support and guidance objectives of the IRBA. The analysis should also provide insights into specific deficiencies in both the policies and procedures that have become apparent in the year under review.

The information should relate to the previous calendar year and should be forwarded to the IRBA by a date to be determined in consultation between the IRBA and the accredited professional body. In addition to the above requirements, the information should also include:

- A description of the processes by means of which issues for the publication of technical guidance are selected.

### 3.3 External validation

The IRBA reserves the right to conduct such procedures as it deems necessary in addition to receiving the regular formal report and self-evaluation report in order to satisfy itself that the accreditation requirements in relation to the provision of technical support and guidance are complied with.

### 3.4 Specific investigation

Where the IRBA has reason to question the extent to which accreditation standards continue to be met, it has a duty to investigate and take appropriate action.

## Other: Recognition agreements with other professional bodies

### 1. OBJECTIVE

- 1.1 In order to protect the public interest the IRBA must ensure that members of the accredited professional body that seek admission to the ADP have appropriate competence in cases where they have not followed the recognised academic, core assessment and professional development programmes.
- 1.2 Accordingly, the professional body concerned should provide full details of recognition agreements with other professional bodies or institutes and of members admitted to membership through such agreements.

The following accreditation standards are relevant:

- Standard 1: Recognition policy and procedures
- Standard 2: Effective implementation of policy and procedures
- Standard 3: Mechanisms for recommendation for registration as a RA

### 2. ACCREDITATION STANDARDS

#### Standard

#### 2.1 Recognition policy and procedures

The accredited professional body must have relevant policies and procedures in place where membership of the accredited professional body is granted to members of other professional bodies who have not completed the recognised academic, core and professional development programmes.

#### Indicators

The following indicators provide guidance on how this standard may be achieved in practice. The accredited professional body should:

- a. Have developed policies and procedures that are sufficiently rigorous to ensure that only appropriately competent individuals are admitted to membership.
- b. Have included in the policies and procedures provision for the regular evaluation of the recognition status of other professional bodies

#### Standard

#### 2.2 Effective implementation of policy and procedures

The professional body concerned must ensure that the policies and procedures for recognition agreements are effectively implemented.

## Indicators

- a. Appropriately qualified and experienced members of the accredited professional body are assigned to implement the policies.
- b. The process for the consideration of individual applications is fully documented.

## Standard

### 2.3 Mechanisms for recommendation for registration as an RA

The professional body concerned must ensure that reliable mechanisms are in place that enable it to make recommendations to the IRBA regarding any member admitted to membership through a recognition agreement and who makes application for registration as an RA.

## Indicators

- a. Mechanisms must be in place to ensure that the training component of the professional development programme can be assessed against the standards required by the IRBA [see professional development programme].
- b. Mechanisms must be in place to ensure that appropriate continuing professional development has been undertaken in audit and assurance.

## 3. MONITORING OF ACCREDITATION REQUIREMENTS

### 3.1 Regular formal report

The submission of a regular formal report by the professional body concerned is essential to ensure that the IRBA receives relevant and up-to-date information with respect to the recognition agreements entered into with other professional bodies.

The information should relate to the previous calendar year and should be forwarded to the IRBA on a date to be determined in consultation between the IRBA and the accredited professional body. In addition, the onus is on the professional body to ensure that the IRBA is informed immediately should new recognition agreements be concluded.

The information should include the following:

- Details of any recognition agreement entered into by the accredited professional body
- Details of any changes to the accredited professional body's policies and procedures
- Details of any changes to recognition agreements
- Details of regular evaluations made of existing recognition agreements

### 3.2 Self-evaluation

A self-evaluation report is not required.

### 3.3 External validation

The IRBA reserves the right to conduct such procedures as it deems necessary in addition to receiving the regular formal report and self-evaluation report in order to satisfy itself that the accreditation requirements are complied with.

### 3.4 Specific investigation

Where the IRBA has reason to question the extent to which accreditation standards continue to be met, it has a duty to investigate and take appropriate action.

# SECTION 3

Programme accreditation requirements

## SECTION 3:

### PROGRAMME ACCREDITATION REQUIREMENTS

#### 1. THE DEVELOPMENT AND ASSESSMENT OF COMPETENCE

- 1.1 The reputation, relevance and value of the auditing profession depend on the ability of its members to continually meet the expectations of stakeholders and provide a service appropriate to the needs of the South African economy within the global context. It is the responsibility of the IRBA to ensure that all RAs have the necessary professional competence on entering the profession to serve the public interest and the needs of the economy, and subsequently maintain and further develop their competence.
- 1.2 The IRBA has a duty to ensure appropriate competence on entry to the profession by means of appropriate academic, education, training and assessment programmes. In this regard, a distinction should be drawn between professional and core competence.

#### Professional competence

- 1.3 Professional competence is the ability to perform the tasks and roles expected of an RA to standards that are appropriate locally and comparable internationally.
- 1.4 Professional competence reflects the minimum expectations of the public and not the distinguishing attributes of those individuals who are considered to be especially effective. It requires an ability to continuously learn and adapt to change and thereby make a positive contribution to the profession and society throughout an RA's professional life.
- 1.5 The demonstration of professional competence is a necessary precondition for registration as an auditor. Accordingly, it can only be demonstrated in situations that reflect the multidisciplinary public practice environment. Professional competence at entry point to the profession is assessed in the ADP conducted by the IRBA.
- 1.6 The IRBA may recognise or withdraw the recognition of any accredited professional body to conduct a qualifying examination for registration purposes, or the IRBA may conduct such an examination itself. The IRBA considers that the assessment of professional competence administered by the regulator is in the best interests of the profession.
- 1.7 Professional competence for a professional accountant is developed through a recognised professional development programme. Professional competence for an RA is developed through the recognised professional development programme and the ADP.

#### Core competence

- 1.8 An appropriate measure of core competence is a prerequisite for the demonstration of professional competence.
- 1.9 Core competence is the ability to apply the concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to a standard that provides a foundation appropriate for further professional development.
- 1.10 Core competence is developed through a recognised academic programme and assessed by means of a recognised core assessment programme.
- 1.11 The requirements for the development and assessment of professional and core competence, as described above, may be presented in the form of a competency framework:

Programme	Objective	Responsibility
Recognised academic programme	Development of core competence	Professional body accredited by the IRBA
Recognised core assessment programmes	Assessment of core competence	Professional body accredited by the IRBA
Recognised professional development programme under contracts prescribed by the IRBA	Development of professional competence	Professional body accredited by the IRBA
Audit development programme	Development and assessment of audit competence	The IRBA

## 2. ADMISSION AND CREDIT REQUIREMENTS

- 2.1 The formal admission policies that define entry requirements for recognised academic, core assessment and professional development programmes are the responsibility of the relevant professional body.

### Recognised academic programme

- 2.2 Successful completion of a recognised academic programme is required to gain admission to a recognised core assessment programme.
- 2.3 However, such successful completion does not grant automatic access to the recognised core assessment programme of another accredited professional body.
- 2.4 In cases where a recognised academic programme is not supported by a recognised core assessment programme, the IRBA will make arrangements for conducting a core assessment in order to provide continuity in learning paths towards registration as an RA.

### Recognised core assessment programme

- 2.5 A precondition for admission to a recognised core assessment programme should be that a candidate has successfully completed a recognised academic programme.
- 2.6 The core assessment programme may consist of a series of assessments conducted over a period of time, provided that the final component is administered only once a recognised academic programme has been successfully completed. Final assessment of core competence must be the direct responsibility of the accredited professional body.

### Recognised professional development programme

- 2.7 A formal training contract is a compulsory component of the recognised professional development programme.
- 2.8 The terms and conditions of the training contract between employer and employee as set out in an employment contract are the responsibility of the particular firm in which or person under whom training is to take place. The IRBA does not become involved in the contractual employer/employee relationship established by such a contract, but it approves the training contract.
- 2.9 For the purpose of admission to the ADP conducted by the IRBA, students retain credit for an indefinite period for successful completion of a recognised professional development programme.
- 2.10 Admission to a recognised professional development programme requires completion of a recognised academic programme, or registration for a recognised academic programme, or registration for an alternative learning programme that enables entry to a recognised academic programme.

### 3. MONITORING IN THE CONTEXT OF RECOGNITION

- 3.1 Central to achieving the objectives of recognition is the monitoring of the recognised programmes of professional bodies.
- 3.2 The monitoring process is designed to encourage and assist professional bodies to seek continuous improvement in the quality of programmes through a process of self-evaluation.
- 3.3 Once recognition has been granted to the programme(s) of a professional body, such recognition extends to the future delivery of the programme, unless monitoring procedures reveal that recognition standards are no longer being complied with.
- 3.4 The maintenance of recognition status is therefore dependent on the recognised programme of the professional body concerned continuing to meet the recognition standards as determined through the continuous monitoring procedures carried out by the IRBA.
- 3.5 The manner in which the monitoring procedures are applied to a particular recognised programme will be determined by means of a consultative process between the relevant professional body and the IRBA.
- 3.6 Every programme that is recognised by the IRBA for the purpose of granting admission to the ADP will be subjected to a monitoring process by the IRBA.
- 3.7 The following monitoring procedures are applicable to each of the recognised programmes:
- regular formal reporting by the professional body concerned
  - self-evaluation by the professional body concerned
  - external validation by the IRBA
  - specific investigation by the IRBA

#### Regular formal reporting

- 3.8 The submission of regular formal reports to the IRBA by the professional body concerned is essential to ensure that the IRBA receives relevant and up-to-date information with respect to each recognised programme that ultimately enables admission to the ADP.

#### Self-evaluation

- 3.9 The purpose of the self-evaluation is to provide the professional body concerned with an opportunity to:
- determine the extent to which the recognition standards defined by the IRBA continue to be met;
  - recommend to the IRBA possible changes in the prescribed competency framework;
  - recommend to the IRBA possible changes to recognition standards and monitoring procedures defined by the IRBA; and
  - identify particular aspects relating to the recognised programme that call for guidance and assistance from the IRBA.

#### External validation

- 3.10 The purpose of the external validation procedures is to provide the IRBA with an opportunity to assess independently the opinions expressed by the professional body concerned in the self-evaluation report.

#### Specific investigation

- 3.11 Where the IRBA has reason to question the extent to which the recognition standards are being met, it will investigate the matter and take appropriate action.



## 4. EXTENT OF MONITORING PROCEDURES

### Assessment of required monitoring intensity

4.1 The IRBA will determine the intensity of the monitoring procedures to be applied to a specific recognised programme in a particular year on the basis of its assessment of the programme. This assessment will take the following factors into consideration:

- The results of the previous monitoring reports that relate to the programme
- Any anticipated changes in the nature of the programme from the previous year
- The degree of understanding displayed by the IRBA and the relevant professional body of the requirements of the recognition and monitoring process
- The intensity levels applied over a period of time
- Any other relevant information available to the IRBA at the time the monitoring procedures are determined.

Provided that:

- In the first year in which monitoring procedures are to be applied, a high level of intensity will be applicable
- A high level of intensity will be applied to a recognised programme at least once every five years, regardless of the assessment and consideration of the factors identified above
- A high level of intensity will be applied where the IRBA has reason to believe that the quality of the recognised programme, or aspects thereof, is at risk
- Regardless of the monitoring intensity to be applied to a programme, where matters are brought to the attention of the IRBA that call for investigation, the matters will be appropriately addressed.

### High-intensity monitoring

4.2 A 'high' level of monitoring intensity implies that comprehensive external validation procedures should be performed by the IRBA in addition to the receipt of the regular formal reports and self-evaluation reports submitted by the relevant professional body.

### Medium-intensity monitoring

4.3 Where the risk of the programme is assessed as 'medium', external validation procedures are to be performed to a limited extent, as determined by the IRBA at its discretion.

4.4 Regardless of the risk assessment and required monitoring intensity, the professional body concerned is still required to submit the regular formal report and self-evaluation report required for the specific programme.

4.5 A medium intensity of monitoring places a fair degree of reliance on the information forwarded to the IRBA by the professional body concerned in the regular formal report and self-evaluation reports. Accordingly, the professional body should ensure that the information thus provided is sufficient and appropriate to enable the IRBA to determine the extent to which the recognition standards continue to be met, with only limited reliance being placed on rigorous external validation procedures. The IRBA may therefore request the professional body to address particular aspects in its self-evaluation report.

### Low-intensity monitoring

4.6 Where the risk of the programme is assessed as 'low', no external validation procedures are to be performed.

4.7 Regardless of the risk assessment and required monitoring intensity, the professional body concerned is still required to submit the regular formal report and self-evaluation report as required for the specific programme.

- 4.8 A low intensity of monitoring places extensive reliance on the information forwarded to the IRBA by the professional body concerned in the regular formal report and self-evaluation reports. Accordingly, the professional body should ensure that the information thus provided is sufficient and appropriate to enable the IRBA to determine the extent to which the recognition standards continue to be met, without relying on external validation procedures. The IRBA may therefore request the professional body concerned to address particular aspects in its self-evaluation report.

### Risk assessment and monitoring intensity

- 4.9 The relationship between the risk assessment of the programme, the required monitoring intensity and the nature of procedures can be summarised as follows:

Risk assessment of the programme	HIGH	MEDIUM	LOW
Required monitoring intensity	High	Medium	Low
Monitoring procedures			
Regular formal reports	Yes	Yes	Yes
Self-evaluation reports	Yes	Yes	Yes
External validation	Comprehensive	Limited	None
Specific investigations	If need arises	If need arises	If need arises

## 5. THE MONITORING REPORT

- 5.1 The IRBA will use the information gathered through the regular formal report, self-evaluation report, external validation procedures and specific investigations, if undertaken, to compile a monitoring report in respect of each recognised programme.
- 5.2 The IRBA will prepare a draft monitoring report, a copy of which will be forwarded to the professional body concerned for comment.
- 5.3 Such draft monitoring report may then be discussed at a meeting of members of the IRBA and representatives of the professional body concerned.
- 5.4 The meeting will endeavour to reach consensus on issues arising from the report. Where this is not achieved, the opinions of both parties will be stated in the final monitoring report.
- 5.5 A copy of the final monitoring report will be forwarded to the professional body concerned as well as to the IRBA.
- 5.6 On the basis of the final monitoring report and the recommendations it contains, the IRBA will either instruct that recognition of the programme be continued or withdrawn immediately, or that a warning of possible withdrawal be issued.
- 5.7 The decision of the IRBA will be communicated to the professional body concerned in writing.

## 6. WITHDRAWAL OF PROGRAMME RECOGNITION

- 6.1 In cases where the monitoring procedures reveal that the applicable recognition standards are no longer being complied with, the IRBA will determine whether the recognition should be withdrawn immediately, or whether a warning of possible withdrawal should be issued.
- 6.2 The IRBA may recommend to the professional body concerned that a specific provider of the recognised programme should no longer participate in the delivery of the programme. The IRBA may then instruct the professional body to notify the particular provider of this decision, failing which the recognition of the entire programme may be withdrawn.

- 6.3 A warning of possible withdrawal by the IRBA implies that if the situation is not rectified within the period specified in the warning, recognition of the programme will be withdrawn.
- 6.4 The responsibility of informing prospective students of any anticipated change in the recognition status of the programme within an appropriate period rests with the professional body concerned.
- 6.5 Upon issuing a warning, the IRBA will set out the reasons for the warning and set specific and clear objectives that must be achieved by the professional body within the specified period in order for it to maintain recognition status.
- 6.6 During the warning period, the professional body concerned must work closely with the IRBA with a view to maintaining standards and rectifying the situation.
- 6.7 When a decision is made whether to withdraw recognition immediately or to issue a warning, efforts will be made to avoid disadvantage to existing students to whom a commitment regarding access to the profession has been made. However, the IRBA will also recognise its commitment toward the protection of the public interest and the maintenance of appropriate standards.
- 6.8 If standards for recognition have not been complied with at the end of the warning period, recognition will be withdrawn.
- 6.9 The professional body concerned may then re-apply for recognition of the relevant programme at a later stage, and such application will be re-assessed in its entirety.
- 6.10 The withdrawal of recognition of an academic and/or core assessment programme implies that the professional body concerned no longer complies with the requirements for accreditation as specified in the Act. In such instances, the procedures relating to the withdrawal of accreditation status will apply.

## 7. PROGRAMME ACCREDITATION REQUIREMENTS

- 7.1 The accreditation requirements relating to each of the following recognisable programmes are set out as follows:

- Section 3 A: Recognised academic programme
- Section 3 B: Recognised core assessment programme
- Section 3 C: Recognised professional development programme

In each case, the following details relating to each individual programme are set out:

- Programme objectives
- Recognition standards and indicators
- Monitoring procedures

- 7.2 Recognition standards are those criteria that are regarded as essential for the realisation of the objective of each of the programmes. Standards reflect the minimum requirements for the recognition of the programmes of a professional body and the body may choose to include additional requirements for its own purposes.
- 7.3 No single recognition standard will be considered to be of overriding importance for the purpose of granting recognition. Rather, standards will be viewed as an interdependent set of requirements that collectively enable the objectives of a programme to be met.
- 7.4 In determining the extent to which a recognition standard has been met, certain indicators that give practical guidance on how the standard may be achieved have been described. The inability to comply with a specific indicator will not be viewed in isolation. It is accepted that a recognition standard may also be achieved through alternative means not referred to in the indicators.

## A. RECOGNISED ACADEMIC PROGRAMME

### 1. OBJECTIVE OF THE ACADEMIC PROGRAMME

- 1.1 The objective of the academic programme is to develop the core competence of a student to apply the concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to a standard that provides a foundation appropriate for further professional development.
- 1.2 In determining the desirable degree of core competence, the IRBA has defined the following seven attributes that embody its expectations of successful students of the academic programme:
- The ability to analyse complex situations and to identify and define problems arising from them.
  - The ability to apply limited integrated knowledge from different technical fields in order to solve problems.
  - The ability to identify information relevant to a particular problem by distinguishing it from irrelevant information in a given body of data.
  - The ability to prioritise when dealing with multi-problem situations by identifying those problems that require immediate attention.
  - The ability to evaluate alternative solutions and apply objective reasoning in dealing with such alternatives.
  - The ability to communicate effectively with relevant stakeholders by formulating appropriate and feasible recommendations in a concise and logical manner.
  - The ability to continue to learn and adapt to change.
- 1.3 The degree of core competence to be developed should provide a suitable foundation on which professional competence can be developed.

### 2. RECOGNITION STANDARDS

The following standards are considered essential for the realisation of the above objective:

- Standard 1: Formal academic environment
- Standard 2: Sufficient educational breadth
- Standard 3: Representative content of the curriculum framework
- Standard 4: Effective instructional approach
- Standard 5: Appropriate standard, scope and form of assessment
- Standard 6: Provision for access and mobility
- Standard 7: Attraction and retention of staff
- Standard 8: Appropriate infrastructure
- Standard 9: Clearly defined mission statement
- Standard 10: Clearly defined and published delivery criteria
- Standard 11: Formal and effective communication channels to providers
- Standard 12: Formal and effective monitoring procedures.

## 2.1 Formal academic environment

Pre-qualification education in a formal academic environment is an essential characteristic that distinguishes a profession from other occupations. It is necessary to develop the personal characteristics of the learner and an awareness of the economic and social context of the profession.

### Standard

The professional body concerned should ensure that the academic programme is provided in a formal academic environment that develops the competence to exercise good judgement and interact with diverse groups of people, and initiates the process of personal growth leading to professional competence.

### Indicators

- a. The professional body concerned should promote a formal academic environment. A four-year university degree (or equivalent) is considered to be the minimum period for the development of the required core competencies.
- b. In determining whether a programme is equivalent to a four-year university degree, the following should be taken into account:
  - The rigour of tuition
  - The recognition of prior learning
  - The achievement of a suitable basis for further professional development.
- c. The professional body concerned should ensure that the providers of the academic programme meet the quality standards as determined by the relevant higher-education quality-assurance body.

## 2.2 Sufficient educational breadth

The multi-disciplinary public practice environment requires professionally competent practitioners to have a broad-based global perspective conducive to understanding the economic, political, social and technological context in which businesses and other organisations operate. RAs must be effective in key decision-making capacities that require an understanding of issues not directly related to the accounting and auditing fields.

### Standard

The professional body concerned should promote sufficient educational breadth in their academic programmes, thus providing students with:

- a global perspective of the historic events and current issues that shape modern society;
- a basic understanding of human behaviour;
- an appreciation of the breadth of contrasting economic, political and social issues, both locally and internationally;
- an appreciation of art, literature and science; and
- an awareness of different personal and social values.

### Indicators

- a. The professional body concerned should ensure that its curriculum provides appropriate exposure to fields of study that are not directly related to the technical fields, such as the arts, sciences and humanities.
- b. The professional body concerned should ensure that general education is incorporated into the academic programme in a structured and coherent manner. Whether sufficient educational breadth is achieved in accounting courses, accounting-related courses or in courses unrelated to accounting will depend on the circumstances of the academic programme. However, a random set of courses is unlikely to achieve this goal.

### 2.3 Representative content of the competency framework

Professional bodies seeking recognition for their academic programme will be required to demonstrate to the IRBA the extent to which the specific competencies defined by the IRBA in the competency framework are developed within their own relevant programmes.

#### Standard

The professional body concerned should ensure that an appropriately representative content of the competency framework prescribed by the IRBA is adopted by the providers of the academic programme.

#### Indicators

- a. The professional body concerned should indicate the extent to which the academic programme develops core competence. Core competence is the ability to apply the concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to a standard that provides a foundation appropriate for further professional development.
- b. The professional body concerned should set out the knowledge, skills and professional values required to demonstrate core competence identified in the competency framework of the IRBA.
- c. The professional body concerned should revise the programme content and associated assessment criteria on a regular basis so as to maintain the relevance of the programme and to suit changing needs, particularly within the local context.
- d. The professional body concerned should communicate the programme content to the providers of the programme, to whom it should serve as a basis for the planning, delivery and assessment of the programme.
- e. The professional body concerned should encourage its providers to communicate the programme content to each student in the form of a written study manual. This will enable students to approach their studies with clearly defined learning objectives.
- f. The professional body concerned should encourage its providers to plan and coordinate the delivery of the programme with a view to ensuring a unified educational experience and the integration of knowledge, skills and professional values.
- g. The professional body concerned should ensure that the recognised academic programme places appropriate emphasis on the ethical requirements of the profession. In particular, programmes in business ethics should emphasise the need to maintain one's competence in the interests of the public and the profession.
- h. The professional body concerned should require appropriate coverage of the core disciplines identified in the competency framework.

### 2.4 Effective instructional approach

Pre-qualification programmes cannot be expected to be able to develop the full range of technical knowledge, skills and professional values required for continued professional competence. However, the maintenance of professional competence in a constantly changing environment makes it imperative for RAs to develop and maintain a commitment to lifelong learning. The instructional approach applied in the academic programme should address the following aspects of learning:

#### 2.4.1 Learning content

The learning content should go beyond the transfer and recall of knowledge, and enable students to develop skills and values appropriate for self-directed enquiry and research.

#### 2.4.2 Learning process

The instructional process should include a broad range of learner-centred instructional methods. These may include but are not limited to:



- the use of case studies that simulate real-life situations;
- the creative and diverse use of technology;
- working in groups;
- encouraging students to be active participants in the learning process; and
- encouraging students to question, seek answers for themselves and to learn on their own.

#### 2.4.3 Learning attitude

Students should be encouraged to make a personal commitment to continuous learning throughout their lives.

The professional body concerned should place considerable emphasis on the development of lifelong learning capabilities among its students through appropriate focus on the delivery of the recognised academic programme that prepares students to enter the profession. (In this regard, refer to the institutional accreditation requirements relating to CPD.)

### Standard

The professional body concerned should promote the use of an effective instructional approach that will provide a foundation for lifelong learning.

### Indicators

- The professional body concerned should encourage its providers to adapt instructional methods and materials constantly so as to reflect the ever-changing environment in which accountants and auditors function.
- The professional body concerned should encourage its providers to present the programme in such a way that students become actively involved in the learning process. Interactive learning methodologies include but are not limited to:
  - the use of case studies that simulate real-life situations;
  - the creative use of technology;
  - small-groups projects.
- The professional body concerned should encourage its providers to develop students' attitude of learning to learn by encouraging them to question, to seek answers for themselves and to learn independently.

#### 2.5 Appropriate standard, scope and form of assessment

Continuous assessment is necessary to evaluate the effectiveness of instruction and to provide feedback to students. The final assessment furthermore indicates the degree of core competence achieved.

### Standard

The professional body concerned should ensure that the standard, scope and form of assessment in the academic programme will achieve a valid and reliable evaluation of a student's core competence.

### Indicators

- The professional body concerned should encourage its providers to:
  - utilise a variety of assessment interventions to cater for the diverse areas of knowledge, skills and professional values that need to be developed. These could include, but are not limited to, written examinations, interviews, group assignments, portfolio assessments or research assignments.
  - apply a continuous assessment process throughout the programme. The results of the assessment should be used to evaluate instructional effectiveness, identify students in need of support and provide students with regular progress reports.



- b. The professional body concerned should ensure that as far as the final assessment of students for graduation from the relevant academic programme is concerned:
- the standard of the final assessment provides a graduate with rigorous preparation for the core assessment programme;
  - adequate security procedures are in place to safeguard the integrity and prevent any breach in the confidentiality of the assessment prior to its occurrence;
  - an appropriate proportion of the final assessment is designed to evaluate the specific competencies in the competency framework defined by the IRBA;
  - the programme should require that students demonstrate competence in each of the core disciplines identified in the competency framework;
  - the assessment is based on real-life problems and situations that require students to draw on the knowledge, skills and professional values developed in the academic programme, but need not require them to draw on practical experience gained in the public practice;
  - the objective of the assessment is to assess the application of knowledge, rather than merely recalling such knowledge;
  - in keeping with current IRBA examination policy and in preparation for the core assessment, the final assessment should primarily take the form of a formal written examination; and
  - external moderation and external examination take place. Such an external moderator should be a person with appropriate experience and expertise in the particular subject area and should not be responsible for delivery of the academic programme.
- c. Assessment methods applied within the programme should be designed to encourage and assess the extent to which students are capable of carrying out systematic enquiry in unstructured circumstances.

## 2.6 Provision for access and mobility

The provision of a suitable standard of public-practice services to the South African economy is dependent on adequate numbers of competent RAs. Policies and practices should therefore be aimed at attracting, supporting and retaining individuals who display potential and an aptitude for auditing.

### Standard

The professional body concerned should promote the provision of access to and mobility within the auditing profession through admission, retention and support policies within the academic programme.

### Indicators

- a. The professional body concerned should ensure that providers implement appropriate admission requirements to ensure that students entering the programme have a sufficient level of fundamental competence to provide an adequate base for the development of a high standard of core competence.
- b. The professional body concerned should encourage its providers to recognise prior learning for admission purposes and to implement procedures whereby prospective students who have not undergone prior formal education are able to demonstrate that they are capable of successfully completing the programme.
- c. The professional body concerned should initiate programmes that are designed to attract appropriate individuals to the study of accounting and auditing in general, and particularly to the auditing profession.
- d. The professional body concerned should ensure that the admission policies of its providers are clearly set out and are made available to interested parties upon request.
- e. The professional body concerned should encourage its providers to enter into formal articulation agreements with other providers that will enable transfer between programmes, grant recognition for prior learning, minimise duplication and promote coherence

in learning paths that lead to registration. Articulation standards should be clearly stated and should be based on a comparison of the level of knowledge, skills and professional values developed in the different programmes.

- f. The professional body concerned should promote fair and equal access to its academic programmes for all individuals who have the ability and desire to enter the accountancy profession. To this end providers should be encouraged to develop bridging programmes and financial support initiatives.
- g. The professional body concerned should encourage its providers to provide academic support facilities that assist students with the successful completion of the academic programme. Examples include mentor programmes, student counselling, advisory facilities and aptitude assessment facilities.
- h. The professional body concerned should encourage its providers to implement appropriate channels for addressing concerns and grievances raised by students.

## 2.7 Attraction and retention of staff

The development of a high degree of core competence is dependent upon the number, qualification and expertise of the academic staff available to present the academic programme.

### Standard

The professional body concerned should encourage the adoption by providers of practices designed to attract and retain adequate numbers of suitably qualified and experienced staff among the providers of the academic programme.

### Indicators

The professional body concerned should emphasise the importance of appropriate staff in the provision of the academic programme by promoting the following requirements among its providers:

- a. There should be an appropriate ratio between the number of staff members and student enrolment figures, in the light of the rigour of instruction.
- b. There should be balance between senior and junior staff members to ensure appropriate leadership.
- c. Academic staff should have appropriate qualifications and practical experience in the relevant subject areas. d. There should be opportunities for staff to develop their expertise in educational instruction.
- d. A substantial number of the academic staff members should hold permanent positions to ensure continuity and stability within the programme.
- e. An appropriate number of academic staff members should hold full-time appointments to ensure an appropriate level of interaction between staff and students.
- f. A process for the regular appraisal of the effectiveness of academic staff should be in place. h. The staff development policy should encourage continuous professional development.

## 2.8 Appropriate infrastructure

The characteristics of the academic environment have a significant effect on the effectiveness and stability of academic programmes.

### Standard

The professional body concerned should promote the utilisation of appropriate infrastructure among the providers of the academic programme to ensure that the necessary learning opportunities are provided.

## Indicators

The professional body concerned should emphasise the importance of appropriate infrastructure in the provision of the academic programme by promoting the following requirements among its providers:

- a. The academic programme should be administrated by an academic institution that has a budget sufficient for supporting its continued operation.
- b. Appropriate instructional technology should be available to, and utilised by, the academic department.
- c. Students should have access to and be encouraged and required to make use of reference and library facilities.
- d. Students should have access to and be encouraged and required to make use of multi-media information technologies and computer facilities where appropriate.
- e. There should be sufficient and appropriate supportive resources and services to meet the objectives of the programme. These could include, but are not limited to, the following:
  - Administrative, secretarial and technical support
  - Instructional venues
  - Office accommodation
    - Study facilities for students
    - Venues for consultation between staff and students
    - Instructional support media
    - Duplication facilities.

### 2.9 Clearly defined mission statement

A clearly stated academic mission is of primary importance to the recognition and monitoring process. Academic programmes will be evaluated, recognised and monitored by the IRBA within the context of the academic mission defined by the professional body in question.

## Standard

The professional body concerned should formulate a clearly defined mission statement that reflects the priorities it has assigned to the achievement of the objectives of the academic programme defined by the IRBA.

## Indicators

- a. The professional body concerned should formulate a mission statement that relates to the academic programme. The statement should:
  - identify the particular stakeholder groupings and constituents that the professional body intends to serve through the academic programme;
  - specify the objectives of the academic programme and the standards to be pursued;
  - be reviewed and revised on a continuous basis;
  - be consistent with the broad overall mission of the professional body concerned.
- b. The professional body concerned should ensure that its activities with regard to the academic programme are consistent with its mission statement.

## 2.10 Clearly defined and published delivery criteria

In cases where a professional body makes use of various institutions to deliver the academic programme, it is essential that potential providers be evaluated on an equal and transparent basis.

### Standard

The professional body concerned should have clearly defined and published delivery criteria that provide a fair and transparent basis upon which potential providers will be assessed, accredited and monitored and that reflect the minimum criteria for the achievement of the objective of the academic programme.

### Indicators

- a. The professional body concerned should issue formal guidelines that set out its criteria for participation in the provision of the academic programme.
- b. The professional body concerned should issue guidelines that are clear and unambiguous and that are available to interested parties on request.
- c. The professional body concerned should include in its guidelines the procedures for the application by and evaluation and approval of providers for participation in the delivery of the academic programme.

## 2.11 Formal and effective communication channels to providers

In order to properly oversee the providers of its academic programme, it is essential for the professional body concerned to have access to reliable, relevant and accurate information regarding the programme.

### Standard

The professional body concerned should establish formal and effective communication channels to the providers of the academic programme in order to exchange the necessary information.

### Indicators

- a. The professional body concerned should make provision for formal site visits to the provider(s) of the academic programme, and for making reasonable enquiries relating to the programme.
- b. The professional body concerned should require providers to submit information to the body on a regular basis to enable the latter to submit the general, statistical and other information required by the IRBA in terms of the monitoring procedures.

## 2.12 Formal and effective monitoring procedures

In order to properly oversee the providers of its academic programme, the professional body concerned should cooperate with the providers to identify deficiencies and take corrective actions as part of an unremitting effort to improve the quality of the programme.

### Standard

The professional body concerned should establish formal and effective monitoring procedures with the providers of the academic programme.

### Indicators

- a. The professional body concerned should actively monitor the provision of the programme by its providers to ensure that programme objectives are being met to an appropriate degree. This could be achieved by means of:
  - student surveys;
  - monitoring of success rates in the core assessment programme;

- employment placements and alumni surveys;
- direct monitoring through site visits.
- The professional body concerned should conduct site visits to the providers of the programme on a regular basis in order to:
- assess the relevance of course content;
- evaluate and report on the effectiveness of instruction;
- make recommendations for quality improvements;
- suggest areas for cooperation; and
- provide assistance where required.

### 3. MONITORING OF THE RECOGNISED ACADEMIC PROGRAMME

#### 3.1 Regular formal reporting

In order to enable the IRBA to carry out its monitoring function effectively and efficiently, it requires certain information concerning the recognised academic programme of a professional body. The information should relate to the previous academic year and be forwarded to the IRBA by the relevant professional body by a date to be determined in consultation with the IRBA. The information should include the following general and statistical information:

##### 3.1.1 General information

- A declaration of the academic mission statement of the particular professional body.
- A copy of the most recent rules and regulations prescribed by the professional body concerned for the purpose of accrediting providers of its recognised academic programme.
- The name and contact details of each institution that participates in the delivery of the recognised academic programme.
- Details of the recognised professional examination(s) to which graduates of the recognised academic programme are admitted.
- Details of any policy relating to the admission to membership of the professional body concerned to which graduates of the recognised academic programme may be entitled.
- Any other general information as may be required by the IRBA from time to time.

##### 3.1.2 Statistical information

The following statistical information must be supplied for every institution that participates in the delivery of the recognised academic programme:

- The total number of students registered per academic level.
- The distribution of registered students per academic level on the basis of gender and race.
- Pass rates for each academic level.
- The names and number of full-time and part-time academic staff members responsible for the delivery of the recognised academic programme.

#### 3.2 Self-evaluation

3.2.1 The professional body concerned should prepare an independent self-evaluation report of the recognised academic programme.

3.2.2 The self-evaluation report should be submitted to the IRBA by the relevant professional body by a date to be determined in consultation with the IRBA.

- 3.2.3 Such self-evaluation report may be prepared on a rotation basis, provided that the rotation period does not exceed five years for each participating institution.
- 3.2.4 Where an institution participates in the delivery of a recognised academic programme for the first time, a self-evaluation report must be submitted by the professional body concerned within six months of the end of the first academic year. (Thereafter, the rotation basis may apply.)
- 3.2.5 The professional body concerned is responsible for the preparation of the self-evaluation report, but may delegate this responsibility to a specific person, group of persons, committee or task group as appropriate.
- 3.2.6 It is recommended that the self-evaluation report be based on input from both the professional body concerned and representatives from the institution that participates in the delivery of the recognised academic programme.
- 3.2.7 In the self-evaluation report the professional body concerned should address critical aspects of the recognised academic programme as they relate to the specific provider in order to demonstrate to the IRBA the extent to which the recognition standards as defined by the IRBA continue to be met.
- 3.2.8 In cases where the IRBA has reason to question the self-evaluation report, it retains the right to conduct its own evaluation of the recognised academic programme and the specific provider thereof. Recognition status may be withdrawn as a result of such evaluation.
- 3.3 External validation
- 3.3.1 The nature of the external validation procedures will be determined by collaboration between the professional body concerned and the IRBA in order to ensure that the IRBA's monitoring objectives are met.
- 3.3.2 The validation procedures should include those procedures necessary for the IRBA to satisfy itself as to the extent to which the recognition standards defined by the IRBA continue to be met. These procedures may include, but are not limited to the following:
- Observation at site visits conducted by the professional body concerned at the various institutions that participate in the delivery of the recognised academic programme.
  - Insight into reports on site visits at a provider of the recognised academic programme by the professional body concerned.
  - External moderation of the final assessment of students of the recognised academic programme by scrutiny of a selection of assessments.
  - Insight into surveys that address the recognised academic programme and that are conducted among students of the core assessment programme in the form of questionnaires.
  - Investigation of matters relating to the professional body concerned and its recognised academic programme that are brought to the attention of the IRBA.
  - Observer status at meetings of the academic committee of the particular professional body.
  - Requesting the professional body concerned to respond to specific matters raised by the IRBA regarding the recognised academic programme.
  - Insight into correspondence between the professional body concerned and its providers that relates to a revision or clarification of policy issues concerning the recognised academic programme and its provision.
- 3.3.3 The information submitted in the self-evaluation report will be used as the basis for the performance of the external validation. This does not preclude the IRBA from obtaining additional information from other sources.
- 3.4 Specific investigations
- 3.4.1 Should a complaint be lodged with the IRBA regarding a recognised academic programme, or should the IRBA otherwise become aware of any deficiencies in the programme, it has a duty to ensure that the matter is attended to.
- 3.4.2 Where the IRBA deems it appropriate, it will request the professional body concerned to investigate the matter and to report its findings to the IRBA.
- 3.4.3 On the basis of the outcome of such a report back, the IRBA may either instruct that recognition be continued or withdrawn immediately, or that a warning of possible withdrawal be issued.
- 3.4.4 In cases where the complaint relates to the internal administration of the recognised academic programme, the IRBA will refer the matter to the professional body concerned.



## B. RECOGNISED CORE ASSESSMENT PROGRAMME

### 1. OBJECTIVE OF THE CORE ASSESSMENT PROGRAMME

- 1.1 The objective of the core assessment programme is to assess the core competence of a candidate to apply the concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to a standard that provides a foundation appropriate for further professional development.
- 1.2 In determining the desirable degree of core competence, the IRBA has defined the following seven attributes that embody its expectations of successful students of the core assessment programme:
  - The ability to analyse complex situations and to identify and define problems arising from it.
  - The ability to apply limited integrated knowledge from different technical fields to solve problems.
  - The ability to identify information relevant to a particular problem by distinguishing it from irrelevant information in a given body of data.
  - The ability to prioritise when dealing with multi-problem situations by identifying those problems that require immediate attention.
  - The ability to evaluate alternative solutions and to apply professional judgement in dealing with such alternatives.
  - The ability to communicate effectively with particular users by formulating appropriate and feasible recommendations in a concise and logical manner.
  - The ability to continue to learn and adapt to change.
- 1.3 The degree of core competence should provide a suitable foundation on which professional competence can be developed.

### 2. RECOGNITION STANDARDS

The following standards are considered essential for the achievement of the above objective:

- Standard 1: Appropriate standard of assessment
- Standard 2: Appropriate scope of assessment
- Standard 3: Appropriate form of assessment
- Standard 4: Reliability of assessment
- Standard 5: Public regard for the assessment
- Standard 6: Integrity of the assessment process
- Standard 7: Effective and efficient professional administration.

#### 2.1 Appropriate standard of assessment

The implication of the standard of assessment should be that a successful candidate has demonstrated an appropriate level of the core competence so as to provide a suitable foundation for the development of professional competence. The assessment should not be limited to a re-test of the theoretical knowledge acquired during the recognised academic programme.

#### Standard

The professional body should ensure that the standard of the assessment is appropriate so that the degree of core competence that has been achieved could serve as a foundation on which further professional development can take place.



## Indicators

- a. The assessment standard should require students to demonstrate an appropriate degree of proficiency in the core competencies developed in the academic programme. The standard of assessment need not require students to draw on practical experience gained in the public practice environment.
- b. The standard of assessment should be at least comparable to the standard of the assessment of core competence identified in the competency framework.
- c. Although it is accepted that the acquisition of a defined technical body of knowledge is an essential attribute of a professional, the professional body should ensure that the standard of assessment is sufficient to assess the application of that knowledge, rather than its mere recall.

### 2.2 Appropriate scope of assessment

The demonstration of core competence is a necessary prerequisite for the development of professional competence. The demonstration of core competence should not, however, require students to draw on practical experience gained in the public practice environment.

## Standard

The professional body should ensure that the scope of the assessment encompasses a representative portion of the core competence required to demonstrate the specific competencies defined by the IRBA in its competency framework

## Indicators

- a. The professional body concerned should ensure that the assessment corresponds substantially with the specific competencies defined by the IRBA in the competency framework.
- b. The professional body concerned should ensure that the assessment requires students to apply a suitable breadth and depth of integrated knowledge, skills and professional values that comprise the core competence to complex situations that need not require the candidate to draw on practical experience gained in the public practice environment.
- c. The assessment should provide appropriate coverage of the core disciplines identified in the competency framework.
- d. Appropriate mechanisms should be in place to ensure that students are unable to de-emphasise any of the core disciplines.

### 2.3 Appropriate form of assessment

The assessment should be designed to afford students the opportunity to demonstrate their core competence. It should not be limited to an assessment of the theoretical knowledge acquired during the academic programme. The form of assessment should enable a valid and independent assessment of the defined core competencies against defined performance criteria.

## Standard

The professional body should ensure that the assessment provides a valid and independent assessment of the demonstration of the core competence against defined performance criteria. The core competence should be assessed by means of a formal written examination.

## Indicators

- a. The core assessment of the professional body concerned should take the form of a formal written examination. While it is acknowledged that there is no preferred form of assessment, the nature of the core competence and the independent assessment thereof are best suited to a written examination.
- b. The core assessment of the professional body concerned should consist of case studies and problems to be solved by the candidate.
- c. The core assessment of the professional body concerned should be of such a duration that it enables the candidate sufficient opportunity to demonstrate the core competence.

## 2.4 Reliability of assessment

If absolute reliability were required in assessment, it could result in the assessment becoming meaningless, for it would entail, firstly, removing contextual information that might be to the advantage of certain students and, secondly, reducing variation by removing any judgemental aspects. Such an oversimplification of the assessment would undermine its validity.

### Standard

While it is accepted that an element of subjectivity is an inherent component of any form of assessment, the professional body concerned should ensure that appropriate procedures are adopted to promote consistency across assessors and fairness to all students, so as to enhance the reliability of the assessment.

### Indicators

- a. The professional body concerned should assess an appropriate representative sample of candidate responses. The results of the sample should be used to adjust the assessment criteria where appropriate so that all possible approaches are catered for, and to limit the need for substantial final adjustments during adjudication.
- b. The professional body concerned should ensure that all assessors share a common understanding of the performance criteria so as to ensure that these are consistently applied across all students throughout the assessment process.
- c. The professional body concerned should ensure that each assessment is subject to a process of independent assessment by a person who is not responsible for the initial assessment in order to ensure reliability and consistency.
- d. The professional body concerned should conduct a formal adjudication process to objectively consider the results of the assessment and to allow for reasonable and educationally sound adjustments that are fair to all students.
- e. The professional body concerned should invite those providers who are responsible for the delivery of the academic programmes that grant access to the core assessment programme to submit written comments on the assessment. Such comments should be taken into account in the adjudication process.
- f. The professional body concerned should, in considering the results of the assessment, take into account comments received from those responsible for determining the assessment criteria, conducting the initial assessment, conducting the independent assessment, as well as providing the relevant academic programmes.

## 2.5 Public regard for the assessment

The public expectation that RAs are competent in those services they undertake is central not only to the reputation and status of the profession, but also to the very concept of the profession.

### Standard

The professional body should ensure that the assessment of the core competence, which is an essential component of professional competence, is held in high public regard.

### Indicators

- a. The professional body concerned should ensure that the assessment is developed by those persons who have appropriate expertise and experience in a particular aspect of the competence to be demonstrated. The persons should be representative of a range of stakeholders from education and training, commerce and industry, and the practising profession.
- b. The professional body concerned should ensure that the content of the assessment is original and has not been used before in any educational or instructional context whatsoever.
- c. The professional body concerned should require that a candidate first successfully complete an academic programme that is recognised by the IRBA before allowing them to gain admission to the core assessment.

## 2.6 Integrity of the assessment process

Maintenance of confidentiality throughout the assessment process is an indispensable component of a professional examination. A breach in confidentiality may have an adverse impact on the perception of the integrity underlying the examination and, indeed, on the profession itself.

### Standard

The professional body concerned should make every effort to safeguard the integrity of the assessment process by ensuring confidentiality in the following aspects relating to the assessment:

- Preparation, conduct, evaluation, reporting
- Anonymity of students
- Disciplinary measures in respect of irregular or dishonest practices during the assessment.

### Indicators

- a. The professional body concerned should design and implement appropriate policies and procedures to ensure that the development, conduct, evaluation and reporting processes take place under stringent conditions of security.
- b. The professional body concerned should define assessment policies and procedures that guard the anonymity of students throughout the process.
- c. The professional body concerned should design and implement procedures to ensure that only those students who are eligible to undertake the assessment register and take part in the programme.
- d. The professional body concerned should define formalised policies concerning irregular or dishonest practices and should communicate these to students before the assessment is conducted.
- e. The professional body concerned should take appropriate action in instances where a candidate is found guilty of irregular or dishonest practices. Such action could include disqualification from the examination, from subsequent examinations and/or from membership.
- f. The professional body concerned should define formalised policies relating to re-assessments and should apply the policy to all students in all instances.

## 2.7 Effective and efficient professional administration

The procedures relating to the preparation, conducting, evaluation and reporting of the assessment should be carried out in a professional manner.

### Standard

The professional body concerned should ensure that sufficient and appropriate resources are available and applied to ensure that the assessment is effectively and efficiently administered in all respects.

### Indicators

- a. The professional body concerned should assign responsibility to a person or group of persons with appropriate experience in assessment administration to assume responsibility for coordinating the development, conducting, evaluation and reporting of the assessment.
- b. The professional body concerned should document the assessment in a professional manner. In particular, the following aspects should receive attention:
  - Neat and orderly presentation
  - Correct use of subject terminology

- Correct use of language
  - Accurate and unambiguous information
  - Clear and concise instructions
  - Clearly stated mark and time allocations
  - Accurate translations
  - Clearly stated assessment requirements.
- c. The professional body concerned should correspond with individual students in writing on the following within a reasonable period prior to the assessment being conducted:
- Confirmation of registration
  - Index number
  - Information relevant to the scope, content and form of the assessment
  - Regulations concerning the use of calculators, written text, etc.
  - Logistical information relating to the date, time and venue of the assessment
  - Regulations concerning alleged irregular or dishonest practices.

### 3. MONITORING OF THE RECOGNISED PROGRAMME

- 3.1 Regular formal report
- 3.1.1 In order to enable the IRBA to carry out its monitoring function effectively and efficiently, it requires certain information concerning the recognised core assessment programme conducted by a professional body.
- 3.1.2 The information should relate to the most recent core assessment and should be forwarded to the IRBA by the relevant professional body within one month after publication of the results.
- 3.1.3 The information should include the following general and statistical information:

#### General information

- General information pertaining to the conducting of the assessment, including dates, times, venues, etc.
- A declaration of the assessment objective as defined by the relevant professional body
- Details concerning the persons involved in the definition of performance criteria and the evaluation of individuals against those criteria
- Details of the recognised academic programmes that underpin and allow admission to the core assessment.

#### Statistical information

- The number of students who registered and wrote the assessment in terms of specified categories such as gender, race and academic programme
- The success rate of students in terms of specified categories such as gender, race and academic programme
- The success rate of students in total for each component/question in the assessment described in terms of lowest mark awarded, highest mark awarded, average mark awarded and pass rate
- The names of the ten most successful students and the relevant academic programme that each completed.

#### 3.2 Self-evaluation

- 3.2.1 The professional body concerned should prepare an independent self-evaluation report for every recognised core assessment programme conducted.

- 3.2.2 The self-evaluation report should be submitted to the IRBA within one month after the date on which the assessment results were first published.
- 3.2.3 The professional body concerned is responsible for the preparation of the self-evaluation report, but may delegate this responsibility to a specific person, group of persons, committee or task group as appropriate.
- 3.2.4 It is recommended that the self-evaluation report be based on input from all the parties involved in the different aspects of the assessment process, rather than that of a single person.
- 3.2.5 In the self-evaluation report, the professional body concerned should address critical aspects of the recognised core assessment programme that will demonstrate to the IRBA the extent to which the recognition standards as defined by the IRBA continue to be met.
- 3.2.6 In cases where the IRBA has reason to question the self-evaluation report, it reserves the right to conduct its own evaluation of the recognised core assessment programme. Recognition status may be withdrawn as a result of such evaluation.
- 3.3 External validation
- 3.3.1 The nature of the external validation procedures will be determined by collaboration between the professional body concerned and the IRBA in order to ensure that the IRBA's monitoring objectives are met.
- 3.3.2 The validation procedures should include those procedures necessary for the IRBA to satisfy itself as to the extent to which the recognition standards defined by the IRBA continue to be met. These procedures may include, but are not limited to the following:
- Insight into surveys conducted among students of the recognised core assessment in the form of questionnaires.
  - Observation of some or all of the following aspects of the examination process: development, conducting, evaluation and adjudication.
  - External moderation of the assessment.
  - External examination of the assessment.
  - Investigation of matters relating to the professional body concerned and its recognised core assessment programme that are brought to the attention of the IRBA.
  - Serving as a member of the committee responsible for setting the performance criteria for the recognised core assessment programme.
  - Serving as a member of the committee responsible for evaluating students against the performance criteria.
  - Observer status at or participation in adjudication meetings of the particular recognised core assessment programme.
  - Requesting the professional body concerned to respond to specific matters raised by the IRBA regarding the recognised core assessment programme.
  - Insight into correspondence between the professional body concerned and its stakeholders that relates to a revision or clarification of policy issues concerning the recognised core assessment programme.
- 3.3.3 The information submitted in the self-evaluation report will be used as the basis for the performance of the external validation. This does not preclude the IRBA from obtaining additional information from other sources.
- 3.4 Specific investigations
- 3.4.1 Should a complaint be lodged with the IRBA regarding the recognised core assessment programme or should the IRBA otherwise become aware of any deficiencies in the process, the IRBA has a duty to ensure that the matter is attended to.
- 3.4.2 Where the IRBA deems it appropriate, it will request the professional body concerned to investigate the matter and to report its findings, or the IRBA will undertake its own investigations.
- 3.4.3 On the basis of the outcome of such a report back, the IRBA may either instruct that recognition be continued or withdrawn immediately, or that a warning of possible withdrawal be issued.
- 3.4.4 In cases where the complaint relates to the internal administration of the recognised core assessment programme, the IRBA shall refer the matter to the professional body concerned.

## C. RECOGNISED PROFESSIONAL DEVELOPMENT PROGRAMME

### 1. OBJECTIVE OF THE PROFESSIONAL DEVELOPMENT PROGRAMME

- 1.1 The objective of the professional development programme is to develop the professional competence of professional accountants that is suitable to form the foundation upon which the specialist competence for auditors is developed in the Audit Development Programme.
- 1.2 Professional development is achieved primarily through a formal training programme in the office of an RA engaged in public practice.
- 1.3 In circumstances where aspects of the training programme do not provide comprehensive opportunity for the development of professional competence in a standardised manner, the professional body is required to ensure that such interventions are developed and monitored either through the training office or directly by the professional body. These interventions can take a variety of forms and the IRBA is not prescriptive in this regard.
- 1.4 In determining the desirable degree of professional competence to be developed, the IRBA has defined the following six attributes that embody its expectations of successful students of the professional development programme:
  - An ability to apply the appropriate technical body of knowledge, skills and professional values in an integrated and analytical manner to complex situations that are likely to be encountered in the multidisciplinary public practice environment.
  - The ability to apply professional judgement in assessing alternatives and recommending solutions to situations within the public practice environment.
  - The ability to communicate effectively by formulating appropriate arguments and recommendations in a concise and logical manner appropriate to the specific user and a particular level of assurance required within the public practice environment.
  - An ability to identify, anticipate and comprehend problems through abstract logical thinking, inductive and deductive reasoning and critical analysis and to find acceptable alternative solutions through a consultative process.
  - An ability to assume a leadership position in work situations and demonstrate basic managerial skills.
  - An ability to continue to learn and adapt to change.

### 2. RECOGNITION STANDARDS

The following standards are considered essential for the realisation of the above objective:

#### Practical experience

- Standard 1: Sufficient breadth and depth of practical experience
- Standard 2: Appropriate training environment
- Standard 3: Properly planned and formally documented programmes
- Standard 4: Effective administration of training contracts
- Standard 5: Clearly defined mission statement
- Standard 6: Clearly defined and published delivery criteria
- Standard 7: Formal and effective communication channels to providers
- Standard 8: Formal and effective monitoring procedures.

#### Additional interventions

- Standard 9: Additional interventions

#### Assessment of professional competence

- Standard 10: Continuous on-the-job assessment
- Standard 11: Summative assessment



## 2.1 Sufficient breadth and depth of practical experience

Formal education cannot guarantee the full development of professional competence. Knowledge, skills and professional values should be consolidated through practical application in the public practice environment. Such practical experience should build on the core competence developed in an academic programme and should be gained in conjunction with any additional interventions introduced by the accredited professional body to ensure integration of theory with practice.

### Standard

The professional body concerned must ensure that the training programme provides sufficient breadth and depth of practical exposure to meet the objectives of the professional development programme.

### Indicators

- a. The professional body concerned should ensure that the minimum duration of a training contract is not less than the required minimum contract term, allowing for the minimum hours of work attendance and the minimum hours of core experience to be gained. The duration of the contract should take into account any remission, cancellation, transfer and extension. In view of the nature of the competencies to be acquired during training it is unlikely that it will be possible to acquire the prescribed competencies in any shorter period. The table below provides a recommendation:

Entrance requirement category	Minimum contract term	Minimum hours	
		Work attendance	Core experience
Holder of a university degree (relevant or non-relevant)	36 months	4 500	3 600
Holder of a technical diploma (relevant or non-relevant)	48 months	6 000	4 800
Holder of a matriculation exemption certificate	60 months	7 500	6 000

- b. The professional body concerned should ensure that contracts are registered with the IRBA timeously.
- c. The professional body concerned should ensure that the audit-client portfolio of the training office is sufficiently broad and varied, in terms of the ownership structure as well as industry, to allow a trainee auditor to gain non-repetitive exposure of an appropriate breadth.
- d. The professional body concerned should ensure that the client portfolio of a training office includes a significant portion of audit and related function engagements to provide a trainee auditor with sufficient breadth and depth of exposure to the competencies in the competency framework, within the duration of the contract.
- e. The professional body concerned should ensure that in cases where a particular training office is not able to provide the required breadth or depth of experience, arrangements are made for experience to be gained by means of alternative interventions. These may include simulations or secondment.
- f. The professional body concerned should ensure that the training programme directly addresses the development of skills and values defined by the IRBA in the competency framework.
- g. The professional body concerned should ensure that the training programme is, where possible, sufficiently flexible to enable exposure to related financial disciplines that are outside the core areas. Such exposure could significantly benefit the total professional development of trainees and enhance their general commercial sense and financial awareness.

## 2.2 Appropriate training environment

Prospective RAs should gain practical experience through participation in work activities that require the application of knowledge, skills and professional values appropriate to the public practice environment. Such practical experience should be gained under the direction and supervision of an RA in audit and related service engagements.



## Standard

The professional body concerned must ensure that the training programme is delivered in the office of an RA engaged in public practice.

## Indicators

- a. The professional body concerned should ensure that training is conducted in an office of an RA who is engaged in public practice and who is registered with the IRBA.
- b. The professional body concerned should ensure that each training contract is registered with the IRBA in the manner prescribed by the IRBA from time to time.
- c. The professional body concerned should ensure that each registered trainee auditor is assigned to a specific training officer. The training officer should be an RA. It is the responsibility of this person to ensure that training contracts are properly administered and that each trainee auditor receives the appropriate depth and breadth of training and professional development.

### 2.3 Properly planned and formally documented programme

Each trainee should be exposed to sufficient breadth and depth of experience and progression in responsibility to achieve the objectives of the training programme within the prescribed period. This implies that the training programme should be properly planned to ensure the maximum personal and professional development of every trainee.

## Standard

The professional body concerned should ensure that the training programme is properly planned and formally documented by every RA office that participates in the provision of the programme.

## Indicators

- a. The professional body concerned should ensure that the training department enjoys the full support of the top management of the training office. There should accordingly be direct reporting lines between the training officer, those responsible for the administration of the training programme and executive management.
- b. The professional body concerned should ensure that the training programme is specifically planned for every individual trainee auditor to ensure that there is progression in responsibility throughout the contract term, and that the required breadth and depth of exposure can be reasonably obtained within the minimum contract term.
- c. The professional body concerned should ensure that the training office allocates sufficient resources for supplementary practical training courses. These will provide a valuable means for integrating and consolidating practice with theory. Such courses may be provided in-house, through group training sessions, external courses, on-the-job training and simulation.
- d. The professional body concerned should ensure that the training office has a formally documented training policy in which the responsibilities of the training officer and the trainee auditor are set out and training procedures applicable to the particular office, such as reporting lines, performance measurement and promotion criteria are described.
- e. The professional body concerned should ensure that the training office provides an environment that affords a trainee auditor a reasonable opportunity to complete the academic and examination requirements prescribed by the IRBA for registration purposes.
- f. The professional body concerned should ensure that the training environment provides the trainee auditor with an opportunity to advance computer literacy through the regular use of and exposure to computerised auditing, financial and data processing, word processing and spreadsheet applications.
- g. The professional body concerned should ensure that the training environment develops a trainee's awareness of the importance of remaining technically competent throughout his or her professional life. Trainee auditors should therefore be required to

apply the most recent legislation and generally accepted accounting and auditing standards. In this regard, in addition to on-the-job training received as part of the training contract, trainees should maintain their knowledge and awareness of new developments in the profession through participation in more formalised learning interventions and courses. These formalised courses may extend to programmes presented by the firm itself (in this regard, refer also to the institutional accreditation requirements relating to CPD).

- h. The professional body concerned should ensure that the training environment provides trainee auditors with a framework of professional values for exercising judgement and an opportunity to observe the application of ethics in the workplace through:
- a commitment to integrity, objectivity and independence;
  - a knowledge of the standards of professional ethics;
  - a concern for the public interest and sensitivity to social responsibilities; and
  - a commitment to lifelong learning.
- i. The professional body concerned should ensure that the training environment makes provision for effective communication between trainee auditors and the training officer to allow concerns to be raised and addressed in an appropriate manner.
- j. The professional body concerned should ensure that the training programme contains a mechanism by means of which trainee auditors can receive formal feedback from their supervisors after completion of every significant assignment. The feedback should indicate the nature of the competence developed and the level of competence achieved by the trainee. This will enable trainees to identify areas for development, set personal development objectives and accordingly take responsibility for their own professional development.
- k. The professional body concerned should ensure that the feedback is reviewed formally on at least a biannual basis between the trainee auditor and the mentor to identify and address specific training needs and opportunities.
- l. The professional body concerned should ensure that the number of RAs performing the audit function of a particular training office is large enough to ensure that each trainee auditor receives sufficient individual attention to acquire the necessary professional skills.
- m. The professional body concerned should ensure that the responsibility for the training programme in each training office is assigned to a training officer who is an RA and who is aware of and understands the importance of the training programme in the development of professional competence.
- n. The professional body concerned should ensure that each trainee auditor is supervised by appropriately senior members of staff who have been trained to provide on-the-job training and who understand their responsibility to develop the professional competence of the individual assigned to them.
- o. The professional body concerned should ensure that every trainee auditor undergoes an appropriate induction prior to undertaking responsible practical work or coming into contact with clients. The induction programme should introduce the trainee to the work, practices and ethics of the training office.
- p. The professional body concerned should ensure that an official, written professional development record (PDR) is maintained for every trainee auditor. The PDR should contain a log of the completed work assignments, with notes on the standard and nature of the competence achieved. The PDR should be signed off by the relevant supervisor on every assignment and by the training officer on completion of the training contract. The PDR should be forwarded to the IRBA upon the trainee auditor's discharge from the training contract.
- q. The professional body concerned should ensure that trainee auditors are encouraged to take responsibility for their own professional development by ensuring that the PDR is up to date and that the prescribed competencies are signed off by the training officer once they have been achieved.

## 2.4 Effective administration of training contracts

As the statutory body charged with the regulation of RAs, the IRBA has been assigned particular duties in relation to training contracts. Section 7(1)(d) of the Act enables the IRBA to prescribe training requirements, including but not limited to the period of training and the format of training contracts. Section 7(1)(e) states that the IRBA must approve and register training contracts entered into by prospective registered auditors. In terms of section 7(1)(g) the IRBA must either conditionally or unconditionally recognise or withdraw the recognition of RAs as training officers.

### Standard

The professional body concerned must ensure that the training programme is administered in the manner prescribed by the IRBA.

### Indicators

- a. The professional body concerned should ensure that a formal written training contract is completed on the document prescribed by the recognised professional body or other body. In terms of the contract, a trainee auditor should be duly bound to serve an RA for a specified period, and be entitled to receive training in the practice and profession of an RA.
- b. The professional body concerned should ensure that its training department has the necessary expertise, experience and resources to register, discharge, transfer, suspend, remit and cancel training contracts timeously and efficiently.

## 2.5 Clearly defined mission statement

A clear training mission statement is of primary importance to the recognition and monitoring process. Training programmes will be evaluated, recognised and monitored by the IRBA within the context of the training policy defined by the professional body in question.

### Standard

The professional body concerned should formulate a clearly defined mission statement that reflects the priorities it has assigned to the achievement of the objectives of the training programme defined by the IRBA.

### Indicators

- a. The professional body concerned should ensure that its mission statement identifies the particular stakeholder groupings and constituents that the professional body intends to serve through the relevant training programme, specifies the objectives of the relevant training programme and the standards it must strive to achieve, is reviewed and revised on a continuous basis and is consistent with the broad overall mission of the professional body.
- b. The professional body concerned should ensure that its activities with regard to the relevant training programme are consistent with its mission statement.

## 2.6 Clearly defined and published delivery criteria

In cases where a professional body makes use of various training offices to deliver the training programme, it is essential that potential providers be evaluated on an equal and transparent basis.

### Standard

The professional body concerned should have clearly defined and published delivery criteria that provide a fair and transparent basis on which potential providers will be assessed, accredited and monitored and that reflect the minimum criteria for the achievement of the objective of the training programme.

## Indicators

- a. The professional body concerned should issue formal guidelines that set out its criteria for participation by training offices in the provision of the training programme.
- b. The professional body concerned should ensure that the guidelines are clear and unambiguous and are available to interested parties upon request.
- c. The professional body concerned should ensure that the guidelines set out the procedures for the application, evaluation and approval of training offices for participation in the delivery of the recognised training programme.

### 2.7 Formal and effective communication channels to providers

In order to properly oversee the providers of its training programme, it is essential for the professional body concerned to have access to reliable, relevant and accurate information regarding the programme.

## Standard

The professional body concerned should establish formal and effective communication channels to the providers of the training programme in order to exchange the necessary information.

## Indicators

- a. The professional body concerned should make provision for formal site visits to the providers of the training programme, and for making reasonable enquiries relating to the programme.
- b. The professional body concerned should require providers to submit information to the body on a regular basis to enable the latter to submit the general, statistical and other information required by the IRBA in terms of the monitoring procedures.

### 2.8 Formal and effective monitoring procedures

In order to properly oversee the providers of its training programme, the professional body concerned should cooperate with the providers to identify deficiencies and take corrective actions as part of its unremitting effort to improve the quality of the programme.

## Standard

The professional body concerned should establish formal and effective monitoring procedures with the providers of the training programme.

## Indicators

- a. The professional concerned body should actively monitor the provision of the programme to ensure that programme objectives are being met to an appropriate degree. This could be achieved by means of:
  - trainee surveys;
  - direct monitoring through site visits to registered training offices;
  - monitoring of PDRs.
- b. The professional body concerned should conduct site visits to the providers of the programme on both a regular and practical basis in order to:
  - assess the breadth and depth of exposure;
  - evaluate and report on the effectiveness of the training programme;
  - make recommendations for quality improvements;
  - suggest areas for cooperation; and
  - provide assistance where required.

## 2.9 Additional interventions

The training programme is unlikely to be able to provide for all aspects of professional development in a consistent and standardised manner. In this regard, the professional body must take ultimate responsibility for the additional interventions required for the development of professional competence. Such responsibility may be directly managed by the professional body or it may be delegated to the training office through the professional body's accreditation criteria and monitoring requirement.

### Standard

In circumstances where aspects of the training programme do not provide comprehensive opportunity for the development of professional competence in a standardised manner, the professional body is required to ensure that such interventions are developed and monitored either through the training office or directly by the professional body.

### Indicators

- a. The professional body concerned should ensure that additional interventions are developed and presented to address any gaps identified in the professional experience programme.

## 2.10 Continuous on-the-job assessment

Continuous on-the-job assessment is necessary to evaluate the effectiveness of practical experience training and to provide consistent feedback to trainees on their performance.

### Standard

The professional body concerned should ensure that effective assessment methodologies are applied in the provision of the training contract.

### Indicators

- a. The professional body concerned should develop comprehensive policies and procedures for on-the-job assessment of professional competence in the training programme.
- b. The professional body concerned should have mechanisms in place for it to effectively monitor the assessment of the professional competence of individual trainees in the training programme.
- c. The professional body concerned should ensure that trainees are assessed on a continuous basis, in order that the assessment contributes to the development of competence.

## 2.11 Summative assessment

Summative assessment of professional competence should be partially through a written examination which is under the direction of the professional body. By its nature, summative assessment should take place as near to the end of the training programme as is practically possible.

### Indicators

- a. The professional body concerned should develop policies and procedures that provide for the summative assessment of professional competence.
- b. The form of summative assessment undertaken by the professional body concerned should be appropriate to the nature of its professional development programme and must include aspects of a written examination but may also include panel interviews, research projects, in-basket exercises and on-the-job assessment. On-the-job assessment may not, however, be used exclusively.
- c. The summative assessment must be reliable, valid, equitable, transparent and sufficient. [Refer to the IFAC International Education Standard 6].

### 3. MONITORING OF THE RECOGNISED PROGRAMME

#### 3.1 Regular formal reporting

- 3.1.1 In order to enable the IRBA to carry out its monitoring function effectively and efficiently, it requires certain information concerning the provision of the recognised professional development programme of a professional body.
- 3.1.2 The following information relating to the training programme must be supplied on an annual basis, should relate to the previous calendar year and should be forwarded to the IRBA by the relevant professional body by a date to be determined in consultation with the IRBA:
- a. A copy of the training policy and regulations of the particular professional body. This policy and these regulations should give details of the following:
- Rules governing the registration, discharge, transfer, suspension, cancellation and remission of a training contract
  - Rules governing the approval or withdrawal of approval of a training office to provide training for prospective As.
- b. Relevant statistical information including:
- The total number of registered audit elective trainees at 1 January of each year
  - The total number of registered audit elective trainees at 31 December of each year
    - A reconciliation of the movement in trainee numbers, with a breakdown of new registrations, transfers, cancellations and discharges
  - The number of approved training offices (audit) at 1 January of each year
  - The number of approved training offices (audit) at 31 December of each year
  - A reconciliation of the movement in training offices, with a breakdown of new registrations and withdrawals
  - The total number of registered audit elective trainees at 31 December of each year, with a breakdown according to race and gender categories.
- 3.1.3 The following information should be supplied and forwarded to the IRBA on a monthly basis, within one month of the registration of or alteration to a registered training office or training contract:
- a. Information relating to the training office:
- Details relating to each new training office approved for the provision of training to prospective RAs:
    - Name of training office
    - Name of training officer
    - Date of approval
    - Details of any restrictions for training purposes.
  - Details relating to training offices whose approval to provide training has been withdrawn:
    - Name of training office
    - Name of training officer
    - Date of withdrawal of approval
    - Details of reasons for the withdrawal of approval.
  - Details relating to applications for approval as a training office that were denied:
    - Name of applicant
    - Reason for denial of approval.



b. Information relating to trainee contracts:

- Details relating to each new registration of a training contract:
  - Name and identity number of trainee
  - Postal and residential address
  - Name of training office
  - Name of training officer
  - Date of registration of contract.
- Details relating to any amendment of a registered training contract:
  - Name and identity number of trainee
  - Nature of alteration (remission, transfer, suspension, cancellation, discharge, office change, address change)
  - Effective date of alteration
  - Changes in name of training office, training officer
  - Changes in postal or residential address.

3.1.4 The following information relating to additional interventions must be supplied on an annual basis, should relate to the previous calendar year and should be forwarded to the IRBA by the relevant professional body by a date to be determined in consultation with the IRBA:

- Information relating to gaps in opportunities to develop professional competence in the training programme and information relating to the resultant interventions.

3.1.5 The following information relating to continuous on-the-job assessment must be supplied on an annual basis, should relate to the previous calendar year and should be forwarded to the IRBA by the relevant professional body by a date to be determined in consultation with the IRBA:

- Copies of the policies and procedures relating to on-the-job assessment.
- Identification of any policy or procedural changes made.

3.1.6 The following information relating to summative assessment must be supplied on an annual basis, should relate to the previous calendar year and should be forwarded to the IRBA by the relevant professional body by a date to be determined in consultation with the IRBA:

- Copy of the policies and procedures relating to summative assessment.
- Statistical information:
  - Number of students who registered for and the number of students who passed the summative assessment. [Provide categories such as; race, gender, training provider and by attempt.]

3.2 Self-evaluation

3.2.1 The professional body concerned should prepare an independent self-evaluation report for each calendar year in which the professional development programme was recognised.

3.2.2 Where a training office participates in the delivery of a recognised professional development programme for the first time, the self-evaluation report should identify the office and the conditions under which it was accredited.

3.2.3 It is recommended that the self-evaluation report be based on input from both the professional body concerned and representatives from training offices that participate in the provision of the recognised professional development programme.

3.2.4 The professional body should prepare an independent self-evaluation report for each calendar year in which the final summative assessment was recognised.



- 3.2.5 In cases where the IRBA has reason to question the self-evaluation report, it reserves the right to conduct its own evaluation of the recognised professional development programme and the specific provider thereof. Recognition status may be withdrawn as a result of such evaluation.
- 3.3 External validation
- 3.3.1 The nature of the external validation procedures will be determined by collaboration between the professional body concerned and the IRBA in order to ensure that the IRBA's monitoring objectives are achieved.
- 3.3.2 The validation procedures should include those procedures necessary for the IRBA to satisfy itself regarding the extent to which the recognition standards defined by the IRBA continue to be met. These procedures may include, but are not limited to the following:
- a. Participation in site visits conducted by the professional body concerned at the various training offices that participate in the delivery of the recognised professional development programme.
  - b. Insight into reports on site visits at a provider of the recognised professional development programme by the professional body concerned.
  - c. Insight into surveys that address the recognised professional development programme and are conducted among individuals of the core or professional assessment programme in the form of questionnaires.
  - d. Investigation of matters relating to the professional body concerned and its recognised professional development programme that are brought to the attention of the IRBA.
  - e. Observer status at or participation in meetings of the training committee of the particular professional body.
  - f. Requesting the professional body concerned to respond to specific matters raised by the IRBA regarding the recognised professional development programme.
  - g. Insight into correspondence between the professional body concerned and its providers that relates to a revision or clarification of policy issues concerning the recognised professional development programme.
- 3.3.3 The information submitted in the self-evaluation report will be used as the basis for the performance of the external validation. This does not preclude the IRBA from obtaining additional information from other sources.
- 3.4 Specific investigations
- 3.4.1 Should a complaint be lodged with the IRBA regarding a recognised professional development programme or should the IRBA otherwise become aware of any deficiencies in the programme, the IRBA has a duty to ensure that the matter is attended to.
- 3.4.2 Where the IRBA deems it appropriate, it will request the professional body concerned to investigate the matter and to report its findings to the IRBA.
- 3.4.3 On the basis of the outcome of such a report the IRBA may either instruct that recognition be continued or withdrawn immediately, or that a warning of possible withdrawal be issued. In cases where the complaint relates to the internal administration of the recognised professional development programme, the IRBA will refer the matter to the professional body concerned.





# COMPETENCY FRAMEWORK

## INTRODUCTION TO THE COMPETENCY FRAMEWORK FOR ASPIRANT REGISTERED AUDITORS

### 1. INTRODUCTION

The IRBA serves the public interest and carries out its regulatory mandate through a number of mechanisms; one of which is the accreditation of professional bodies and the recognition of their academic, training and assessment programmes. In order to be recognised, the programmes must meet and continue to meet the standards prescribed by the IRBA. Only those persons who have successfully completed all the prescribed recognised programmes through an accredited professional body will be capable of specialising as a Registered Auditor (RA).

The recognised programmes are subject to a rigorous monitoring process to ensure that standards continue to be met to an appropriate degree. Through the monitoring process the IRBA is able to satisfy itself that persons wanting to specialise as RAs are able to meet the standards of competence required of an RA.

The standards to be met by professional bodies for the recognition of their programmes are designed to provide assurance that the programme has the necessary characteristics to meet the programme objectives. Implicit in the objectives for each programme are the development and assessment of a specific form of competence. The competency framework is intended to be used for benchmarking purposes, as it provides details regarding the competencies and standard of performance to be achieved in each of the recognised programmes (see Accreditation model: Programme recognition).

The purpose of the competency framework is to guide accredited professional bodies that seek recognition of their education, training and assessment programmes. Professional bodies that seek accreditation and recognition of their programmes will be required, as part of the application, to demonstrate the extent to which their particular programmes develop and assess the competencies defined by the IRBA to the standard described in the competency framework – this includes reference to the prescribed curriculum and knowledge base contained in the competency framework.

The competency framework will also be used by the IRBA as part of its continuous monitoring process. In order to retain recognition of their programmes, professional bodies will need to demonstrate that they continue to meet the recognition standards defined by the IRBA, and that the relevant competencies and standards defined in the competency framework are developed and assessed to an appropriate degree.

The competency framework also provides sufficient flexibility in the paths to registration as an RA. The competencies described in the framework can be achieved in a number of ways, thereby enabling access to the profession.

### 2. ELEMENTS OF THE COMPETENCY FRAMEWORK

#### 2.1 Competence and capabilities

Competence may be defined as the capability to complete a specified task(s) effectively. The demonstration of competence is dependent upon the successful application of a number of capabilities that are required to be employed in order to complete the task(s). Only upon successful employment of the capabilities may the candidate be said to be competent.

#### 2.2 The learning continuum

The achievement of competence takes place along a continuum of learning. In the case of an RA, such learning commences with the recognised academic programme. As a candidate proceeds further along the continuum, the complexity of the capabilities required to demonstrate competence advances; a candidate's competence continues to expand.

#### 2.3 Technical and non-technical competence

The progression of competence is not confined to technical capabilities alone. Implicit in the learning continuum is the notion of lifelong learning. As a candidate begins to advance in technical capabilities and demonstrate technical competence, so they begin to undertake more complex tasks and assume more responsibility. The demonstration of competence enables a

candidate to advance to new learning contexts involving more complexity and demanding higher standards of performance. In advancing technical skills a candidate is also required to develop non-technical skills to support the more complex situations. Other capabilities such as self-management, leadership and communication are advanced.

Technical and non-technical capabilities appear to advance in a more or less parallel fashion along the learning continuum. The achievement of higher standards of competence drives progression along the same learning continuum into new learning contexts. The demonstration of competence in one context provides a suitable foundation for the development of more complex capabilities in a new learning context. The new learning context once again provides the leverage for further development of capabilities, both technical and non-technical, until sufficient competence is demonstrated to warrant progression to still more complex learning contexts. It is the changed learning context that is inextricably linked to advancing competence and, by implication, to capabilities (technical and non-technical).

## 2.4 Distinct points of competence in the learning continuum

The IRBA has identified three distinct points of competence that, when demonstrated, enable one to advance to new learning contexts, thereby providing a platform for further development.

It should be noted that the demonstration of competence at a particular point requires repeated application of the relevant capabilities to an appropriate standard. The completion of a single capability at a point in time does not necessarily imply that competence has been demonstrated. Rather, a candidate ought to demonstrate an ability to consistently employ the relevant capabilities to the required standard over a period of time.

The learning continuum relative to an aspirant RA

(FIG 1)

Recognised academic programme	Recognised training programme	Professional specialist experience
Competence developed Core competence	Competence developed Professional competence	Competence developed Specialist competence
Capabilities developed Technical and non-technical capabilities	Capabilities developed Technical and non-technical on-the-job capabilities	Capabilities developed Further development of professional capabilities (technical and non-technical)
Assessment Recognised core assessment programme	Assessment Recognised professional assessment programme and on-the-job assessment	Assessment Record of professional experience

→ The learning continuum along the path to becoming an RA →

## 2.5 Technical capabilities

### 2.5.1 Technical capabilities for core competence

Technical capabilities are developed and assessed throughout the route to registration as an RA. In the development of core competence, technical capabilities are presented in the form of separate disciplines. For the purposes of this guidance document we have identified the following four core disciplines as fundamental, namely: Auditing and assurance, Financial accounting and reporting, Managerial accounting and finance, and Taxation. We recognise that professional bodies and universities may recognise the core technical capabilities in a number of different disciplines, not necessarily in four.

Each discipline receives thorough and comprehensive emphasis, in terms of development and of assessment. The purpose here is to construct a sound foundation of fundamental capabilities in the financial fields upon which professional, and later

specialist competence, can be built. The clear delineation of disciplines at this level does not imply that capabilities will not require some degree of integration. Rather, it is expected that questions and case studies in the academic environment will require candidates to apply capabilities requiring integration with other aspects of the particular subject disciplines, and in limited instances, across the boundaries of the subject discipline.

In addition to the above core disciplines, candidates ought to be exposed to a number of other disciplines that further broaden the base of general education upon which more complex forms of competence will later be developed.

### 2.5.2 Technical capabilities for professional competence

As part of the recognised training programme, a candidate must undertake training in the office of a registered auditor engaged in public practice. In this context all the core disciplines applicable to core competencies remain relevant. However, there are two fundamental differences. Firstly, the disciplines will no longer be as clearly delineated, and secondly, more emphasis will be placed on audit and assurance.

Given the multi-disciplinary context in which the development of professional competence takes place, capabilities at this level will require trainees to consolidate the four core disciplines that comprise the foundation of core competence into a single, coherent whole. As the IRBA recognises training conducted in the public practice environment, it is expected that Auditing and assurance (as a discipline) will provide a framework in which this consolidation of capabilities can take place. For this reason, capabilities will be developed as the trainee accepts more responsibility for the completion of more intricate components of the audit process. It is expected that at least 40% of the time spent in the recognised training programme will be devoted to Auditing and assurance, which is considered appropriate for the development of professional competence in this context, and also allows sufficient scope for the development of capabilities in the other three remaining disciplines, namely Financial accounting and reporting, Managerial accounting and finance, and Taxation. This does not preclude the trainee from transferring to other departments within the audit firm so as to gain more experience in the other disciplines, nor does it preclude those persons who gain experience in contexts outside the recognised training programme from having aspects of those capabilities recognised towards some portion of the training requirements of the IRBA.

### 2.5.3 Technical capabilities for specialist competence

Having demonstrated professional competence in the training programme, aspirant RAs will be required to complete a period of specialist experience in the office of an RA engaged in public practice. This provides a context in which the consolidated capabilities developed in the training programme can be refined in a more complex learning environment. As such, the aspirant RA will undertake more responsibilities for those aspects of the audit engagement that pose a greater risk to the audit firm, the client and all other relevant stakeholders. In this context, the development of specialist competence takes place through the clarification and fine tuning of the foundation of consolidated capabilities (professional competence) developed in the training programme. In some cases, it is likely that aspirant RAs may, given the particular positioning of the audit firm, be able to refine capabilities to such an extent that specialisation gains a particular focus in a certain industry or client sector.

It is anticipated that once specialist competence is demonstrated, the RA will continue this process of refinement as new responsibilities are assumed and new contexts give rise to higher orders of capabilities, to a point where one may be recognised as an expert in one or other aspect of the field. The programme of continuing professional development (CPD) required of all RAs also plays a vital role in this further refinement of capabilities.

### 2.6 Non-technical capabilities

The specialist field in which RAs function and the responsibility that they hold demands that their capabilities not be limited to technical competence alone.



The following non-technical capabilities are identified as being essential to practising as an RA:

- Communication
- Business acumen and service orientation
- Lifelong learning
- Ethics and professionalism
- Leadership and relationship management
- Information technology
- Non-technical capabilities are developed and honed throughout an RA's professional life. It therefore follows that non-technical capabilities, just like technical competencies, are firstly, constructed, then consolidated and later refined.
- The capabilities relating to each of these non-technical capabilities in the various contexts are described in the document entitled Non-technical capabilities (refer to Annexure C).

#### 2.6.1 Assessment of non-technical competence

Equally important to the development of the above capabilities is the need that RAs be properly assessed. Accredited professional bodies seeking recognition of their programmes will be required to demonstrate how these capabilities are both developed and assessed, always in relation to the particular learning context.

During the core competence programme unique courses are not expected to be devoted entirely to the development and assessment of non-technical competencies. It is more likely that the development and assessment of non-technical core competencies will be integrated into the delivery of the technical aspects of the programme. This should, however, not preclude the use of specific courses or modules designed to address particular aspects of the non-technical competencies, such as communication or report writing.

During the professional and specialist programmes it is likely that the development of the above non-technical competencies will take place as part of the everyday learning experience while on the job. Performance appraisals, feedback sessions and mentoring sessions ought to create opportunities for trainees to reflect, not only on their technical but also on their non-technical competence, so as to identify areas for improvement. Advancement within the firm should also reflect, to some extent, the candidate's ability to demonstrate non-technical competencies appropriate to the particular context. CPD must also place emphasis on the development and assessment of non-technical competence.

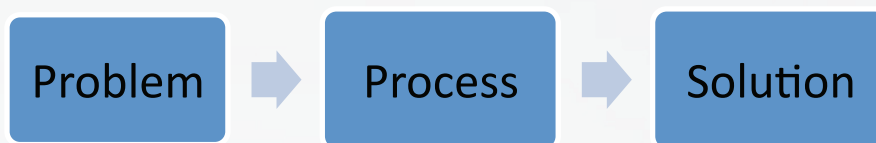
#### 2.7 Description of standards

Our understanding of competence as requiring the demonstration of certain capabilities within a specific context provides some insight into the issue of standard as it places an individual within a defined role, assuming certain responsibilities within a particular environment, i.e. simple, structured or complex and unstructured. Assuming certain responsibilities in a particular environment provides some insight of the level or standard at which a capability should be applied. However, for the purpose of describing the precise level or standard of complexity at which those capabilities ought to be employed to demonstrate competence, it is necessary to add a further dimension to the framework.

The description of standard is inherently problematic, since there are a number of models used to describe varying degrees of complexity. One way to describe standard may be to view the capabilities required to be demonstrated as having different dimensions. The first dimension is linear. Here, capabilities to be demonstrated are specific, information is readily available, alternative courses of action are limited, and what is required is the straightforward application of principles and concepts within a structured environment.

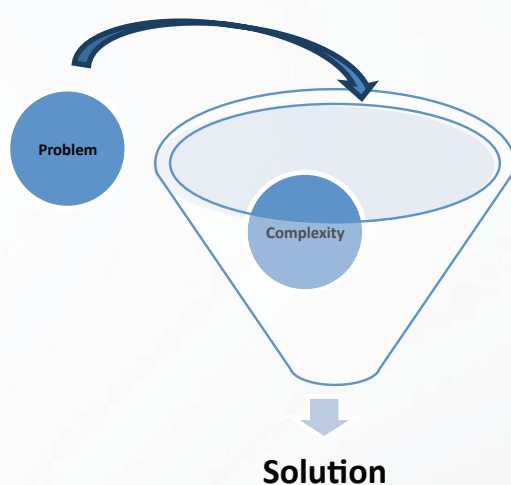


### Linear complexity



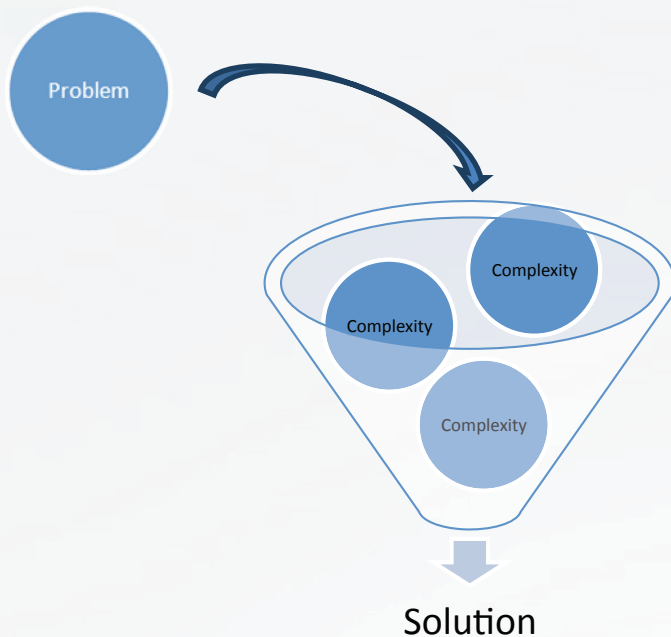
It is possible to add a further dimension to the standard at which a capability must be applied. Practically, this may be achieved by extending the complexity of the context for a specific task, for instance by adding various alternative courses of action, not all of which are viable, or by the addition of information, not all of which is relevant. Complexity can also be enhanced by posing certain constraints or by requiring application across more than one discipline. This would imply moderate levels of structure, ambiguity, complexity and uncertainty.

### Two-dimensional complexity



It is possible to further extend the standard of the capability by adding more complexity. By adding further complexity to a two-dimensional problem, the problem takes on a third dimension. Any number of three-dimensional problems are possible, depending on the specific combination of mechanisms used to make the demonstration of a capability more demanding. There is a point at which complexity is no longer confined to two dimensions only, but takes on a new form. This is the highest standard at which a capability may be required to be demonstrated within a specific context.

### Three-dimensional complexity



Practically, the standard of capabilities can be raised to a three-dimensional level by requiring the execution of a series of capabilities in which there is a certain dependency among the outcomes, or where a higher degree of integration between three or four disciplines is necessary. Complexity may be further enhanced by adding still more constraints to a problem or by offering a series of alternative courses of action, all of which may at the outset appear viable, but where only one provides an adequate solution.

### Complexity within particular learning environments

In practice, it remains difficult to arrive at any consensus as to the exact description of standard applicable to a certain capability, and in many instances this remains an aspect of professional judgment. It is therefore important for the reader to understand that these descriptions are not an exact science, and that each professional body must determine how the competence levels will be communicated. This document serves as a guideline. In an attempt to provide more clarity, the levels of complexity of standard have been described within the context of the particular learning environments in which competence is to be developed and assessed.

## Dimensions of complexity standards for core competence

1D One-dimensional	2D Two-dimensional	3D Three-dimensional
Straightforward application of concepts and principles to a clearly defined problem	Complex application of concepts and principles, but within limited parameters	Complex application of concepts and principles with few, if any, parameters
Relevant information is readily available	Information relevant to the problem must be distinguished from irrelevant information	Information relevant to the problem must be inferred from all the information made available
Usually only a single course of action available	Alternative courses of action are available, but only some are actually viable	Various courses of action appear viable, but selection requires further discernment
Outcome of problem is not dependent upon prior conclusions	Outcome of the problem may depend upon a prior conclusion, but information provides guidance	Outcome of a problem is dependent upon the conclusion reached in a previous problem
Application across a single discipline	Application across at least two disciplines	Application across a number of disciplines
No constraints are imposed	Limited constraints are imposed	A number of constraints may be imposed
Problem requires knowledge and understanding of basic aspects of the subject matter	Problem requires detailed knowledge and understanding of the essence of the subject matter	Problem requires knowledge and understanding of complexities and exceptions relating to the subject matter
Demonstrates an awareness of the task by recognising circumstances in which aspects and principles would arise or be applied, seeking further clarification	Demonstrates an understanding of the requirements of the task and is able to perform a task on a preliminary basis, requiring further review	Demonstrates an understanding of the task and completes the task, reaching appropriate conclusions and making meaningful recommendations
Problems to be solved require direct application of basic calculations	Problems to be solved require intermediate calculations, including quantitative analysis	Problems to be solved require complex calculations, including both qualitative and quantitative analysis
Limited integration with other areas within the subject matter	Straightforward integration with other aspects of the subject disciplines	High degree of integration with aspects relating to other subject disciplines

# Dimensions of complexity standards for professional competence

1D One-dimensional	2D Two-dimensional	3D Three-dimensional
<b>INDEPENDENCE</b>		
Assists the senior assigned to the audit to carry out specific aspects of a task	Able to carry out a complete task, but the result requires substantial review by a more senior member of the team	Able to carry out a complete task, requiring only limited review by a more senior member of the team
Substantial guidance and supervision are required to complete the aspects of a task	Able to undertake tasks with a degree of independence, but still requiring guidance, supervision and clarification by a more senior member of the team	Able to work entirely independently, requiring little or no guidance or supervision by a more senior member of the team
Review by a senior member of the team results in a number of issues to be resolved or clarified	Review by a senior member of the team results in a limited number of issues to be resolved or clarified	Review by a senior member of the team results in few, if any, queries
<b>INTRICACY</b>		
The task requires direct application of concepts and principles, but within clearly defined parameters	The task requires straightforward application of concepts and principles, but within limited parameters	The task requires the complex application of concepts and principles, with few, if any, defined parameters
Relevant information is readily available and properly defined	Information relevant to the problem must be sourced and distinguished between irrelevant information	Information relevant to the problem must be sourced and, in some instances, inferred from all the available information
Usually only a single course of action is available	Alternative courses of action are available, but identification of the most appropriate is usually apparent	Various courses of action appear viable, but selection requires judgment and further discernment
Outcome of problem is not dependent upon prior conclusions reached	Outcome of problem may depend upon a prior conclusion and is subject to further clarification	Outcome of problem is dependent upon the conclusion reached in a previous problem, requiring further judgment and discernment
Application of a single aspect confined to a single discipline	Application across various aspects of the same discipline	Application across various aspects of the discipline as well as across other disciplines
No constraints are imposed	Limited constraints are imposed	A number of constraints may be imposed

#### Dimensions of complexity standards for specialised competence

1D One-dimensional	2D Two-dimensional	3D Three-dimensional
Works under the direct supervision of the engagement partner to carry out more routine tasks	Able to lead the audit team, providing supervision of trainees and reporting directly to the partner	Able to provide independent leadership to a team of trainee accountants, briefing and collaborating with the partner only where necessary
Able to carry out standard instructions according to established procedures within the firm	Assumes full responsibility for the quality and quantity of audit evidence gathered as part of the engagement, subject to review by the partner	Assumes full responsibility for the quality and quantity of audit evidence gathered as part of the engagement, requiring only limited review by the partner
	Recognises and makes appropriate recommendations in instances that may require adapting established procedures relevant to a particular engagement	Recognises instances that require a deviation from established procedures, and applies professional judgment in resolving such deviations so as to meet the demands of the particular engagement
	Carries out tasks that have a high degree of risk and complexity, but in consultation with the engagement partner	Carries out tasks that have a high degree of risk and complexity, leading discussions and developing proposals as appropriate
	Supports the engagement partner in completing and finalising all the required aspects of the audit	Briefs the engagement partner as to contentious matters affecting the finalisation of all aspects of the audit

### 3. POINTS OF COMPETENCE ALONG THE CONTINUUM

#### 3.1 Core competence

##### 3.1.1 Definition

In order to demonstrate core competence, one must successfully apply all the capabilities, technical and non-technical; appropriate to the academic context to a standard that provides a foundation appropriate for further development within a new learning context.

##### 3.1.2 Programme recognition

Core competence is developed in the recognised academic programme and assessed in the recognised core assessment programme.

##### 3.1.3 Context for the development of core competence

The context in which core competence is developed may be described as follows:

- Development takes place in an academic environment at the tertiary level
- Emphasis is placed on the acquisition of technical capabilities relating mainly to the application of a defined body of knowledge and its application to case-study type problems
- The defined body of knowledge to which the technical capabilities relate encompasses four broad disciplines, namely Audit and assurance, Financial accounting and reporting, Managerial accounting and finance, and Taxation. Each

discipline will receive comprehensive coverage both in terms of time and of mark allocation. Exposure to a broad range of other disciplines, in addition to those specified above, is sought

- Non-technical capabilities may be developed and assessed through programmes, courses and other learning interventions designed specifically for that purpose. Most non-technical skills are developed through the hidden curriculum.

#### 3.1.4 Assessment

- Since the academic environment does not provide much opportunity for practical application in the actual work environment, assessment should, as far as possible, be contextualised to reflect practical application.
- The learning process should draw on a number of interventions and make use of a broad range of assessment methodologies so as to assess both technical and non-technical aspects of core competence.
- Assessment within this context should be conducted in a written format and contain limited integration between disciplines, if at all.
- It is expected that each core discipline receives comprehensive coverage and emphasis during the course of the recognised academic programme. Each of the core disciplines must be passed
- The IRBA's accreditation model defines the core assessment programme as a programme that assesses the core competence of a candidate to apply the concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to a standard that provides a foundation appropriate for further professional development. The core assessment programme serves as a summative assessment of the academic programme.
- The IRBA requires that each of the four core disciplines receives appropriate comprehensive coverage, both in terms of time and of mark allocation in the examination. All core disciplines must be passed.

#### 3.1.5 Scope

- The requirement for appropriate comprehensive coverage of each of the core disciplines ensures that those individuals who seek to qualify as RAs at some point in the future have achieved an appropriate level of core competence.
- The roles and responsibilities of an RA demand more than the mere acquisition of audit knowledge and its application to specific engagements. Rather, to be effective, RAs are expected to be able to operate effectively across various disciplines and to offer services across a wide range of contexts. This requires a sound understanding of the broader business environment, including the ways in which companies operate, are managed and governed. RAs must be risk specialists, capable of identifying and responding appropriately to a wide range of factors, both internal and external to the client, that are likely to affect the client's operating performance and financial results. In addition, given their particular insights into the way a business operates, RAs are expected to be effective with regard to key decision-making capacities that require an understanding of issues not directly related to the four core fields. It is therefore necessary to first develop the capabilities of a professional accountant before specialist competencies are sought.
- This broad base of core competence provides a suitable platform upon which the next level of competence, namely professional competence, can be developed.
- It is important to note that core competence cannot simply be confined to the four core disciplines as set out in this document. The multi-disciplinary public practice environment requires practitioners who have a broad-based global perspective, conducive to understanding the economic, political, social and technological contexts in which businesses and other organisations function. To be effective in key decision-making capacities a professional accountant must have insights into areas not directly related to the four core disciplines. The recognised academic programme should therefore make reference to other topics to ensure that the core competence of a professional accountant is extended to enable exposure to a wider variety of fields and contexts. The academic programme is required to include general education in a structured and coherent manner. This may include topics such as commercial law, economics, business economics and marketing, etc.

## 3.2 Professional competence

### 3.2.1 Definition

In order to demonstrate professional competence, one must successfully apply all the capabilities, technical and non-technical; appropriate to the training context to a standard that provides a foundation appropriate for further development within a new learning context.

### 3.2.2 Recognition programme

Professional competence is developed in a recognised training programme and assessed in the recognised professional development programme (summative assessment).

### 3.2.3 Context for the development of professional competence

In the training context, the four core disciplines are no longer clearly separately identifiable, but instead find their application in a unified set of capabilities that describe the roles and responsibilities of an RA on entry to the profession. The point at which these capabilities, both technical and non-technical, are integrated and consolidated, marks the achievement of professional competence required to become a professional accountant.

The context in which professional competence is developed may be described as follows:

- The candidate should be given the opportunity to apply core competence to situations encountered in the actual public practice environment, including a wide range of audit and assurance-related engagements.
- This consolidation must take place under proper supervision by an appropriately qualified and senior member of the practice, ideally a manager or partner.
- Over the course of the training contract, the candidate should be afforded the opportunity to progress in responsibility to a point at which he is capable of leading an audit team to complete the basic functions of an audit.
- The training environment should provide sufficient breadth of exposure.
- The candidate must gain experience primarily in auditing, but not to the exclusion of other disciplines, including taxation, managerial accounting and finance, as well as financial accounting and reporting.
- During the training contract period, it is unlikely that the trainee will gain sufficient exposure to all aspects of technical and non-technical capabilities that are required for the demonstration of professional competence. For this reason, a broad range of alternative learning interventions should be implemented to address those capabilities not directly addressed in the training context.

### 3.2.4 Assessment

- In recognition of the diverse areas of knowledge, skills and professional values that constitute professional competence, the use of diverse forms of assessment should be applied.
- On the job assessment should be achieved through the training officer, members of the work team and/or a line manager.
- Assessment within this context should require candidates to draw on an in-depth level of core competence as well as an appropriate depth of practical experience.
- Assessment methods should be designed to encourage and assess the extent to which students are capable of carrying out systematic enquiry in unstructured circumstances.
- The breadth of assessment should require students to apply integrated and diverse areas of knowledge, skills and professional values to situations that reflect the multi-disciplinary public practice environment.
- The form of assessment must be appropriate to enable a valid and reliable assessment of the defined professional competencies.



- The procedures for the administration of the assessment should ensure consistency across assessors and fairness to all candidates.

### 3.2.5 Scope

- The development of professional competence takes place largely through the training programme. However, the training programme may not necessarily provide sufficient depth and breadth of experience for the candidate to apply integrated knowledge, skills and professional values appropriate to the practice of an aspirant RA at the entry point to the ADP. It is therefore envisaged that professional bodies may require a number of different interventions to ensure that candidates are exposed to an appropriately broad range of professional competencies.
- Where possible, the development of professional competence should be sufficiently flexible to enable exposure to related financial disciplines that are outside the core areas. Such exposure could significantly benefit the total professional development of candidates and enhance their general commercial and financial awareness.

## 3.3 Specialist competence

### 3.3.1 Definition

In order to demonstrate specialist competence, one must successfully apply all the capabilities, technical and non-technical; appropriate to the public practice context to a standard that provides a foundation for further professional development. Specialist competence is considered appropriate for registration and practice as an RA.

### 3.3.2 Recognition

Specialist competence is developed only after the demonstration of professional competence. The period of specialisation is not a requirement for accreditation and is not contained in the accreditation model. The IRBA takes direct responsibility for the professional experience period. It requires a period of experience gained in the office of an RA engaged in public practice and is assessed by means of a range of continuous assessments under the supervision and recommendation of an appropriately experienced RA, and ultimately through assessment by the IRBA.

### 3.3.3 Context for the development of specialist competence

After the successful demonstration of professional competence a candidate is able to perform the tasks and roles expected of a professional accountant in the field of auditing. This does not, however, imply that a candidate has the appropriate expertise and experience to undertake a statutory audit while assuming all the professional responsibilities attached to an RA. A period of relevant (auditing) specialist experience is required to develop the competence of a professional accountant to a point that is appropriate for an engagement partner. During this period, the capabilities already consolidated in the training programme will be further refined and developed to a point of specialist competence.

In this context, the aspirant RA should:

- Assume a management/supervisory function within the auditing department of the firm or practice.
- Report directly to the relevant engagement partner on all matters relating to the audit.
- Lead a team of trainee accountants and other assistants in the proper execution of the audit.
- Build and manage the engagement relationships, where appropriate, with representatives of the client at the most senior level of management, including those charged with governance and relevant third parties.

### 3.3.4 Assessment

- Assessment during the professional experience period is designed to complement and run parallel to the internal structures, performance review and evaluation process of the RA firm. The RA firm must ensure that each RA candidate is assigned to a specific professional oversight RA.
- Regular, constructive performance assessment is an integral element of effective professional development. Learning can be activated through the process of assessment and transferred to the workplace. The professional experience period is

developmental in nature and provides candidates with the opportunity to develop their professional competence to a level where the experience gained will permit them to take on responsibilities that involve making significant judgements in an audit.

- The final assessment of whether an RA candidate has met the requirements to register with the IRBA as an RA is the responsibility of the IRBA.

### 3.3.5 Scope

Professional experience must be obtained through work activities that require the development of knowledge, skills and professional values appropriate to the public practice environment. Such experience should be gained in the office of an RA and under the direction and supervision of an RA in audit and related service engagements.

Auditing is an integral component of evolving systems of accountability within organisations and society. Although an audit may be mandated by statute, it may also be a condition to borrowing or a matter of contract. In addition, it may be undertaken voluntarily by an organisation as a means of ascertaining the fairness of representations, the degree of compliance with rules and regulations or the efficiency, effectiveness and economy of operations.

Auditing should therefore be viewed as a subject that extends beyond the statutory audit of financial statements to include the broader attest function and other reporting engagements.

## 4. Conclusion

The competency framework for RAs identifies the competencies, both technical and non-technical, required for admission to the ADP and will represent the culmination of all the academic, education, training and assessment programmes that develop and assess competence.

Emphasis will be placed on the specific capabilities, both technical and non-technical, expected within each of the three main contexts in which development takes place. The framework will identify demonstrable capabilities (what the RA is required to do) as opposed to knowledge content (what the auditor is required to know).

The competency framework comprises the following additional documents:

ANNEXURE	CONTENTS
A	Technical competence: Core disciplines  Including the relevant knowledge base:  Section 1: Auditing and assurance Section 2: Financial accounting and reporting Section 3: Managerial accounting and finance Section 4: Taxation
B	Technical competence: Professional
C	Non-technical competence  Section 1: Core  Section 2: Professional
D	Specialist Competence

## ANNEXURE A

### TECHNICAL COMPETENCIES FOR THE DEVELOPMENT AND ASSESSMENT OF CORE COMPETENCE

#### 1. INTRODUCTION

This annexure sets out the technical competencies required for the development and assessment of core competence.

Technical capabilities are developed and assessed throughout the route to registration as an RA. In the development of core competence, technical capabilities are presented as four separate disciplines, namely Auditing and assurance, Financial accounting and reporting, Managerial accounting and finance, and Taxation. Each discipline receives thorough and comprehensive emphasis, both in terms of its development and its assessment. The purpose here is to construct a sound foundation of fundamental capabilities in the financial fields upon which professional and later specialist competence can be built. The clear delineation of disciplines at this level does not imply that capabilities will not require some degree of integration. Rather, it is expected that questions and case studies in the academic environment as well as in the core assessment will require candidates to apply capabilities requiring integration with other aspects of the particular subject discipline, and in limited instances, across the boundaries of the subject disciplines.

#### 2. CONTEXTUALISATION

Given the learning context in which the development and assessment of core competence take place, there is only a limited opportunity for the practical application of the required competencies. The competencies set out in this annexure should therefore be contextualised so as to reflect and mimic practical application as far as possible.

#### 3. DESCRIPTION OF REQUIRED STANDARD OF COMPETENCE

Three distinct and increasingly complex standards of performance are defined and referred to in terms of dimensions as 1D, 2D and

3D. The dimension is an indication of a number of factors that collectively determine the standard at which a particular capability should be demonstrated. These factors include:

- the depth of detailed knowledge that is required to perform a specific task;
- the extent to which that knowledge is required to be applied;
- the rigour of integration required both within the specific subject matter and between the boundaries of different disciplines;
- the complexity of the problem to be solved; and
- the extent to which a candidate should be able to perform the task independently or with or without assistance.

In this document, the dimensions of complexity and standard required for the demonstration of competence within the context of the academic environment are described as set out in the table below:

## Dimensions of complexity standards

1D One-dimensional	2D Two-dimensional	3D Three-dimensional
Straightforward application of concepts and principles to a clearly defined problem	Complex application of concepts and principles but within limited parameters	Complex application of concepts and principles with few, if any, parameters
Relevant information is readily available	Information relevant to the problem must be distinguished from irrelevant information	Information relevant to the problem must be inferred from all the information made available
Usually only a single course of action available	Alternative courses of action are available, but only some are actually viable	Various courses of action appear viable, but selection requires further discernment
Outcome of problem is not dependent upon prior conclusions	Outcome of the problem may depend upon a prior conclusion, but information provides guidance	Outcome of a problem is dependent upon the conclusion reached in a previous problem
Application across a single discipline	Application across at least two disciplines	Application across a number of disciplines
No constraints are imposed	Limited constraints are imposed	A number of constraints may be imposed
Problem requires knowledge and understanding of basic aspects of the subject matter	Problem requires detailed knowledge and understanding of the essence of the subject matter	Problem requires knowledge and understanding of complexities and exceptions relating to the subject matter
Demonstrates an awareness of the task by recognising circumstances in which aspects and principles would arise or be applied, seeking further clarification	Demonstrates an understanding of the requirements of the task and is able to perform a task on a preliminary basis, requiring further review	Demonstrates an understanding of the task and completes the task, reaching appropriate conclusions and making meaningful recommendations
Problems to be solved require direct application of basic calculations	Problems to be solved require intermediate calculations, including quantitative analysis	Problems to be solved require complex calculations, including both qualitative and quantitative analysis.
Limited integration with other areas within the subject matter	Straightforward integration with other aspects of the subject disciplines	High degree of integration with aspects relating to other subject disciplines

## 4. USE OF KNOWLEDGE BASIS

The purpose of the recognised academic and core assessment programme is essentially the construction of a sound foundation of fundamental capabilities in the financial fields upon which professional and, later, specialist competence may be consolidated and refined. The construction of this foundation demands a thorough understanding of the technical aspects of the four main disciplines, namely Audit and assurance, Financial accounting and reporting, Managerial accounting and finance, and Taxation. These technical aspects are informed by a knowledge base comprising relevant legislation, pronouncements, standards, codes, etc. The content of this knowledge base informs the capabilities to be demonstrated relating to a particular competence, but is not intended to provide an exhaustive list of all knowledge that underpins the demonstration of competence. Other areas of knowledge not confined to legislation, standards, pronouncements and codes form an integral part of the subject matter to be addressed in each discipline. The determination of what additional knowledge is required in order to demonstrate the various competencies of a particular discipline to the appropriate degree is a matter of professional judgment and collective understanding established by experienced academics over an extended period of time.

For each discipline relevant to the recognised academic programme and the related core assessment, a list of the relevant legislation, standards, pronouncements, codes and core aspects of content is provided. The purpose of this list is to provide guidance with regard to the technical aspects to be covered in the discipline as part of the delivery and assessment of the programme.

It is unlikely that all of the content will inform capabilities and competence to the same degree, since some aspects of the knowledge base require greater depth of understanding than others. In each case, the degree of depth of knowledge and understanding required is indicated by the use of “\*”. The depth of knowledge and understanding required at each level assumes the level preceding it. Thus, “\*\*” requires a basic understanding of the subject matter, whilst “\*\*\*” denotes that the substance of the discipline should be understood in relation to a particular matter. Knowledge and understanding of complexities are required where indicated by “\*\*\*\*”.

Basic *	Conceptual knowledge and understanding of the basics of the subject matter, including the significance and relevance thereof, and the underlying principles and requirements in broad terms. In relation to its specific application in the demonstration of capabilities and competence, recognise issues relating to the subject matter and deals with them only on a preliminary and theoretical basis.
Substance **	Detailed knowledge and understanding of the substance and essence of the subject matter, including the salient principles, practices and requirements that are central to it, the procedural and numerical aspects relating to it, and its relationship with other aspects of the same discipline. In relation to its specific application in the demonstration of competence, recognise issues relating to the subject matter and solves problems that are central to the topic.
Complexities ***	Detailed knowledge and understanding of the complexities and exceptions relating to the subject matter, including its application and its relationship with other aspects of the same discipline, as well as with other disciplines. In relation to its application in the demonstration of competence, solve complex problems requiring a high degree of rigour and integration.

(Note: for inclusion in the recognition standards – In the preparation of the recognised core assessment programme, professional bodies should, on an annual basis, provide a list of examinable pronouncements. The purpose is to identify those specific pronouncements that are/are not examinable.)

## SECTION 1

### AUDIT AND ASSURANCE

#### 1. GENERAL COMMENTS REGARDING COVERAGE

The purpose of the audit is to enhance the degree of confidence of intended users of the financial statements. In conducting an audit of financial statements, the overall objective of the auditor is to obtain reasonable assurance about whether the financial statements as a whole are free from misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. In addition, the auditor must report on the financial statements and communicate as required by International Standards on Auditing, in accordance with the auditor's findings.

The format of the opinion thus expressed will depend upon the applicable financial reporting framework and any other applicable laws or regulations. The auditor may have certain other communication and reporting responsibilities to users, management, those charged with governance or parties outside the entity, in relation to matters arising from the audit.

The nature of the assurance engagement is therefore largely dependent upon the level of assurance required (reasonable or limited), or the performance of some agreed-upon procedures and the reporting of findings and conclusions.

The recognised academic and core assessment programmes should develop and assess capabilities relating to the audit of a complete set of general-purpose financial statements. Special-purpose audit engagements (in terms of ISA 800) and assurance engagements other than audits or reviews of historical financial statements should be addressed at a 1D-complexity of standard. The review of financial statements and other interim financial information and agreed-upon procedures on financial information should be developed and assessed to a 2D-complexity of standard.

#### 2. COMPETENCIES AND CAPABILITIES

Competencies and capabilities		Complexity of Standard
<b>A</b>	<b>Analyses, evaluates and advises on assurance needs</b>	<b>2D</b>
	Understands the various types of assurance services that are available Recommends assurance services appropriate to meeting the entity's needs Identifies the nature, scope, standards and legislation applicable to a particular engagement	
<b>B</b>	<b>Provides assurance services</b>	
<b>B1</b>	Identifies and considers issues relating to accepting an engagement	<b>2D</b>
	Gathers and examines information pertaining to a potential client to assess whether or not there are significant threats to ethical requirements resulting from undertaking the engagement Utilises the understanding gained of the elements of risk and the decision factors when evaluating the overall risk in accepting the engagement	
<b>B2</b>	Establishes the terms of the engagement	<b>2D</b>
	Drafts an appropriate engagement letter for an engagement Recognises circumstances when a new engagement letter needs to be issued for existing engagements Follows the procedures required by legislation and/or professional pronouncements to accept appointment	



Competencies and capabilities		Complexity of Standard
B3	Identifies and assesses the key risks for the performance of the engagement	3D
	Obtains an understanding of the entity and its environment, including internal controls On the basis of the understanding, identifies the specific risks that could result in material misstatement of the subject matter, including fraud risk factors Assesses the risk of material misstatement at the overall and assertion levels	
B4	Determines which rules, standards or policies to apply to the subject matter being evaluated	2D
	Assesses the suitability of criteria: <ul style="list-style-type: none"> <li>For general-purpose financial statements, such criteria would include IFRS and other applicable accounting frameworks</li> <li>For other engagements identifies what set of rules or frameworks best applies to the material being evaluated</li> </ul>	
B5	Develops materiality guidelines to inform the direction and extent of assurance work on the basis of the scope and expectations of the engagement	3D
	Develops an understanding of the decision-making needs of the users of the information Identifies the factors that affect materiality Determines a planning materiality level	
B6	Designs effective and efficient procedures on the basis of the scope and the assessed risks of the engagement	3D
	For a given set of circumstances, decides on – <ul style="list-style-type: none"> <li>the form, extent and quality of evidence required to support the assurance report</li> <li>the most efficient testing procedures (e.g. tests of control and/or substantive tests of detail/analytical procedures) to obtain the evidence</li> <li>the need to make use of others (experts, internal auditors, other auditors)</li> <li>the need to use computer assisted audit techniques to gather evidence</li> </ul> Communicates the audit plan to appropriate key stakeholders (including those charged with governance) On the basis of the above decisions, designs appropriate programmes of engagement procedures Is alert to changes in circumstances that necessitates changes in the design of the engagement procedures and adjusts the procedures appropriately	
B7	Executes the work plan	2D
	Performs the procedures specified in the programme Applies an appropriate level of professional scepticism, remaining alert to the possibility of fraud Is alert to changes in circumstances that necessitates changes in the design of the engagement procedures and adjusts the procedures appropriately	
B8	Documents the results of procedures performed	2D
	For each procedure performed, ensures that the documentation provides, where applicable, a clear link to significant findings or issues that arose during the engagement Ensures the documentation contains sufficient information to support the nature, timing and extent of the audit procedures performed and the results of the procedures Draws a conclusion on whether the procedure meets its objective Evaluates the overall adequacy of documentation	



Competencies and capabilities		Complexity of Standard
B9	Evaluates the evidence and draws conclusions	3D
	<p>Evaluates the sufficiency and significance of the evidence</p> <p>Identifies and evaluates inconsistencies, unexpected circumstances or findings, or findings that indicate possible fraud, error or illegal acts and assesses the impact on the report and other reporting requirements</p> <p>Analyses and decides on the reasonableness of the conclusions on the subject matter, on the basis of an understanding of the nature of the business and its operations for the period and on the outcome of assurance procedures</p> <p>Evaluates the reasonableness/fair presentation of the subject matter as a whole</p> <p>Analyses the impact of unresolved disagreements/scope limitations in the context of materiality, and decides on the need to gather additional evidence or to extend the scope of procedures</p> <p>Assesses the need to require management to make corrections to the subject matter or to take other remediation</p>	
B10	Drafts the report upon completion of the engagement	3D
	<p>Compiles an appropriate report in accordance with the terms of the engagement and the applicable statutory, regulatory or professional requirements</p> <p>Identifies and considers the impact of subsequent events on the report</p> <p>Considers the impact on the report of information in other documents containing assurance reports</p>	
B11	Prepares information for meetings with stakeholders	2D
	<p>Prepares information for timely discussion with management, those charged with governance, and other stakeholders in presentation or report format, on matters that may include:</p> <ul style="list-style-type: none"> <li>• The results of assurance procedures</li> <li>• Recommendations for improvement to processes, controls, etc.</li> <li>• Misstatements arising from fraud</li> <li>• Misstatements arising from error</li> <li>• Illegal or possibly illegal acts</li> <li>• Limitation of scope</li> <li>• Any other item required due to the nature of the engagement (e.g. applicable statutory requirements)</li> </ul>	
<b>C</b>	<b>Provides control-related services</b>	
C1	Identifies and evaluates the risks pertaining to the financial information system	3D
	<p>Identifies and understands the major classes of transactions and balances</p> <p>Identifies and understands the nature of the financial information system (e.g. stand-alone or networked environment; off-the-shelf or customised software)</p> <p>Based on this understanding, identifies and evaluates the information risks</p>	

Competencies and capabilities		Complexity of Standard
C2	Identifies and documents the key internal controls (including IT-related controls) implemented in an entity	3D
	<p>Identifies and documents the internal control system (including IT-related controls), addressing the following areas:</p> <ul style="list-style-type: none"> <li>• The control environment</li> <li>• The entity's risk assessment process</li> <li>• The information system, including the related business processes, relevant financial reporting and communications</li> <li>• Control activities (both manual and automated), including: <ul style="list-style-type: none"> <li>○ Systems development and change controls</li> <li>○ Access controls</li> <li>○ Continuity of operations</li> <li>○ Disaster recovery</li> <li>○ Application controls</li> <li>○ Monitoring of controls</li> </ul> </li> </ul>	
C3	Evaluates internal control	3D
	<p>Selects suitable criteria or a recognised framework for the evaluation of the internal control system</p> <p>Evaluates internal control in the context of the criteria/recognised framework. Identifies, where applicable, the adequacy of compensating controls</p> <p>Understands the implications of deficiencies identified and recommends improvements</p>	
C4	Evaluates IT-related elements of internal control	2D
	<p>In the context of one of the recognised frameworks, identifies methods of evaluating the reliability of specific IT-related control elements for:</p> <ul style="list-style-type: none"> <li>• Compliance with applicable framework</li> <li>• Effectiveness</li> <li>• Achievement of control objectives</li> </ul> <p>Identifies and evaluates, on a preliminary basis, the feasibility of various approaches used in the evaluation of IT-related elements of internal controls (e.g. around the computer, through the computer)</p> <p>Tests the functioning of the IT controls (e.g. using audit software)</p>	
D	Designs, implements and manages the quality-control system in the firm	1D

Competencies and capabilities		Complexity of Standard
<b>D</b>	<b>Designs, implements and manages the quality-control system in the firm</b>	<b>1D</b>
	<p>Understands the importance of quality control in the performance of engagements</p> <p>Designs, implements and manages an effective quality control system in the professional accounting firm that addresses the following areas:</p> <ul style="list-style-type: none"> <li>• Leadership responsibilities for quality within the firm</li> <li>• Ethical requirements</li> <li>• Acceptance and continuance of client relationships and specific engagements</li> <li>• Human resources</li> <li>• Engagement performance</li> <li>• Monitoring</li> </ul> <p>Responds to findings of the practice review undertaken by the IRBA and the findings of internal reviews</p> <p>Ensures that the quality-control system is effective in managing the legal liability of the firm to clients and third parties</p>	
<b>E</b>	<b>Identifies and responds to reportable irregularities</b>	<b>2D</b>
	<p>Investigates a potentially unlawful act or omission to determine whether there is reason to believe that it constitutes a reportable irregularity</p> <p>Follows the prescribed process if a reportable irregularity is identified</p> <p>Modifies the audit report to deal with any reportable irregularity reported to the IRBA</p>	
Competencies and capabilities		Complexity of Standard
<b>F</b>	<b>Evaluates an entity's plans for risk management</b>	
F1	Understands the entity's risk-management processes	2D
	Understands critical components of effective risk management and identifies and assesses strategic, operational, financial and information risks (including IT risks)	
F2	Evaluates the entity's risk-management programme	2D
	Identifies policies and procedures to evaluate the effectiveness of the entity's risk management programme to enable effective and efficient response to changes in the entity's environment	
F3	Assesses the IT risks and how they are managed	2D
	Identifies, analyses and discusses the risks related to the IT environment, processes and emerging technologies in order to ensure system availability, integrity and security	
F4	Identifies courses of action to help manage risks	2D
	Identifies and suggests methods to manage risks and advises on actions that the entity should take to adapt to changes in risks and opportunities	
<b>G</b>	<b>Evaluates an entity's governance model</b>	
G1	Understands the importance of governance planning	1D

Competencies and capabilities		Complexity of Standard
	Communicates the importance of a governance plan that includes management oversight, key information reports and appropriate IT policies, processes and structures	
G2	Evaluates the entity's governance structure	3D
	Identifies components of the entity's governance structure, role and processes. Evaluates an entity's governance structure and processes and identifies areas needing improvement	
G3	Identifies and evaluates the audit committee's role in governance	3D
	Evaluates the effectiveness of the audit committee's role with respect to the Companies Act, financial statements, internal control systems, estimates and judgements in financial reporting, and regulatory requirements	
G4	Identifies and evaluates the internal audit function's role in governance	3D
	Evaluates the effectiveness of the internal audit function of an entity	

### 3. CONTENT OF KNOWLEDGE BASE

Content of knowledge base	Knowledge indicator
The legal and regulatory environment governing auditors and their responsibilities, functions and qualities	
Structure of pronouncements issued by the IAASB	*
Framework for assurance engagements	**
The standard-setting process	
The authority of auditing and assurance standards and practice statements issued nationally and internationally	*
Different levels of assurance expressed for the different types of engagements and the legal implications for auditor	**
Auditor's rights and duties covered by statute	
• Auditing Profession Act	***
• Companies Act	***
Professional ethics	
• SAICA Code of Professional Conduct and By-Laws	***
• IRBA Code of Professional Conduct and Disciplinary Rules	***
• The role of public oversight boards in regulating the profession	*
Relevant aspects of commercial law	
• Principles of the law of contracts and agency laws affecting agreements	*
• Other statutes and common law imposing reporting responsibilities on registered auditor	*
Company law affecting work of auditor – refer to detailed aspects in later section	
• Quality controls for firms that perform audits and reviews of financial statements, and other assurance and related service engagements (ISQC 1/SAAPS 1)	**
• Practice review by the IRBA	*
• Peer reviews by partners and other audit firms	*
• Continuing professional development	***
The auditor's responsibilities	
• Objectives of independent auditor and conducting of audit in accordance with International Standards on Auditing	***
• Acceptance and continuance of audit engagements:	
• Appointment, resignation and removal	**
• Statutory, professional and contractual rights and responsibilities	***
• Capping of auditor liability – non-statutory engagements	*
• Agreeing the terms of engagement (ISA 210)	***
• Quality control for an audit of financial statements (ISA 220)	**
• Audit documentation (ISA 230)	***
• Responsibilities relating to fraud in an audit of financial statements (ISA 240)	***

Content of knowledge base	Knowledge indicator
<ul style="list-style-type: none"> <li>Responsibilities in terms of money-laundering legislation</li> </ul>	**
<ul style="list-style-type: none"> <li>Consideration of laws and regulations in an audit of financial statements (ISA 250)</li> </ul>	***
<ul style="list-style-type: none"> <li>Communication with those charged with governance (ISA 260)</li> </ul>	***
<ul style="list-style-type: none"> <li>Communicating deficiencies in internal control to those charged with governance and management (ISA 265)</li> </ul>	***
Legal liability of the auditor	
<ul style="list-style-type: none"> <li>To clients</li> </ul>	**
<ul style="list-style-type: none"> <li>Third parties</li> </ul>	**
<ul style="list-style-type: none"> <li>Developments internationally with regard to auditor-liability claims</li> </ul>	*
The audit process	
Concepts and principles	
<ul style="list-style-type: none"> <li>The audit process</li> </ul>	***
<ul style="list-style-type: none"> <li>Financial statement assertions</li> </ul>	***
Auditing financial statements prepared in terms of a financial reporting framework	
<ul style="list-style-type: none"> <li>Implications for auditor of reporting on financial statements prepared in terms of national/international frameworks</li> </ul>	**
Planning	
<ul style="list-style-type: none"> <li>Planning an audit of financial statements (ISA 300)</li> </ul>	**
<ul style="list-style-type: none"> <li>Materiality in planning and performing an audit (ISA 320)</li> </ul>	**
<ul style="list-style-type: none"> <li>Identifying and assessing risks of material misstatement – understanding the entity and its environment (ISA 315)</li> </ul>	***
<ul style="list-style-type: none"> <li>The auditor's procedures in response to assessed risks of material misstatement (ISA 330)</li> </ul>	***
<ul style="list-style-type: none"> <li>Planning in a computerised information system environment</li> </ul>	**
Procedures for gathering audit evidence	
<ul style="list-style-type: none"> <li>Fundamental principles of audit evidence (ISA 500)</li> </ul>	***
<ul style="list-style-type: none"> <li>Audit testing procedures to gather audit evidence</li> </ul>	***
<ul style="list-style-type: none"> <li>Nature, timing and extent of: <ul style="list-style-type: none"> <li>Tests of controls</li> <li>Substantive analytical procedures</li> <li>Substantive tests of detail</li> </ul> </li> </ul>	*** *** ***
<ul style="list-style-type: none"> <li>Computer assisted audit techniques (CAATs)</li> </ul>	**
Specific audit-evidence considerations	
<ul style="list-style-type: none"> <li>Enquiries regarding litigation and claims (SAAPS 4)</li> </ul>	***
<ul style="list-style-type: none"> <li>Specific considerations for selected items (ISA 501)</li> </ul>	***
<ul style="list-style-type: none"> <li>External confirmations (ISA 505)</li> </ul>	***
<ul style="list-style-type: none"> <li>Initial audit engagements – opening balances (ISA 510)</li> </ul>	***

Content of knowledge base	Knowledge indicator
• Analytical procedures (ISA 520)	***
• Audit sampling (ISA 530)	**
• Audit of accounting estimates, including fair-value accounting estimates, and related disclosures (ISA 540)	***
• Related parties (ISA 550)	***
• Subsequent events (ISA 560)	***
• Going concern (ISA 570)	***
• Written representations (ISA 580)	***
• The special considerations in the audit of small entities (IAPS 1005)	***
• Auditing of derivative financial instruments (note exclusions in the Financial Reporting syllabus) (IAPS 1012)	**
Using the work of others	
• Audits of group financial statements (including the work of component auditors) (ISA 600)	**
• Using the work of internal auditors (ISA 610)	**
• Using the work of an auditor's expert (ISA 620)	**
Evaluating and concluding	
• Consideration of the sufficiency and appropriateness of audit evidence	**
• Evaluation of misstatements identified during the audit (ISA 450)	**
• Consideration of the fair presentation of the financial statements	***
• Consideration of circumstances of possible trading while factually insolvent	**
Reporting	
• Forming an opinion and reporting on financial statements (ISA 700)	***
• Modifications to the opinion in the independent auditor's report (ISA 705)	***
• Emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report (ISA 706)	***
• Comparative information (ISA 710)	*
• Auditor's responsibility relating to other information in documents with audited financial statements (ISA 720)	***
• Reporting by auditors on compliance with IFRS (IAPS 1014)	*
• Issues relating to audit reports and financial information presented in an electronic format	*
Special considerations	
• Audits of financial statements prepared in accordance with special-purpose frameworks (ISA 800)	*
• Audits of single financial statements and specific elements, accounts or items of a financial statement (ISA 805)	*
• Engagements to report on summary financial statements (ISA 810)	*
Adapting the audit process for:	
• The consideration of environmental matters in the audit of financial statements (IAPS 1010)	**
• Client's use of service organisations (ISA 402)	**
• Electronic commerce – effect on the audit of financial statements (IAPS 1013)	**
Non-audit engagements	



Content of knowledge base	Knowledge indicator
Review engagements	
• Engagements to review financial statements (ISRE 2400)	**
• Review of interim financial information performed by the independent auditor of the entity (ISRE 2410)	*
• Assurance engagements other than audits or reviews of historical financial statements (ISAE 3400)	*
• Engagements to perform agreed-upon procedures regarding financial information (ISRS 4400)	**
• Engagements to compile financial information (ISRS 4410)	**
Applicable legislation	
Auditing Profession Act	
• Section 1 – Definitions (as required to interpret requirements of sections)	
• Section 2 – Objects of Act	*
• Section 3 – Establishment and legal status	*
• Section 4 – General functions	*
• Section 20 – Establishment of committees	*
• Section 21 – Committee for auditor ethics	*
• Section 22 – Committee for auditing standards	*
• Section 37 – Registration of individuals as registered auditors	***
• Section 38 – Registration of firms as registered auditors	***
• Section 39 – Termination of registration	**
• Section 41 – Practice	***
• Section 44 – Duties in relation to audit	***
• Section 45 – Duties to report on irregularities	***
• Section 46 – Limitation of liability	***
• Section 52 – Reportable irregularities and false statements in connection with audits	*
Companies Act	
• Auditors	
• Appointment	
• Removal, resignation and rotation	
• Rights and restricted functions	
• Duties	
Internal control	
Principles of internal control	
• Respective responsibilities of management, those charged with governance, internal auditor and external auditor	***

Content of knowledge base	Knowledge indicator
<ul style="list-style-type: none"> <li>• Components of internal control</li> <li>• The control environment</li> <li>• The entity's risk-assessment process</li> <li>• The information system, including the related business processes, relevant financial reporting, and communications</li> <li>• Control activities</li> <li>• Monitoring of controls</li> </ul>	<p>***</p> <p>***</p> <p>***</p> <p>***</p> <p>***</p>
• Design of internal control systems, including IT environments	***
Assessment of internal control systems, including IT environments	
• Select suitable control criteria for control evaluation	***
• Identify relevant control objectives to apply to the analysis and evaluation of internal control	***
• Identify relevant layers of control to be included in the analysis and evaluation	**
• Understand areas of responsibility for identified control objectives	**
• Evaluate control environment	***
• Evaluate system acquisition/development process and controls	**
• Evaluate risk assessment processes and activities	***
• Evaluate information-system processing operations and controls	***
• Evaluate monitoring processes and activities	***
RISK MANAGEMENT AND GOVERNANCE SECTION	
Risk-management concepts	
Definition of risk	**
Risk-management approach	**
Objectives of risk management	**
Principal categories of risk	**
Specific types of risk, including economic, credit, political and technological	**
Risk-identification tools/methodologies	**
Documentation of risk	**
Analysing and assessing risks	**
Strategies for managing risk	**
Implementing and integrating risk management	**
Corporate governance	
Importance and objectives of corporate governance	*

Content of knowledge base	Knowledge indicator
The Code of Governance Principles of the King III Report	
• Ethical leadership and corporate citizenship	**
• Boards and directors	**
• Role and functions of the board	***
• Chairman	***
• Appointment of chief executive officer	***
• Composition of board	**
• Board appointment process	**
• Director development	**
• Company secretary	***
• Performance assessment	***
• Board committees	**
• Group boards	***
• Remuneration of directors and senior executives	***
• Audit committees	**
• The governance of business risk	**
• The governance of information technology	**
• Compliance with laws, rules, codes and standards	***
• Internal audit	**
• Governing stakeholder relationships	**
• Integrated reporting and disclosure	
• Corporate governance international developments (e.g. Sarbanes-Oxley Act)	*
Companies Act	
• Definition of risk	**
• Risk-management approach	**
• Objectives of risk management	
• Principal categories and types of risk	**
• Risk-identification tools/methodology	**
• Documentation of risk	**
• Analysing and assessing risk	**
• Strategies for managing risk	**
• Implementing and integrating risk management	**

## COMPANIES ACT OF 2008

Note that although this knowledge base is listed under this discipline, it remains relevant, where appropriate, to other disciplines as well.

	Chapter 1: Interpretation, purpose and application	
	Part A: Interpretation	
1	Definitions – refer to relevant sections	
2	Related and inter-related persons, and control	***
3	Subsidiary relationships	***
4	Solvency and liquidity test	***
5	General interpretation of Act	*
6	Anti-avoidance, exemptions and substantial compliance	*
	Part B: Purpose and application	
7	Purposes of Act	*
8	Categories of companies	***
9	Modified application with respect to state-owned companies	*
10	Modified application with respect to non-profit companies	*
	Chapter 2: Formation, administration and dissolution of companies	
	Part A: Reservation and registration of company names	
11	Criteria for names of companies	*
12	Reservation of name for later use	*
	Part B: Incorporation and legal status of companies	
13	Right to incorporate company	**
14	Registration of company	*
15	Memorandum of Incorporation, shareholder agreements and rules of company	***
16	Amending Memorandum of Incorporation	**
17	Alterations, translations and consolidations of Memorandum of Incorporation	*
18	Authenticity of versions of Memorandum of Incorporation	*
19	Legal status of companies	**
20	Validity of company actions	***
21	Pre-incorporation contracts	***
22	Reckless trading prohibited	***
	Part C: Transparency, accountability and integrity of companies	
23	External companies and registered office <ul style="list-style-type: none"> <li>To be covered in the supportive course</li> </ul>	*
24	Form and standards for company records	***
25	Location of company records <ul style="list-style-type: none"> <li>To be covered in the supportive course</li> </ul>	*

26	Access to company records • To be covered in the supportive course	*
27	Financial year of company	**
28	Accounting records	***
29	Financial statements	***
30	Annual financial statements	***
31	Access to financial statements or related information	*
32	Use of company name and registration number	*
33	Annual return	*
34	Additional accountability requirements for certain companies	*
	Part D: Capitalisation of profit companies	
35	Legal nature of company shares and requirement to have shareholders	***
36	Authorisation for shares	***
37	Preferences, rights, limitations and other share terms	***
38	Issuing shares	***
39	Pre-emptive right to be offered and to subscribe shares	***
40	Consideration for shares	***
41	Shareholder approval for issuing shares in certain cases	***
42	Options for subscription of securities	**
43	Securities other than shares	**
44	Financial assistance for subscription of securities	***
45	Loans or other financial assistance to directors	***
46	Distributions must be authorised by board	***
47	Capitalisation shares	***
48	Company or subsidiary acquiring company's shares	***
	Part E: Securities registration and transfer	
49	Securities to be evidenced by certificates or uncertificated	*
50	Securities register and numbering	*
51	Registration and transfer of certificated securities	*
52	Registration of uncertificated securities	*
53	Transfer of uncertificated securities	*
54	Substitution of certificated or uncertificated securities	*
55	Liability relating to uncertificated securities	*
56	Beneficial interest in securities	*
	Part F: Governance of companies	
57	Interpretation and restricted application of Part F	***
58	Shareholder right to be represented by proxy	*

59	Record date for determining shareholder rights	*
60	Shareholders acting other than at meeting	**
61	Shareholders meetings	**
62	Notice of meetings	**
63	Conduct of meetings	*
64	Meeting quorum and adjournment	**
65	Shareholder resolutions	***
66	Board, directors and prescribed officers	***
67	First director or directors	**
68	Election of directors	**
69	Ineligibility and disqualification of persons to be director or prescribed officer	***
70	Vacancies on board	**
71	Removal of directors	***
72	Board committees	***
73	Board meetings	***
74	Directors acting other than at meeting	***
75	Directors' personal financial interests	***
76	Standards of directors' conduct	***
77	Liability of directors and prescribed officers	**
78	Indemnification and directors' insurance	**
	Part G: Winding-up of solvent companies and deregistering companies	
79– 83	To be covered in the supportive course	*
	Chapter 3: Enhanced accountability and transparency	
	Part A: Application and general requirements of chapter	
84	Application of Chapter 3	**
85	Registration of secretaries and auditors	**
	Part B: Company secretary	
86	Mandatory appointment of company secretary	**
87	Juristic person or partnership may be appointed company secretary	**
88	Duties of company secretary	**
89	Resignation or removal of company secretary	**
	Part C: Auditors	
90	Appointment of auditor	***
91	Resignation of auditors and vacancies	***
92	Rotation of auditors	***
93	Rights and restricted functions of auditors	***

	Part D: Audit committees	
94	Audit committees	***
	Chapter 4: Public offerings of company securities	
95–111	To be covered in the supportive course at high-level awareness	*
	Chapter 5: Fundamental transactions, takeovers and offers	
	Part A: Approval for certain fundamental transactions	
112– 116	Level should be interpreted in conjunction with the requirements of section V Financial management and section VI Management decision-making and control	
	Part B: Authority of panel and takeover regulations	
117– 120	Level should be interpreted in conjunction with the requirements of section V Financial management	
	Part C: Regulation of affected transactions and offers	
121– 127	Level should be interpreted in conjunction with the requirements of section V Financial management and section VI Management decision-making and control	
	Chapter 6: Business rescue and compromise with creditors	
	Part A: Business rescue proceedings	
128–137	To be covered at awareness level	*
	Part B: Practitioner's functions and terms of appointment	
138–143	To be covered at high-level awareness	
	Part C: Rights of affected persons during business rescue proceedings	
144–149	To be covered at high-level awareness	
	Part D: Development and approval of business rescue plan	
150–154	To be covered at high-level awareness	
	Part E: Compromise with creditors	
155	Compromise between company and creditors <ul style="list-style-type: none"> <li>To be covered at high-level awareness</li> </ul>	
	Chapter 7: Remedies and enforcement	
	Part A: General principles	
156	Alternative procedures for addressing complaints or securing rights	*
157	Extended standing to apply for remedies	*
158	Remedies to promote purpose of Act	*
159	Protection for whistle-blowers	**
	Part B: Rights to seek specific remedies	
160	Disputes concerning reservation or registration of company names	*
161	Application to protect rights of securities holders	*
162	Application to declare director delinquent or under probation	**
163	Relief from oppressive or prejudicial conduct or from abuse of separate juristic personality of company	*



164	Dissenting shareholders' appraisal rights	*
165	Derivative actions	*
	Part C: Voluntary resolution of disputes	
166	Alternative dispute resolution	*
167	Dispute resolution may result in consent order	*
168 – 175	Part D: Complaints to Commission or Panel	*
176 – 179	Part E: Powers to support investigations and inspections	*
180 - 184	Part F: Companies Tribunal adjudication procedures	*
	Chapter 8: Regulatory agencies and administration of Act	*
185 – 192	Part A: Companies and Intellectual Property Commission	*
193 – 195	Part B: Companies Tribunal	*
196 - 202	Part C: Takeover Regulation Panel	*
203 - 204	Part D: Financial Reporting Standards Council	*
205 – 212	Part E: Administrative provisions applicable to Agencies	*
	Chapter 9: Offences, miscellaneous matters and general provisions	
	Part A: Offences and penalties	
213	Breach of confidence	**
214	False statements, reckless conduct and non-compliance	***
215	Hindering administration of Act	*
216	Penalties	*
217	Magistrate's court jurisdiction to impose penalties	n/a
	Part B: Miscellaneous matters	
218	Civil actions	*
219	Limited time for initiating complaints	*
220	Serving documents	n/a
221	Proof of facts	n/a
222	State liability	n/a
	Part C: Regulations, consequential matters and commencement	
223	Regulations	n/a
224	Consequential amendments, repeal of laws and transitional arrangements	n/a
225	Short title and commencement	n/a

## Schedule to the Act

Article no.	Schedule to the Act	Knowledge indicator
	Schedule 1: Provisions concerning non-profit companies	n/a
	Schedule 2: Conversion of close corporations to companies	
1	Notice of conversion of close corporation	*
2	Effect of conversion on legal status	*
	Schedule 3: Amendment of laws	
A	Close Corporations Act, 1984	*
B	Consequential amendments to certain other Acts listed in Schedule 4	*
	Schedule 4: Legislation to be enforced by commission	n/a
	Schedule 5: Transitional arrangements	
1	Interpretation	*
2	Continuation of pre-existing companies	*
3	Pending filings	*
4	Memorandum of Incorporation and rules	*
5	Pre-incorporation contracts	*
6	Par value of shares, treasury shares, capital accounts and share certificates	*
7	Company finance and governance	*
8	Company names and name reservations	*
9	Continued application of previous Act to winding-up and liquidation	*
10	Preservation and continuation of court proceedings and orders	*
11	General preservation of regulations, rights, duties, notices and other instruments	*
12	Transition of regulatory agencies	n/a
13	Continued investigation and enforcement of previous Act	n/a
14	Regulations	*

## SECTION 2

### FINANCIAL ACCOUNTING AND REPORTING

#### 1. GENERAL COMMENTS REGARDING COVERAGE

The competence that must be developed and assessed in this discipline should focus on the understanding of an entity's reporting requirements and the preparation of accurate and complete information on the basis of a thorough knowledge and understanding of the application of generally accepted accounting principles, such as IFRS. This information may take the form of financial information, most notably general-purpose financial statements, but also non-financial information that is necessary for an entity to meet its stewardship obligations with respect to a range of stakeholders.

#### 2. COMPETENCIES AND CAPABILITIES

	Competencies and capabilities	Complexity of standard
A	Analyses financial reporting needs and establishes the necessary systems	
A1	Analyses financial reporting needs	3D
	<p>On the basis of an entity's stated mission, vision and strategies (per Section II), identifies the entity's external financial reporting needs:</p> <ul style="list-style-type: none"> <li>• identifies stakeholders</li> <li>• identifies each stakeholder group's information and reporting needs</li> </ul> <p>Explains the impact of financial reporting choices on each stakeholder group</p>	
A2	Develops or evaluates reporting processes to support financial reporting	3D
	<p>On the basis of the financial reporting needs of the entity:</p> <ul style="list-style-type: none"> <li>• Develops or evaluates a reporting infrastructure that includes a chart of accounts, journals, ledgers and management reports</li> </ul> <p>Ensures that the processes and IT systems:</p> <ul style="list-style-type: none"> <li>• Accurately report performance relative to stated financial objectives</li> <li>• Take into consideration the entity's financial strategies</li> </ul>	
A3	Develops reliable information	3D
	<p>Establishes policies and procedures to ensure the reliability of the processes used to record transactions</p> <p>Establishes processes to reconcile or compare balances to external party records, e.g. banks, customers, suppliers, debtors</p> <p>Evaluates the reliability of the processes used in financial reporting</p> <p>Reviews and analyses information and investigates possible signs of error, fraud and illegal acts, e.g. inconsistency in data, lack of completeness, unexpected trends</p>	

	Competencies and capabilities	Complexity of standard
A4	Establishes or enhances financial reporting using IT	2D
	Establishes, or suggests improvements to, the financial reporting process through the use of IT, such as: <ul style="list-style-type: none"> <li>• Producing summarised management reporting for decision-making</li> <li>• Protecting access to and integrity of financial information</li> <li>• Identifying new sources of technology that enhance reporting</li> </ul>	
B	Conducts external financial reporting	
B1	Identifies the appropriate basis of accounting	3D
	On the basis of the entity's financial reporting needs and those of the stakeholders identified, decides on the appropriate basis of accounting: <ul style="list-style-type: none"> <li>• For general-purpose financial statements, the basis is IFRS</li> <li>• For special-purpose financial reporting, considers the basis that will best meet users' needs</li> </ul>	
B2	Develops or evaluates accounting policies	3D
	Identifies and evaluates accounting methods for the entity's routine financial transactions, e.g. revenue recognition, short-term investments  Selects accounting policies within the applicable accounting framework, such as IFRS that most fairly present the financial situation  Understands and incorporates the requirements of new standards into the entity's accounting policies	
B3	Accounts for the entity's routine transactions	3D
	Analyses and calculates, or evaluates, the accounting for routine transactions (e.g. sales, cost of sales, operating expenses)	
B4	Accounts for the entity's non-routine transactions	3D
	Analyses and calculates, or evaluates, the accounting for non-routine transactions, such as: <ul style="list-style-type: none"> <li>• Business acquisitions</li> <li>• Disposal of assets or groups of assets, and discontinued operations</li> </ul>	
B5	Prepares financial statements using the identified basis of accounting	3D
	Gathers the relevant financial information from various sources  Prepares general-purpose financial statements or, if appropriate, special-purpose financial statements to achieve fair presentation of the entity's financial position and performance.	
B6	Prepares or evaluates disclosure in the notes to financial statement	3D
	Prepares information to be included in the notes to the financial statements  Ensures disclosure in notes enhances the fair presentation of the entity's financial performance  Ensures disclosure in notes is in accordance with identified basis of accounting, is complete, and provides useful and understandable information to users	

	Competencies and capabilities	Complexity of standard
B7	Explains the financial statement results and balances to stakeholders	3D
	Explains the financial information in the context of the entity's operations and activities during the period using financial statement tools such as ratio and trend analysis  Provides a tailored description of the entity's balances as at the reporting date to the different stakeholder groups  Ensures that the explanation accurately reflects the entity's results and takes into account the degree of sophistication of the stakeholder group	
B8	Maintains awareness of key ideas and principles of proposed changes to financial reporting standards	1D
	Understands the purpose and process of issuing exposure drafts, and is aware of any major proposed changes	
B9	Identifies circumstances in which companies are not required to use full IFRS	3D
	Describes and explains the need to use other accounting standard frameworks (e.g. IFRS for SMEs) in appropriate circumstances	
C	Conducts specialised reporting	
C1	Identifies and analyses specific reporting obligations	2D
	Identifies, analyses and advises on obligations relating to financial contracts and transactions such as debt covenants	
C2	Identifies regulatory and other filing requirements	1D
	Understands and describes the reporting obligations that arise from requirements set out by applicable regulators  Describes the types of reports needed to meet other specialised financial reporting needs  Describes the processes and systems that support compliance and reporting obligations	
C3	Identifies and analyses non-financial reporting needs	2D
	On the basis of the entity's mission, vision and strategies, identifies, on a preliminary basis, the entity's non-financial reporting needs  Understands and describes the process used to design and develop information systems to capture non-financial information relevant to the measurement criteria established  Establishes, on a preliminary basis, procedures to ensure the reliability of the processes used to record non-financial information	
C4	Conducts external and internal non-financial reporting	2D
	Describes and gives examples of criteria that might be suitable for evaluating the subject matter, e.g. industry best practices, benchmarks  Develops, evaluates and presents, on a preliminary basis, non-financial information to measure in terms of established criteria  Ensures that non-financial information enhances the fair presentation of the entity's performance  Drawing on insights from developing or reviewing non-financial information, explains results to stakeholders	

### 3. CONTENT OF KNOWLEDGE BASE

Content of knowledge base	Knowledge indicator
The objectives of financial statements:	***
<ul style="list-style-type: none"> <li>The provision of useful information</li> </ul>	***
<ul style="list-style-type: none"> <li>Users and their information needs</li> <li>Economic decisions requiring financial information</li> </ul>	***
The need for a conceptual framework and for standards:	***
<ul style="list-style-type: none"> <li>Fair presentation</li> </ul>	***
Reporting requirements:	***
<ul style="list-style-type: none"> <li>IFRS, or other applicable accounting frameworks such as IFRS for SMEs</li> </ul>	***
<ul style="list-style-type: none"> <li>Statutory reporting requirements, limited to the following: <ul style="list-style-type: none"> <li>Companies Act</li> <li>Close Corporations Act</li> </ul> </li> </ul>	***
<ul style="list-style-type: none"> <li>Johannesburg Securities Exchange requirements</li> </ul>	*
<ul style="list-style-type: none"> <li>King III Report (also refer to the auditing and assurance knowledge reference list)</li> <li>Sustainability reporting</li> <li>Disclosure</li> </ul>	 * **
Underlying assumption	***
<ul style="list-style-type: none"> <li>Going concern</li> </ul>	
Qualitative characteristics of useful financial information	***
<ul style="list-style-type: none"> <li>Fundamental qualitative characteristics: <ul style="list-style-type: none"> <li>Relevance</li> <li>Faithful representation</li> </ul> </li> </ul>	***
<ul style="list-style-type: none"> <li>Enhancing qualitative characteristics: <ul style="list-style-type: none"> <li>Comparability</li> <li>Verifiability</li> <li>Timeliness</li> <li>Understandability</li> </ul> </li> </ul>	***
The elements of financial statements	***
<ul style="list-style-type: none"> <li>Financial position: <ul style="list-style-type: none"> <li>Assets</li> <li>Liabilities</li> <li>Equity</li> </ul> </li> </ul>	***
<ul style="list-style-type: none"> <li>Performance: <ul style="list-style-type: none"> <li>Income</li> <li>Expenses</li> </ul> </li> </ul>	***
Recognition of the elements of financial statements	***
Measurement of the elements of financial statements	***
Concepts of capital and capital maintenance	**
Standard-setting process	*

Content of knowledge base Knowledge indicator	
Financial statements analysis	***
Specialised topics	
• Insurance and assurance industry	*
• Banking	*
• Other regulated industries	*
• Public-sector reporting frameworks	*
• Mineral resources and mining exploration costs	*
• Service concessions	*
• XBRL	*
• Sustainability reporting	*



## SECTION 3

### MANAGERIAL ACCOUNTING AND FINANCE

#### 1. GENERAL COMMENTS REGARDING COVERAGE

The recognised core and assessment programmes should equip candidates with the competence to understand the local and global economic environments within which an entity operates. This requires an understanding of the manner in which an entity is operated, organised, governed and managed. Other competencies include monitoring, analysing and measuring an entity's progress towards achieving stated financial objectives and preparing reports that will enable stakeholders to make meaningful strategic decisions, thereby enhancing the competitive positioning of the entity.

Core competence should also address various corporate transactions such as mergers, acquisitions, and divestitures. This requires an analysis of various capital structure decisions, the evaluation of short-term and long-term financing needs, and the selection of appropriate financing mechanisms to support the strategic direction of the entity.

In this discipline, core competence also addresses the responsibility which management has to direct and control the entity. This requires the reporting of appropriate, relevant and accurate information to enhance and support the decision-making process so as to ensure the effective, efficient and ethical pursuit of the entity's strategic objectives.

#### 2. COMPETENCIES AND CAPABILITIES

Competencies and capabilities		Complexity of standard
A	Develops, evaluates and manages an entity's strategies	
A1	Understands the external influences on an entity's strategy development	2D
	Understands and evaluates the environment in which the entity operates Understands and evaluates the economic environment in which the entity operates, including general macro-economic factors that impact its various strategies	
A2	Understands the internal influences on an entity's strategy development	1D
	Identifies and explains the internal factors that should be taken into consideration in determining an entity's strategies	
A3	Identifies and evaluates opportunities and risks	2D
	Applies a SWOT analysis in the identification of opportunities and risk factors that characterise the entity's competitive environment and strategic response thereto	
A4	Gains an understanding of the entity's mission, vision and strategies and strategic plan	1D
	Gains an understanding of the strategies and the opportunities, risks, internal and external factors to which the entity may be exposed Assesses the need for different types of strategies to support the entity's mission, vision and objectives	
A5	Evaluates an entity's ability to manage organisational performance in accordance with the entity's strategies	1D
	Identifies, describes and evaluates effective decision-making and accountability processes and their impact on the achievement of the entity's strategies	

Competencies and capabilities		Complexity of standard
A6	Evaluates the entity's performance measurement and reporting strategy	1D
	Evaluates the entity's approach to monitoring financial and non-financial performance in meeting the needs of the stakeholders as well as legal and regulatory requirements	
A7	Evaluates the adequacy of the entity's IT strategy	1D
	Evaluates the suitability of the entity's IT strategy and suggests possible improvements	
A8	Understands the need for access to information	1D
	Evaluates the provision and reporting of information relevant to directing and managing the enterprise in accordance with its strategies	
B	Establishes or evaluates overall financial goals	
B1	Establishes or evaluates financial objectives	1D
	In the light of the entity's mission and strategies, gains an understanding of the financial objectives that form part of the entity's finance strategy	
B2	Evaluates the legal form and structure of the entity	1D
	In the light of the entity's stated financial objectives, prepares a preliminary analysis of the appropriate forms of organisation and ownership for fulfilling these objectives	
B3	Identifies ways in which ownership can change	1D
	Identifies possible ways in which the ownership of an entity may be restructured, and issues arising from a possible change in control	
C	Analyses the value of a business	
C1	Analyses the entity's financial situation	3D
	Performs a financial analysis, interprets the results, and draws conclusions as to the entity's financial situation, including ratio analysis, trend analysis and cash flow analysis	
C2	Estimates the value of the business	3D
	Analyses, calculates and estimates a range of values for a business using asset, transaction and market approaches Identifies critical assumptions underlying the valuation	
C3	Analyses and evaluates a proposed merger, acquisition or divestiture	2D
	Analyses the risks and financial implications of a proposed start-up, expansion, merger, acquisition, strategic alliance or divestiture, suggesting financing options	
D	Plans and monitors an entity's financing	
D1	Monitors cash flow	3D
	Monitors cash flow, identifying cash shortfalls/excesses and advising on suitable finance strategies concerning an entity's short-term/long-term cash position	
D2	Analyses the entity's working capital	3D
	Develops strategies and monitors the entity's working capital, including accounts receivable management, accounts payable management and inventory management	

Competencies and capabilities		Complexity of standard
D3	Identifies and evaluates sources of funds	2D
	Identifies potential sources of finance and describes their advantages and disadvantages, suggesting which is most appropriate in the circumstances	
E4	Evaluates the dividend decision	2D
	Identifies factors affecting dividend decision (theories, dividend policies, scrip dividends, share splits, capitalisation issues, dividend re-investment plans and share buy-backs)	
E5	Analyses the entity's cost of capital and capital structure	3D
	Calculates and monitors the entity's cost of capital and analyses the debt-to-equity ratio and the effects of an entity's dividend policy	
E6	Evaluates the use of derivatives	2D
	Evaluates forward and future contracts, swaps, put and call options and other derivatives and distinguishes between the use of derivatives for hedging and speculation purposes	
F	Develops or analyses business plans and financial proposals	1D
	Gains an understanding of the intended purpose and audience and takes them into account when preparing the business plan or financial proposal	
G	Appraises capital investment opportunities	
G1	Evaluates the investment decision	3D
	Identifies opportunities, risks and financial implications of start-up or expansion by replacement/acquisition of capital assets. Applies budgeting techniques in the analysis of the investment	
G2	Evaluates the alternative of asset-specific finance	2D
	Evaluates the cost of asset-specific finance as an alternative method of financing acquisitions, and the implications of the decision to invest in the proposed expansion/replacement	
G3	Considers relevant structural and governance issues	2D
	Suggests the form of the transaction, financing options and terms and identifies relevant structural and governance issues	
H	Identifies or advises a financially troubled business	1D
	Prepares a preliminary analysis of the sources and causes of financial difficulty and develops a preliminary recovery plan for the entity's long-term health	
I	Identifies and analyses factors influencing the financial performance of an entity	
I1	Identifies management's information needs and the entity's key performance indicators	2D
	Identifies key performance indicators and various performance measurement/control techniques (activity-based costing, management, balanced score card and benchmarking)	
I2	Evaluates the design of the entity's responsibility accounting system	3D
	Evaluates the impact of governance structures and the effectiveness of performance incentives and makes suggestions for improvement.	
I3	Analyses the financial performance of an entity and makes and/or evaluates recommendations for improvement	3D
	Analyses, evaluates and explains financial performance using financial analysis tools, including distortions resulting from the application of applicable accounting frameworks.	

Competencies and capabilities		Complexity of standard
J	Manages an entity's budgeting process and control system	
J1	Designs, prepares, analyses and monitors financial budgets	3D
	Designs budgets in accordance with the entity's strategic plans and appropriate to the level of accountability, reviewing these in the light of the entity's long-term strategies	
J2	Analyses and interprets budget variances	3D
	Analyses actual performance against budget and provides an analysis of variances to the appropriate level of management, making recommendations that are based on findings	
J3	Considers the applicability of a standard costing system and performs detailed variance analysis	3D
	Reconciles actual to budgeted profit. Analyses, interprets and investigates variances between standard and actual costs, making recommendations. Prorates variances in terms of applicable accounting frameworks	
J4	Considers the applicability of cost-management techniques	2D
	Considers the applicability of activity-based management, making recommendations for improving cost control and cost efficiency on the basis of the results of the activity cost analysis.	
K	Evaluates internal cost allocation and transfer-pricing options	
K1	Evaluates transfer-pricing options between operational divisions	3D
	Evaluates various transfer-pricing options (e.g. market price, negotiated price, cost-based) that are suitable and recommends a course of action	
K2	Evaluates cost-allocation options for service departments	2D
	Identifies the appropriate basis on which to allocate indirect costs incurred in service departments to other divisions and the entity's products	
L	Analyses financial and other data to provide information for decision-making	
L1	Identifies and evaluates financial information relevant to business decisions	3D
	Considers capacity utilisation and constraints, applicability of contribution per limiting factor and linear programming (excludes execution), and relationship between multiple constraints	
L2	Identifies and analyses elements of business decisions subject to uncertainty, volatility or inaccuracy	3D
	Performs a sensitivity analysis on key variables, incorporating the possibility of various outcomes in the decision-making process using probabilities and expected values	
L3	Identifies and relates the significance of the qualitative factors that impact the decision	3D
	Identifies and distinguishes between short- and long-term financial implications of proposed decision-making, identifying opportunities and risks arising relating to strategy	
M	Identifies, develops and improves appropriate costing systems in order to meet the information requirements of the entity's control and decision-making processes	
M1	Identifies appropriate costing systems, and determines the appropriate assignment of costs to cost objects	3D
	Using the internally generated data, determines the cost of a cost object (product, service, process, function, department or customer) for decision-making and control purposes	
M2	Develops and improves appropriate IT infrastructure needed to generate the necessary information	1D
	Analyses IT needs and key success factors for different IT elements, suggesting possible IT solutions and evaluating different alternatives (quantitative and qualitative)	

### 3. CONTENT OF KNOWLEDGE BASE

Content of knowledge base	Knowledge indicator
STRATEGY, RISK MANAGEMENT AND GOVERNANCE SECTION	
Definition of strategy	*
Strategic planning processes	*
Key stakeholders of an entity and their roles	* * *
External influences on an entity's strategy development	* *
Internal influences on an entity's strategy development	*
Corporate culture	*
Analytical models	* *
Close Corporations Act	
Formation and juristic personality of close corporations	*
Administration of the Act	*
Registration, deregistration and conversion	*
Membership	*
<ul style="list-style-type: none"> <li>Internal relations <ul style="list-style-type: none"> <li>Fiduciary position of members and liability for negligence</li> <li>Association agreements</li> <li>Variable rules re internal relations and members disqualified re management of business</li> <li>Meetings of members</li> <li>Unfairly prejudicial conduct and proceedings against fellow members on behalf of corporation</li> <li>Payments by corporation to members</li> <li>Prohibition of loans and furnishing of security to members and others by corporation</li> </ul> </li> </ul>	*
<ul style="list-style-type: none"> <li>External relations</li> </ul>	*

Content of knowledge base	Knowledge indicator
STRATEGY, RISK MANAGEMENT AND GOVERNANCE SECTION	
Definition of strategy	*
<ul style="list-style-type: none"> <li>• Pre-incorporation</li> <li>• Power of members to bind corporation</li> <li>• Application of ss 37 and 226 of the Companies Act</li> </ul>	
<ul style="list-style-type: none"> <li>• Accounting and disclosure</li> <li>• Accounting records</li> <li>• Financial year-end of corporation</li> <li>• Annual financial statements</li> <li>• Accounting officers <ul style="list-style-type: none"> <li>Appointment and qualifications</li> <li>Right of access and remuneration</li> <li>Duties</li> </ul> </li> </ul>	*
Liability of members and others for debts of close corporation	*
Duties and responsibilities of auditor versus the accounting officer	*
FINANCIAL MANAGEMENT SECTION	
Objective of the firm	*
Strategic financial management	*
Analysis of financial information	
Objective of analysis	**
Calculation and interpretation of ratios	***
Discussion and conclusion	**
Financial distress analysis	*
Businesses in difficulty	
Business recovery and restructuring – tools used to measure performance of a business	*
<ul style="list-style-type: none"> <li>• Strategies for avoiding and dealing with business failure</li> </ul>	*
<ul style="list-style-type: none"> <li>• Refinancing a business</li> </ul>	*
Valuations	
<ul style="list-style-type: none"> <li>• Valuation of: <ul style="list-style-type: none"> <li>• equity shares</li> <li>• preference shares</li> <li>• debentures and bonds</li> <li>• convertible securities</li> </ul> </li> </ul>	*** *** *** **

Content of knowledge base	Knowledge indicator
STRATEGY, RISK MANAGEMENT AND GOVERNANCE SECTION	
Definition of strategy	*
<ul style="list-style-type: none"> <li>Selection of the appropriate valuation basis <ul style="list-style-type: none"> <li>Earnings</li> <li>Dividend growth model</li> <li>Net assets</li> <li>Free cash flow</li> <li>Market-based approaches (market to book ratio, price to sales ratio)</li> </ul> </li> </ul>	 *** *** *** *** **
<ul style="list-style-type: none"> <li>Valuations for mergers</li> </ul>	***
<ul style="list-style-type: none"> <li>Qualitative factors</li> <li>Economic value added and market (management) value added (the relationship of these to the value of a business; performance management aspects included in knowledge list to VI – Management decision-making and control)</li> </ul>	 **
Risk and return	
<ul style="list-style-type: none"> <li>Risk assessment <ul style="list-style-type: none"> <li>Business risk and financial risk</li> <li>Unsystematic and systematic risk</li> <li>Return</li> <li>Measurement of return</li> </ul> </li> </ul>	**
<ul style="list-style-type: none"> <li>Portfolio theory</li> </ul>	**
The cost of capital	
<ul style="list-style-type: none"> <li>Cost of debt</li> </ul>	***
<ul style="list-style-type: none"> <li>Cost of preference shares</li> </ul>	***
<ul style="list-style-type: none"> <li>Cost of equity <ul style="list-style-type: none"> <li>Factors affecting cost of equity</li> <li>Dividends and sustainable growth</li> <li>Capital-asset pricing model (including asset-specific betas)</li> <li>Bond yield plus risk premium</li> </ul> </li> </ul>	***
<ul style="list-style-type: none"> <li>Weighted average cost of capital</li> </ul>	***
<ul style="list-style-type: none"> <li>Project-specific cost of capital</li> </ul>	***
<ul style="list-style-type: none"> <li>Asset betas</li> </ul>	**
<ul style="list-style-type: none"> <li>Interaction of the investment and financing decisions</li> </ul>	**
<ul style="list-style-type: none"> <li>Cost of capital for foreign investments</li> </ul>	**
Capital-investment appraisal	



Content of knowledge base	Knowledge indicator
STRATEGY, RISK MANAGEMENT AND GOVERNANCE SECTION	
Definition of strategy	*
<ul style="list-style-type: none"> <li>Capital-budgeting decisions <ul style="list-style-type: none"> <li>Replacement</li> <li>Acquisition of new capital assets</li> <li>Strategic management decisions</li> </ul> </li> </ul>	***
<ul style="list-style-type: none"> <li>Capital-budgeting techniques</li> <li>Payback and discounted payback</li> <li>Net present value</li> <li>Internal rate of return</li> <li>Accounting rate of return</li> <li>Modified internal rate of return</li> </ul>	*** *** *** * *
<ul style="list-style-type: none"> <li>Issues in investment appraisal</li> <li>Differing project life cycles</li> <li>Capital rationing</li> <li>Possibility of abandonment or expansion</li> <li>Impact of inflation</li> <li>Analysis of and allowance for risk</li> <li>Probabilities and decision trees</li> <li>Sensitivity analysis (including the use of equivalent annual annuities)</li> <li>Scenario and Monte Carlo analysis</li> <li>Qualitative factors</li> <li>Post-investment audit</li> <li>International capital budgeting</li> </ul>	*** *** *** *** ** ** *** * *** * **
Sources and forms of finance	
<ul style="list-style-type: none"> <li>Capital and money markets as potential sources of finance</li> </ul>	**
<ul style="list-style-type: none"> <li>Identification of possible markets and most appropriate market</li> </ul>	**
<ul style="list-style-type: none"> <li>Basic understanding of the workings of capital and money markets</li> </ul>	**
<ul style="list-style-type: none"> <li>The theory of capital structure</li> </ul>	**
<ul style="list-style-type: none"> <li>Long- and short-term finance</li> </ul>	**
<ul style="list-style-type: none"> <li>Asset securitisation</li> </ul>	**
<ul style="list-style-type: none"> <li>Discounting and factoring of accounts receivable</li> </ul>	**
<ul style="list-style-type: none"> <li>Leasing versus borrowing</li> </ul>	***
<ul style="list-style-type: none"> <li>Foreign finance</li> </ul>	**

Content of knowledge base	Knowledge indicator
STRATEGY, RISK MANAGEMENT AND GOVERNANCE SECTION	
Definition of strategy	*
The dividend decision	
• Factors affecting the dividend decision	**
• Relevance and irrelevance theories	**
• Setting appropriate dividend policies	**
• Scrip dividends	**
• Share buy-backs	**
Management of working capital	
• Accounts receivable (excluding discounting and factoring, which are included under sources and forms of finance above)	***
• Inventories (excluding EOQ, which is included in the knowledge list to Section VI – Management decision-making and control)	***
• Accounts payable	***
• Working capital cycle	***
Treasury function	
Role of treasury	*
Cash management (excluding Baumol & Miller-Ore)	***
Workings of foreign exchange and interest rates	**
Understanding risks relating to foreign exchange, interest rate, duration and refinancing and liquidity risks	**
• Hedging and risk management relating to operational hedges (natural hedges), forwards (e.g. FECs, FRAs), futures, options, swaps	** **
• The use of caps, floors and collars in relation to interest rates (excluding the pricing thereof, as well as the offsetting of risk from the perspective of the financial institution)	
Mergers, takeovers and divestitures	
Strategic context	*
Behavioural implications (including defensive strategies)	*
Legal implications (see securities regulation code, Competitions Act, taxation)	*
Pricing considerations	**
Impact of synergy	**
• Financing considerations (including exchange ratios)	**
• Effects on EPS and NAV	**
• Management buy-outs	**
• Black economic empowerment <ul style="list-style-type: none"> <li>• Financing considerations</li> </ul>	*
• Postacquisition review	*

Content of knowledge base	Knowledge indicator
STRATEGY, RISK MANAGEMENT AND GOVERNANCE SECTION	
Definition of strategy	*
• Due diligence	*
MANAGEMENT DECISION-MAKING AND CONTROL SECTION	
Cost accounting	
Nature of costs	
• Cost classification	***
• Cost behaviour	***
• Cost-volume-profit analysis	***
• Cost estimation <ul style="list-style-type: none"> <li>• High-low</li> <li>• Scattergraphs</li> <li>• Regression</li> </ul>	*** * *
• Cost objects (product, function, process, activity, department, etc.)	***
Costing and cost management: Material	
• Recording material costs (direct and related)	***
• Bases of inventory valuation <ul style="list-style-type: none"> <li>• FIFO</li> <li>• Weighted average</li> <li>• Standard cost</li> <li>• Specific identification</li> <li>• EOQ</li> </ul>	*** *** *** *** *
Costing and cost management: Labour	
• Recording labour costs	***
• Bases for assigning costs <ul style="list-style-type: none"> <li>• Time</li> <li>• Piece</li> </ul>	*** ***
• Management of labour costs	***
• Learning curves	*
Costing and cost management: Overheads	
• Recording overhead costs	***
Bases for assigning overheads to cost objects	***
Experience curves	*
Management accounting systems	

Content of knowledge base	Knowledge indicator
STRATEGY, RISK MANAGEMENT AND GOVERNANCE SECTION	
Definition of strategy	*
Types of costing systems (job, process, scrap, waste and rejects)	***
• Information-technology implications (integration)	*
Planning and control	
Budgeting and control	
• Corporate strategy and long-term planning	
• Competitive advantage	**
• Porter's model	**
• Value chain	*
• Supply chain	*
• Budgeting	
• Responsibility centres	***
• Behavioural aspects	***
• Master, capital, cash and subsidiary budgets	***
• Fixed and flexible budgeting	***
• Zero-based budgeting	*
• Activity-based budgeting	**
• Cost management	
• Activity-based management	**
• Business process re-engineering	*
• Total quality management	*
• Costs of quality	*
• Just in time	*
• Target costing	*
• Life-cycle costing	*
Standard costing	
• Design of standard costing systems	***
• Variance analysis	***
• Reporting on variance analysis	***
• Reconciliation of budget to actual	***
• Investigation of variances	***
• Prorating of variances and compliance with the relevant accounting standard	***
Performance management	

Content of knowledge base	Knowledge indicator
STRATEGY, RISK MANAGEMENT AND GOVERNANCE SECTION	
Definition of strategy	*
• The role of decentralised control	***
• Responsibility accounting	***
• Performance measurement and incentivisation of managers	
• Possible performance measures	***
• Including economic value added and market value added	**
• Advantages and disadvantages of each	***
• Behavioural aspects	***
• Stock-based compensation (see section III - Accounting and external reporting, for reporting requirements)	*
Transfer pricing (includes imperfect markets and price elasticity, excludes calculus)	**
• Non-financial performance measures	**
• Balanced scorecard	*
• Benchmarking	**
Decision-making	
• Criteria for relevant information	***
• Application to decisions	***
• Pricing	***
• Capacity utilisation	***
• Scenarios	***
• Special orders	***
• Make or buy	*
• Product mix	***
• Theory of constraints	***
• Sell or process	***
• Product-line decisions	***
• Adding/dropping parts of operation	***
• Identification of the requirement for, and the ability to apply contribution per unit of limiting factor (actual linear programming calculations not required)	
• Short-term versus long-term implications and relationship and integration with capital budgeting	***
• Sensitivity analysis (application of CVP to decision-making)	**
• Risk and uncertainty (in the context of management accounting and decision-making, including the use of probabilities and decision trees)	**

## SECTION 4

### Taxation

#### 1. GENERAL COMMENTS REGARDING COVERAGE

The competencies and capabilities required in this discipline focus on calculating the taxable liabilities of various taxpayers, identifying a taxpayer's compliance and reporting requirements, and on developing and implementing an individual's or entity's tax-planning strategies. In order to develop and demonstrate core competence, candidates should be expected to calculate the tax consequences of two or more alternatives and be required to make appropriate recommendations.

#### 2. COMPETENCIES AND CAPABILITIES

Competencies and capabilities		Complexity of standard
A	Analyses the taxpayer's tax profile and identifies general tax issues	
A1	Understands the taxpayer's tax profile	3D
	<p>Within the context of stated strategies, collects basic information for the analysis of a taxpayer's tax profile regarding:</p> <ul style="list-style-type: none"> <li>• The form of the taxpayer, i.e. individual, sole proprietorship, partnership, trust, joint venture, close corporation or company</li> <li>• The taxpayer's residency (for an individual, company or trust) and liability for tax</li> <li>• The exposure to taxation associated with various forms of income (e.g. employment, property, business, capital gain/loss, passive income)</li> <li>• The organisational structure (connected persons and group companies)</li> </ul>	
A2	Identifies and advises on compliance and filing requirements	2D
	<p>Identifies the compliance and filing requirements and deadlines for individuals, companies, estates, registered vendors and trusts</p> <p>Advises on standard processes and routine methods to ensure all deadlines are met, including the timely analysis of assessments and reassessments and the consequences of failing to meet those deadlines</p>	
A3	Describes other types of administrative requirements	1D
	<p><i>Examples may include employees' tax returns, donation tax returns, provisional tax returns, VAT returns, reportable arrangements and request for an advance tax ruling</i></p> <p>Describes processes and routines required to ensure deadlines are met, including the timely analysis of assessments and reassessments</p> <p>Explains the basic filing information required for these types of returns</p>	
B	Prepares and files necessary returns in accordance with legal requirements	
B1	Calculates income taxes payable for an individual	3D

Competencies and capabilities		Complexity of standard
	<p><i>For basic individual tax:</i></p> <p>Identifies, advises on and/or determines the components of taxable income and normal tax payable</p> <p>Collects the information needed to file the tax return for an individual, considering:</p> <ul style="list-style-type: none"> <li>• Inclusion and classification of income from different sources (e.g. employment including fringe benefits and lump sum benefits, property, trade, capital gain/loss, investment income, other income and income from a foreign source)</li> <li>• Exempt income</li> <li>• Deductibility of certain expenses (contributions to pension or retirement funds, income-protection policies, assets used for trade purposes, legal fees and study at home)</li> <li>• Assessed losses and the ring-fencing of assessed losses</li> <li>• Eligibility for other deductions (donations and medical)</li> <li>• Employees' tax and provisional tax</li> <li>• Eligibility for rebates</li> </ul>	
B2	Calculates other income subject to tax for an individual	3D
	<p>Collects the information needed to file other tax returns for an individual, for example:</p> <ul style="list-style-type: none"> <li>• The allocation of income/loss from a partnership to be recorded on the individual's tax return</li> <li>• The returns for a deceased individual</li> <li>• Distributions from inter vivos and testamentary trusts</li> </ul>	
B3	Calculates taxes payable by a company	3D
	<p><i>For basic corporate tax:</i></p> <p>Identifies, advises on and/or determines the components of net income for tax purposes, taxable income, and taxes payable</p> <p>Collects the information needed to file the tax return for a company, considering:</p> <ul style="list-style-type: none"> <li>• The type of company (i.e. private, public, small business corporation, personal service provider, foreign) <ul style="list-style-type: none"> <li>• The inclusion and classification of income (e.g. business income, income from property, capital gains)</li> <li>• Exemptions</li> </ul> </li> <li>• The deductibility of certain amounts (e.g. capital allowances, assessed losses and special allowances)</li> <li>• Foreign income and rebates</li> </ul> <p>Identifies and explains the impact of the organisational structure on taxes payable</p>	
	<p>Collects the information needed to file the tax return for a company, considering:</p> <ul style="list-style-type: none"> <li>• Double taxation agreements</li> </ul>	1D
B4	Calculates other taxes payable for a company	2D



Competencies and capabilities		Complexity of standard
	<p>Collects the information needed to file other tax returns for a company, for example:</p> <ul style="list-style-type: none"> <li>• The allocation of income/loss from a partnership or inter vivos trusts to be recorded on the company's tax return</li> <li>• The tax consequences of distributions by companies</li> </ul>	
B5	Calculates value added tax payable for a vendor	3D
	<p>Collects the information needed to file value added tax returns for a vendor, for example:</p> <ul style="list-style-type: none"> <li>• Registration requirements, when the person will be an enterprise</li> <li>• Supplies, exempt supplies, output tax, zero-rated supplies, input tax, adjustments and change in use</li> </ul>	
C	Practices effective tax planning to optimise after-tax returns	
C1	Identifies, analyses and advises on specific tax-planning opportunities for individuals	2D
	<p>Analyses an individual's tax profile to identify possible tax-planning opportunities</p> <p>Identifies alternative courses of action and planning opportunities for employees and executives (e.g. salary versus fringe benefits, equity-based compensation, deferred compensation)</p> <p>Identifies and explains the impact of being an employee versus being self-employed</p> <p>Suggests the ideal mix of tax strategies in relation to the individual's strategies and reporting needs</p>	
C2	Identifies, analyses and advises on specific tax-planning opportunities for shareholders of companies	2D
	<p>Analyses the taxpayer's tax profile to identify possible tax-planning opportunities</p> <p>Identifies alternative courses of action with their corresponding opportunities and risks (e.g. salary versus dividend, loans to shareholders, dividends, deemed dividends)</p> <p>Considers the need to plan for a transfer of the shares of a company (e.g. to spouse, children, employees) and explains the process</p>	
C3	Identifies, analyses and advises on financial and estate-planning opportunities for individuals and their families	2D
	<p>With the taxpayer's strategies in mind, gathers relevant information to assess financial needs (e.g. net worth, income and expense data)</p> <p>Analyses the tax consequences of the investment and financial planning tactics being considered</p> <p>Analyses the tax consequences of shifting income between family members (e.g. section 7 and the attribution rules)</p> <p>Identifies and analyses retirement-planning opportunities</p> <p>Identifies and explains the role of trusts as a planning tool</p> <p>Suggests a course of action</p>	

Competencies and capabilities		Complexity of standard
C4	Analyses tax consequences for non-residents	2D
	Analyses, on a preliminary basis, the tax consequences of emigrating from the RSA (e.g. deemed disposals) Identifies and explains the taxation of income in the RSA for non-residents	
C5	Identifies, analyses and advises on tax consequences or planning opportunities associated with certain corporate transactions	2D
	Identifies, analyses and explains the impact of incorporating a non-incorporated business Analyses and advises on the tax consequences of the sale or acquisition of shares versus assets, including the possible acquisition of control and the liquidation of a company Analyses and advises on how to transfer property in order to meet tax-planning objectives in an existing corporate structure	
C6	Analyses tax consequences of other corporate restructuring transactions	1D
	Describes the tax consequences of alternative approaches to structuring a transaction (e.g. exchange of shares between connected or unrelated parties, transaction between a partnership and its partners) with regard to the achievement of the taxpayer's strategies Describes the applicability of tax provisions relating to the liquidation or deregistration of a subsidiary into its holding company or the amalgamation of companies	
D	Prepares information to respond to assessments, file objections and appeals and provide general advice on tax administration	1D
	Identifies the issues and analyses the content of assessments and/or reassessments Gathers information to assist in formulating an appropriate response Prepares, on a preliminary basis, responding materials required by regulation to initiate an appeal or file a notice of objection Deals with the alternative dispute procedures	
E	Interprets tax legislation by applying decisions of the relevant courts that dealt with tax issues	3D

## CONTENT OF KNOWLEDGE BASE

Content of knowledge base		Reference to legislation	Knowledge indicator
A	Analyses the taxpayer's tax profile and identifies general tax issues		
A1	Understands the taxpayer's tax profile		***
	The form of the taxpayer Close corporation, company, insolvent estate, person, special trust, a trust and a micro-business	Income Tax Act Sixth Schedule	***
	Taxpayer's residency Controlled foreign company, representative taxpayer, Republic and resident	Income Tax Act	***
	Organisational structure Beneficiary, child, connected person, controlled group company, controlling group company, director, group of companies, listed company, relative, shareholder, spouse and trustee	Income Tax Act	***
A2	Identifies and advises on compliance and filing requirements		*
	Registration as taxpayer	Income Tax Act	*
	Compliance and filing requirements	Income Tax Act	*
	Record keeping	Income Tax Act	*
	Administrative penalty in respect of non-compliance	Income Tax Act	*
	Additional tax in the event of default or omission	Income Tax Act	*
A3	Describes other types of administration requirements		**
	Duty to furnish information or returns	Income Tax Act	*
	Employees' tax returns	Fourth Schedule	**
	Employee, employer, remuneration	Fourth Schedule	**
	Calculation of the balance of remuneration	Fourth Schedule	**
	Labour broker, personal service provider and independent trade	Fourth Schedule	**
	Certificate of exemption and directives	Fourth Schedule	*
	Annual reconciliation and IRP5	Fourth Schedule	*
	Donations tax and returns – IT144		**
	Levy of donations tax	Income Tax Act	**
	Donation and valuation rules	Income Tax Act	**
	Donations by bodies corporate and spouses	Income Tax Act	**
	Property disposed of under a donation exempt from donations tax	Income Tax Act	**
	Donations tax not payable	Income Tax Act	**
	Payment of the donations tax and the person liable	Income Tax Act	**
	Calculation of limited interests	Income Tax Act	*
	Provisional tax and returns – IRP6	Fourth Schedule	**
	Who is a provisional taxpayer?	Fourth Schedule	**

Content of knowledge base	Reference to legislation	Knowledge indicator
Duty to make the payment	Fourth Schedule	**
Estimates of taxable income	Fourth Schedule	**
Additional tax and penalties	Fourth Schedule	*
B Prepares and files necessary returns in accordance with legal requirements		
B1 Calculates income taxes payable for an individual		***
Identification of the components of taxable income Gross income, income and taxable income and year of assessment	Income Tax Act	*** ***
Inclusion and classification of income from different sources		
Gross income (specifically the special inclusion therein), dividends, living annuity, retirement fund lump sum benefit and retirement fund lump sum withdrawal benefit and trade	Income tax Act Second Schedule Court cases – see list below	***
Remuneration	Income Tax Act Fourth Schedule	***
Allowances or advances	Income Tax Act	***
Broad-based employee share plans and the vesting of equity instruments	Income Tax Act	**
Taxable benefits	Seventh Schedule	***
Controlled foreign companies	Income Tax Act	**
Definitions	Income Tax Act	***
Calculation of the 'net amount'	Income Tax Act	**
Rest of s 9D	Income Tax Act	*
Blocked foreign funds	Income Tax Act	***
Exempt income	Income Tax Act	***
Labour brokers	Fourth Schedule Income Tax Act	***
Conversion of amounts in foreign currency	Income Tax Act	***
Deduction of expenses		
Deductions prohibited	Income Tax Act	***
Contributions to income protection policies	Income Tax Act	***
Domestic and private expenses (study at home)	Income Tax Act	***
Legal expenses	Income Tax Act	***
Depreciation on assets used for trade purposes	Income Tax Act	***

Content of knowledge base	Reference to legislation	Knowledge indicator
Repayment of amounts received	Income Tax Act	***
Contributions to pension and retirement funds	Income Tax Act	***
Assessed losses Ring-fencing of certain losses	Income Tax Act	***
Taxable capital gains	Income Tax Act Eighth Schedule	***
Capital distributions	Eighth Schedule	***
Other deductions Donations to certain organisations Medical	Income Tax Act	*** ***
Normal tax payable	Taxation Laws Amendment Act	***
Rebates	Income Tax Act	*
<b>B2</b> Calculates other income subject to tax for an individual		
Income from a partnership	Income Tax Act	**
Income of beneficiaries and estates of deceased persons	Income Tax Act	***
Inter vivos and testamentary trusts	Income Tax Act	***
Income determination for trusts	Income Tax Act	***
Attribution rules	Eighth Schedule	***
Trust distributions	Eighth Schedule	***
Income of insolvent estates	Income Tax Act	**
<b>B3</b> Calculates basic taxes payable for a company		
Type of company/close corporation Small business corporation, micro-business Personal services provider	Income Tax Act Sixth Schedule	***
Identification of the components of taxable income Gross income, income and taxable income and year of assessment	Income Tax Act	***
Inclusion and classification of income from different sources Gross income (specifically the special inclusion therein), dividends, and receipts from trade Capital nature of receipts or accruals Personal services provider and remuneration	Income Tax Act Fourth Schedule	***
Recoupments	Income Tax Act	***
Trading stock	Income Tax Act	***
Exempt income	Income Tax Act	***
Deductibility of certain amounts: general and the trade requirement	Income Tax Act	***

Content of knowledge base	Reference to legislation	Knowledge indicator
Deductions prohibited	Income Tax Act	***
Input tax	Income Tax Act	***
Special deductions	Income Tax Act	***
Special deduction	Income Tax Act	**
Prepaid expenditure	Income Tax Act	***
Incurral and accrual of interest	Income Tax Act	**
Hybrids	Income Tax Act	***
Transfer pricing and thin capitalisation	Income Tax Act	*
Capital (depreciable assets)	Income Tax Act	***
Limitation of allowances	Income Tax Act	***
Pre-trade expenses	Income Tax Act	***
Research and development	Income Tax Act	***
Venture capital shares	Income Tax Act	*
Intellectual property	Income Tax Act	**
Foreign exchange The following sections within s 24I are excluded: <ul style="list-style-type: none"> <li>• (7A), (11A)</li> <li>• CGT, par. 20(4) of the Eighth Schedule</li> </ul>	Income Tax Act	***
Future expenditure	Income Tax Act	**
Assessed losses	Income Tax Act	***
Taxable capital gains	Income Tax Act	***
Rebates	Income Tax Act	*
B4      Calculates other taxes payable for a company		**
Partnership	Income Tax Act	***
Distributions from trusts		***
Secondary tax on companies (until replaced by the dividends tax)	Part VII	***
Calculation of the net amount	Income Tax Act	***
Capital distributions	Eighth Schedule	***
Dividends tax	Part VIII	
Definition of contributed tax capital and dividend	Income Tax Act	***
Dividends exempt from dividends tax	Income Tax Act	***
The levying of the dividends tax and the withholding obligation	Income Tax Act	***
The taxation of passive holding companies	Income Tax Act	***

Content of knowledge base	Reference to legislation	Knowledge indicator
B5 Calculates the value added tax payable for a vendor		***
Enterprise, vendor	Value-Added Tax Act	***
Registration requirements	Value-Added Tax Act	**
Other definitions Cash value, commercial accommodation, connected persons, consideration, consideration in money, domestic goods and services, donation, dwelling, entertainment, export country, exported, financial services, fixed property, goods, instalment credit agreement, insurance, money, municipal rate, open market value, recipient, rental agreement, resident of the Republic, sale, services, supplier, supply, taxable supply	Value-Added Tax Act	***
Time of supply Value of supply of goods or services	Value-Added Tax Act	***
Output tax, taxable and zero-rated supplies	Value-Added Tax Act	***
Deemed supplies	Value-Added Tax Act	***
Imported services	Value-Added Tax Act	**
Exempt supplies and financial services With certain exclusions at level A	Value-Added Tax Act	***
Input tax, invoice, motor car, second-hand goods, tax invoice, general binding ruling	Value-Added Tax Act	***
Irrecoverable debts	Value-Added Tax Act	***
Change in use adjustments • Section 8(15) at level I	Value-Added Tax Act	***
Calculation of tax payable	Value-Added Tax Act	**
Returns, administration and reporting requirements	Value-Added Tax Act	*
Arrangements and directions to overcome difficulties, anomalies or incongruities	Value-Added Tax Act	*
Advance tax rulings and rulings	Value-Added Tax Act	**



Content of knowledge base		Reference to legislation	Knowledge indicator
C	Practises effective tax planning to optimise after-tax returns		
C1	Identifies, analyses and advises on specific tax-planning opportunities for individuals		**
	Salary versus fringe benefits	Seventh Schedule	***
	Equity-based compensation	Income Tax Act	***
	Deferred compensation	Income Tax Act	***
	Employee versus being self-employed	Income Tax Act	***
C2	Identifies, analyses and advises on specific tax-planning opportunities for shareholders of companies		**
	Small business corporation or micro-business	Income Tax Act Sixth Schedule	***
	Salary versus dividends, loans to shareholders, dividends and deemed dividends	Income Tax Act	**
	Transfer of shares to family members	See section on capital gains	**
C3	Identifies, analyses and advises on financial and estate-planning opportunities for individuals and families		**
	Passive income earned by spouse married in community of property	Income Tax Act	***
	Income of minors	Income Tax Act As well as the Children's Act	***
	Estate duty Definitions – child, close corporation, company, domestic policy, fair market value, family company, relative, spouse and stocks or shares	Estate Duty Act	**
	What constitutes an estate Property and property deemed to be property Valuation of property	Estate Duty Act	***
	Deductions allowed in determining the net amount Valuation rules	Estate Duty Act	*** **
	The dutiable amount	Estate Duty Act	***
	The estate duty and who pays the duty	Estate Duty Act	*
C4	Analyses tax consequences for non-residents		**
	Exit taxes	Income Tax Act	***
	Representative taxpayers	Part V	**
	The withholding tax on royalties	Income Tax Act	***
	Withholding of amounts from payments to non-resident sellers of fixed property	Income Tax Act	***
	Taxation of foreign entertainers and sportspersons	Part IIIA	***
	Foreign branches and agencies	Taxation Laws Amendment Act	**

Content of knowledge base		Reference to legislation	Knowledge indicator
C5	Identifies, analyses and advises on tax consequences or planning opportunities associated with certain corporate transactions		**
General Asset-for-share transactions Intragroup transactions		Income Tax Act	**
The securities transfer tax		Securities Transfer Tax Act	*
Transactions relating to liquidation, winding-up and deregistration		Income Tax Act	**
C6	Analyses tax consequences of other corporate restructuring transactions		**
Amalgamation transactions Unbundling transactions		Income Tax Act	**
D	Prepares information to respond to assessments, file objections and appeals and provides general advice on tax administration		**
Objections and appeals Alternate dispute resolution		Part III	*
Settlement of disputes		Part II A	**
Taxable capital gains and allowable capital losses			
General rules, definitions, computation and inclusion rate		Eighth Schedule	***
Disposals, deemed disposals and time of disposal		Eighth Schedule	***
Proceeds		Eighth Schedule	*** **
Connected persons and non-arm's length		Eighth Schedule	***
Base cost		Eighth Schedule	***
Base cost of pre-valuation assets		Eighth Schedule	*** **
Base cost of identical assets		Eighth Schedule	***
Part disposals		Eighth Schedule	***
Debt substitution		Eighth Schedule	***
Foreign currency		Eighth Schedule	**
Primary residence exclusion		Eighth Schedule	***
Other exclusions		Eighth Schedule	**
Roll-overs		Eighth Schedule	***
E	Interprets tax legislation by applying decisions of the relevant courts that dealt with tax issues		
Literal meaning or the cardinal rule The Interpretation Act The contra fiscum rule			*
The intention of the legislature or the purposive approach		C: SARS v Airworld CC	*
Legal precedent			*

## ANNEXURE B

### PROFESSIONAL TECHNICAL COMPETENCE

#### 1. CONTEXTUALISATION

In the professional development programme, all of the subject disciplines applicable to core competence remain relevant, but are no longer as clearly delineated. Capabilities at this level will require trainees to consolidate the four core disciplines that comprise the foundation of core competence into a single, coherent whole. Accredited professional bodies should identify those competencies in the other disciplines which they believe are consistent with those required of an auditor when developing their own competency frameworks.

Since the IRBA will recognise training conducted in the actual public practice environment it is expected that auditing and assurance, as a discipline, will provide the framework within which this consolidation of capabilities can take place. Capabilities will be developed as the trainee accepts more responsibility for the completion of more intricate components of the audit process. A significant amount of time spent in the professional development programme is expected to be devoted to auditing and assurance, which is considered appropriate for the development of professional competence in this context, and also allows sufficient scope for the development of capabilities in the other three disciplines. As part of the audit process, the trainee will be exposed to the three remaining disciplines, namely Financial accounting and reporting, Managerial accounting and finance and Taxation. This does not preclude the trainee from transferring to other departments within the audit firm so as to gain more experience in the other disciplines, nor does it preclude those persons who gain experience in contexts outside the professional development programme, from having aspects of those capabilities recognised towards some portion of the practical experience requirements of the IRBA.

The context in which professional competence is developed may be described as follows:

- The candidate should be given the opportunity to apply core competence to situations encountered in the actual public practice environment, including a wide range of audit and assurance-related engagements.
- This consolidation must take place under proper supervision by an appropriately qualified and senior member of the firm, ideally a manager or partner.
- Over the course of the training contract, the candidate should be afforded the opportunity to progress in responsibility to a point at which they are capable of leading an audit team to complete the basic functions of an audit.
- The training environment should provide sufficient breadth of exposure to a range of industries across various sectors.
- The candidate must gain experience primarily in auditing, but not to the exclusion of other disciplines, including taxation, managerial accounting and finance, as well as financial accounting and reporting.

During the training contract period, it is unlikely that the trainee will gain sufficient exposure to all aspects of technical and non-technical capabilities that are required for the demonstration of professional competence. For this reason, a broad range of alternative learning interventions should be implemented so as to address those capabilities not directly addressed in the training context.

#### 2. COMPLEXITY OF STANDARD

Three distinct and increasingly complex standards of performance are identified, referred to in terms of dimensions as 1D, 2D and 3D. The dimension is an indication of key factors that, in combination, determine the standard at which a particular capability should be demonstrated. These factors are independence and intricacy.

##### 2.1 Independence – the extent of guidance, supervision and review required in order to complete the task

As a trainee accountant progresses in responsibility, the guidance, supervision and review of tasks by others may be expected to reduce. Upon commencement of the training period, a trainee will be required to complete specific aspects of a task after proper guidance has been given. They will be adequately supervised in executing the task, and the work produced may require the assistance of a more senior member of the team. Before reliance may be placed on the result, a substantial review of the work

submitted will be necessary. As the trainee progresses in competence, they will carry out assigned tasks more independently. Although work submitted will be reviewed by a more senior member of the team, only limited queries may be expected to be generated as a result.

## 2.2 Intricacy – the complexity of the task to be carried out

Audit tasks differ in their nature and intricacy, depending on the extent of the reliance to be placed on the result in expressing the audit opinion. Thus, the description of controls as part of gaining an understanding of a system is a less intricate task than the design and implementation of tests of controls over the system. More senior trainee accountants may be expected to assume more intricate tasks as they progress in competence. The following factors influence the intricacy of a given task:

- The complexity with which concepts and principles should be applied, including the parameters of the problem
- The availability of information and the extent to which a distinction should be drawn between relevant and irrelevant information
- The number of possible alternative courses of action available
- The extent to which the outcome of a problem is dependent upon conclusions reached in relation to a prior resolution
- The application of various aspects of the same discipline and the extent to which application takes place across the boundaries of a discipline
- The nature of constraints imposed in seeking a resolution.

However, intricacy of task is also dependent upon the nature of the engagement. While substantive procedures as they apply to one engagement (e.g. owner-managed business) may be reasonably straightforward to execute, they may be extremely complex in the case of a listed company. More senior accountants therefore ought to undertake more intricate tasks in more complex forms of engagement, as they progress in competence.

The complexity of standard required for the demonstration of professional competence within the context of the training may be summarised as follows:

1D Single-dimensional	2D Two-dimensional	3D Three-dimensional
INDEPENDENCE		
Assists the senior assigned to the audit in carrying out specific aspects of a task	Able to carry out a complete task, but the result requires substantial review by a more senior member of the team	Able to carry out a complete task, requiring only limited review by a more senior member of the team
Substantial guidance and supervision is required to complete the aspects of a task	Able to undertake tasks with a degree of independence, but still requiring guidance, supervision and clarification by a more senior member of the team	Able to work entirely independently, requiring little or no guidance of supervision by a more senior member of the team
Review by a senior member of the team results in a number of issues to be resolved or clarified	Review by a senior member of the team results in a limited number of issues to be resolved or clarified	Review by a senior member of the team results in few, if any queries

1D	2D	3D
Single-dimensional	Two-dimensional	Three-dimensional
INTRICACY		
The task requires direct application of concepts and principles, but within clearly defined parameters	The task requires straightforward application of concepts and principles, but within limited parameters	The task requires the complex application of concepts and principles with few, if any, defined parameters
Relevant information is readily available and properly defined	Information relevant to the problem must be sourced and distinguished from irrelevant information	Information relevant to the problem must be sourced and, in some instances, inferred from all the available information
Usually only a single course of action is available	Alternative courses of action are available, but identification of the most apparent option is usually apparent	Various courses of action appear viable, but selection requires judgment and further discernment
Outcome of problem is not dependent upon prior conclusions reached	Outcome of problem may depend upon a prior conclusion and is subject to further clarification	Outcome of problem dependent upon the conclusion reached in a previous problem, requiring further judgement and discernment
Application of a single aspect confined to a single discipline	Application across various aspects of the same discipline	Application across various aspects of the discipline as well as across other disciplines
No constraints are imposed	Limited constraints are imposed	A number of constraints may be imposed

### 3. COMPETENCIES AND CAPABILITIES

	Competence and capabilities	Reference	Complexity of standard
A	QUALITY CONTROL		
A1	Establish of Quality controls Audits and Review of Financial Statements, and Other Assurance and Related Service Engagements	ISQC 1	2D
B	GENERAL PRINCIPLES AND RESPONSIBILITIES		
B1	Establish an understanding of the basis and terms upon which it is to be performed	ISA 210 Objective par. 3	
B1.1	Evaluate, subject to senior review, whether the preconditions for an audit are present by: <ul style="list-style-type: none"> <li>Determining whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable</li> <li>Obtaining the agreement of management that it acknowledges and understands its responsibility for (a) the preparation of the financial statement, (b) such internal controls as deemed necessary to enable the preparation of financial statements that are free of material misstatement, and (c) providing the auditor with such information and unrestricted access to such persons within the entity whom the auditor deems necessary for obtaining audit evidence.</li> </ul>	ISA 210	2D 2D

	Competence and capabilities	Reference	Complexity of standard
B1.2	Draft the engagement letter for submission to the audit manager, addressed to management or those charged with governance (as appropriate), setting out the terms of the audit engagement, including: <ul style="list-style-type: none"> <li>• The objective and scope of the audit</li> <li>• The responsibilities of the auditor</li> <li>• The responsibilities of management</li> <li>• Identification of the applicable reporting framework</li> <li>• Reference to the expected form and content of any report to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content</li> </ul>	ISA 210	3D
B1.3	On recurring audits, evaluate, subject to senior review, whether circumstances require the terms of the audit engagement to be revised and whether there is a need to remind the entity of the existing terms of the audit engagement.	ISA 210	2D
B1.4	Where a change in the terms of the audit engagement is requested, assist the audit team as appropriate to assess whether there is reasonable justification for doing so. Where appropriate, agree the new terms of engagement in written form or consider possible external reporting obligations.	ISA 210	1D
B1.5	Assist, where appropriate, in communicating with the predecessor auditor where there has been a change of auditors, in compliance with relevant ethical requirements.	ISA 300	1D
B2	Implement quality-control procedures at the engagement level that provide reasonable assurance that the audit complies with professional standards and applicable legal and regulatory requirements and the report issued is appropriate in the circumstances	ISA220 objective	
B2.1	Where appropriate, undertake specific tasks assigned to assist the audit team in safeguarding the quality of the audit.	ISA 220	1D
B2.2	Where appropriate, undertake specific tasks assigned to obtain evidence of non-compliance with relevant ethical requirements by members of the engagement team. Where these requirements have not been complied with, in consultation with others in the firm, determine the appropriate action.	ISA 220	1D
B2.3	Where appropriate, undertake specific tasks to assist in the evaluation of compliance with independence requirements that apply to the engagement. In doing so: <ul style="list-style-type: none"> <li>• obtain relevant information from the firm to identify and evaluate circumstances and relationships that create threats to independence;</li> <li>• evaluate if any of the firm's policies create a threat to independence for the engagement; and</li> <li>• take appropriate action to eliminate or reduce threats to an acceptable level.</li> </ul>	ISA 220	1D
B2.4	Where appropriate, undertake specific tasks to assist in the evaluation of whether appropriate procedures regarding acceptance or continuance of the engagement have been followed. Where information is obtained that may have caused the firm to decline the engagement, communicate this promptly to the firm.	ISA 220	1D
B2.5	Where appropriate, undertake specific tasks to assist in the evaluation of whether the engagement team collectively has the appropriate competence and capabilities to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements.	ISA 220	1D
B2.6	Where appropriate, during the course of the audit give suitable direction to and proper supervision of other trainee accountants assigned to the engagement.	ISA 220	3D



	Competence and capabilities	Reference	Complexity of standard
B2.7	Where appropriate, take responsibility for the performance of initial reviews of work completed by other trainee accountants, in accordance with the firm's review policies and procedures, and subject to more senior review.	ISA 220	3D
B2.8	Prior to the date of the audit report, and subject to senior review, through examination of the audit documentation and discussion with the engagement team, be satisfied that sufficient and appropriate audit evidence has been obtained to support the conclusions reached in the auditor report.	ISA 220	2D
B2.9	On all matters of a contentious nature, evaluate whether the engagement team has undertaken appropriate consultation during the course of the engagement, both within the team itself and with others at the appropriate level, within or outside the firm.	ISA 220	n/a
B2.10	Satisfy oneself that the nature and scope of, and conclusions resulting from such consultations, are agreed with the party consulted, and ensure that conclusions resulting from such consultations have been implemented.	ISA 220	n/a
B2.11	For audits of the financial statements of listed companies or those engagements for which the firm has determined that an engagement quality control review is required: <ul style="list-style-type: none"> <li>• Determine that an engagement quality-control reviewer has been appointed</li> <li>• Discuss significant matters arising from the audit, including those identified during the quality-control review, with the engagement quality-control reviewer</li> <li>• Ensure that the audit report remains undated until completion of the engagement quality-control review.</li> </ul>	ISA 220	n/a
B2.12	If differences arise between the engagement partner and quality-control reviewer, ensure that the firm's policies and procedures for dealing with and resolving such differences are followed.	ISA 220	n/a
B2.13	Consider the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms, and whether deficiencies noted in that information may affect the audit engagement.	ISA 220	n/a
B2.14	Assist where appropriate to ensure that the following are documented and included in the audit documentation: <ul style="list-style-type: none"> <li>• Issues identified with respect to compliance with relevant ethical requirements and how these were resolved</li> <li>• Conclusions on compliance with independence requirements and any relevant discussions with the firm that support these conclusions</li> <li>• Conclusions reached regarding the acceptance and continuance of client relationships and audit engagements</li> <li>• The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagements.</li> </ul>	ISA 220	1D
B2.15	For initial audit engagements, communicate with the predecessor auditor where there has been a change of auditors, in compliance with relevant ethical requirements.	ISA 300	n/a
B3	Prepare documentation that provides sufficient and appropriate record for the basis of the auditor's report and evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements	ISA 230	
B3.1	Prepare audit documentation on a timely basis.	ISA 230	3D



	Competence and capabilities	Reference	Complexity of standard
B3.2	<p>Prepare audit documentation that is sufficient to enable an experienced auditor, having no previous experience with the audit, to understand:</p> <ul style="list-style-type: none"> <li>• The nature, timing and extent of the audit procedures performed to comply with ISAs and applicable legal and regulatory requirements</li> <li>• The results of audit procedures performed and the audit evidence obtained</li> <li>• Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgements made in reaching those conclusions.</li> </ul>	ISA 230	3D
B3.3	<p>In documenting the nature, timing and extent of audit procedures performed, record:</p> <ul style="list-style-type: none"> <li>• The identifying characteristics of the specific items or matters tested</li> <li>• Who performed the audit work and the date on which such work was completed</li> <li>• Who reviewed the audit work and the date and extent of such review.</li> </ul>	ISA 230	3D
B3.4	Where appropriate, document discussions of significant matters with management, those charged with governance and others, including the nature of the significant matters discussed and when and with whom such discussions took place.	ISA 230	3D
B3.5	Where information is identified that is inconsistent with the auditor's final conclusion relating to a significant matter, document how the inconsistency was addressed.	ISA 230	2D
B3.6	Where, in exceptional circumstances, it is necessary to depart from a requirement of ISAs, document the reason for such departure and the alternative audit procedures performed so as to achieve the aim of that requirement.	ISA 230	2D
B3.7	<p>If, in exceptional circumstances, new or additional procedures are performed after the date of the audit report, ensure that the following is documented:</p> <ul style="list-style-type: none"> <li>• The circumstances encountered</li> <li>• The new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report</li> <li>• When and by whom the resulting changes to audit documentation were made and reviewed.</li> </ul>	ISA 230	3D
B3.8	Assemble audit documentation in an audit file and complete the necessary administrative processes on a timely basis after the date of the auditor's report.	ISA 230	3D
B3.9	Ensure that the completed audit file is lodged within the firm for safekeeping in accordance with the relevant retention period.	ISA 230	3D
B3.10	In circumstances where it is deemed necessary to modify existing or add new audit documentation after the assembly of the final audit file, regardless of the nature of such modification or addition, document the specific reasons for them and when and by whom they were made and reviewed.	ISA 230	2D
B4	<p>With regard to the auditor's responsibility relating to fraud:</p> <ul style="list-style-type: none"> <li>• Identify and assess the risks of misstatement of financial statements due to fraud</li> <li>• Obtain sufficient appropriate audit evidence regarding the assessed risk of material misstatement due to fraud by designing and implementing appropriate responses</li> <li>• Respond appropriately to fraud or suspected fraud identified during the audit</li> </ul>	ISA240	
B4.1	Maintain professional scepticism throughout the audit, recognising the possibility that material misstatement due to fraud may exist, notwithstanding any past experience of honesty and integrity regarding the entity's management.	ISA 240	2D

	Competence and capabilities	Reference	Complexity of standard
B4.2	<p>Perform specific procedures to obtain information for use in identifying the risks of material misstatement due to fraud:</p> <ul style="list-style-type: none"> <li>• Make enquiries of management and those charged with governance regarding their assessment of risk, management oversight and processes for identifying and responding to the risk of fraud</li> <li>• Make enquiries of management, those charged with governance, internal audit and relevant others regarding any actual, alleged or suspected fraud affecting the entity</li> <li>• Evaluate unusual relationships identified in performing analytical procedures, including those related to revenue accounts</li> <li>• Consider whether any other information obtained from other risk-assessment procedures indicates a risk of material misstatement due to fraud.</li> </ul>	ISA 240	3D
B4.3	Identify and assess, subject to senior review, the risk of material misstatement due to fraud at the financial statement level and at the assertion level for classes of transactions, account balances and disclosures.	ISA 240	3D
B4.4	On the basis of presumptions of risk of fraud in revenue, evaluate which types of revenue, revenue transactions or assertions give rise to such risk. Prepare appropriate documentation in this regard for senior review.	ISA 240	3D
B4.5	Subject to senior review, treat assessed risks of material misstatements due to fraud as significant, and accordingly obtain an understanding of the entity's related controls relevant to such risks.	ISA 24	3D
B4.6	<p>Determine overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level (refer also to ISA 330). In doing so:</p> <ul style="list-style-type: none"> <li>• Assign and supervise personnel taking into account knowledge, skill and ability of individuals to be assigned significant engagement responsibilities</li> <li>• Evaluate the selection and application of accounting policies, particularly those relating to subjective measurement and complex transactions that may more readily be subject to manipulation</li> <li>• Incorporate an element of unpredictability in the nature, timing and extent of audit procedures.</li> </ul>	ISA 240	2D
B4.7	Design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement due to fraud at the assertion level (refer also to ISA 330).	ISA 240	3D
B4.8	<p>Design and perform audit procedures to:</p> <ul style="list-style-type: none"> <li>• Test the appropriateness of journal entries and other adjustments made in preparation of the financial statements</li> <li>• Review accounting estimates for bias</li> <li>• Evaluate the business rationale of any transactions that are outside the normal course of business for the entity</li> <li>• Respond to identified risks of management override of controls.</li> </ul>	ISA 240	3D
B4.9	Perform relevant analytical procedures to draw an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity or whether a previously unrecognised risk of material misstatement is indicated.	ISA 240	3D

	Competence and capabilities	Reference	Complexity of standard
B4.10	<p>Where a misstatement is identified, determine, subject to senior review, whether this may be indicative of fraud and, if so, its implications for other aspects of the audit, particularly:</p> <ul style="list-style-type: none"> <li>• Assessment of risks and resulting impact on the nature, timing and extent of audit procedures</li> <li>• The reliability of management representations</li> <li>• The reliability of other audit evidence, given possible collusion involving employees, management or third parties</li> <li>• Possible material misstatement of the financial statement as a result of the fraud</li> <li>• Continuance of or possible withdrawal from the engagement</li> <li>• Professional and legal reporting responsibilities in the circumstances.</li> </ul>	ISA 240	2D
B4.11	<p>Prepare and obtain written representations from management that they:</p> <ul style="list-style-type: none"> <li>• Acknowledge responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud</li> <li>• Have disclosed the results of their own assessment of risk resulting from fraud</li> <li>• Have disclosed their knowledge of fraud or suspected fraud or any allegations affecting the entity's financial statements.</li> </ul>	ISA 240	3D
B4.12	Where fraud is detected or suspected, communicate this on a timely basis to the audit senior.	ISA 24	3D
B4.13	Where fraud is detected or suspected, subject to senior review, consider whether there is a legal responsibility that overrides a duty of confidentiality to report the matter to a party outside the entity.	ISA 240	2D
B4.14	<p>Prepare, subject to senior review, appropriate documentation that includes:</p> <ul style="list-style-type: none"> <li>• Significant decisions reached during discussions among key engagement team members</li> <li>• Identified and assessed risks of material misstatement due to fraud at financial statement and assertion levels</li> <li>• Overall responses to assessed risks of material misstatement due to fraud</li> <li>• The results of audit procedures designed to assess such risks</li> <li>• Where appropriate, communications about fraud made to management, those charged with governance, regulators and others</li> <li>• Reasons, if any, why revenue recognition does not give rise to a risk of material misstatement due to fraud.</li> </ul>	ISA 240	2D
B5	<p>With regard to the consideration of laws and regulations:</p> <ul style="list-style-type: none"> <li>• Obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognised as having a direct effect on the determination of material amounts and disclosures in the financial statements</li> <li>• Perform specific audit procedures to identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements</li> <li>• Respond appropriately to instances of non-compliance or suspected non-compliance identified during the audit</li> </ul>	ISA 250	
B5.1	Obtain a general understanding of the legal and regulatory framework applicable to the entity and the industry/sector in which it operates and how it is complying with that framework.	ISA 250	3D

	Competence and capabilities	Reference	Complexity of standard
B5.2	Obtain sufficient appropriate audit evidence regarding compliance with the provisions of laws and regulations considered to have a direct effect on the determination of material amounts and disclosures in the financial statements.	ISA 250	3D
B5.3	Perform audit procedures to identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements. This includes enquiry of management and inspection of correspondence with relevant licensing or regulatory authorities.	ISA 250	3D
B5.4	Obtain written representations from management and those charged with governance stating that all known instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to the auditor. Present these for further review by the audit senior.	ISA 250	3D
B5.5	When instances of non-compliance or suspected non-compliance are identified, and subject to senior review: <ul style="list-style-type: none"> <li>• Obtain an understanding of the nature and circumstances in which these occurred and further information to evaluate the possible effect on the financial statements</li> <li>• Discuss the matter with management and those charged with governance as appropriate, and where non-compliance is likely to be material, consider obtaining legal advice</li> <li>• Evaluate the effect of a lack of audit evidence on the audit opinion in terms of ISA 705</li> <li>• Evaluate the implications of non-compliance in relation to other aspects of the audit, including the risk assessment and reliability of written representations, and take appropriate action.</li> </ul>	ISA 250	2D
B5.6	Subject to senior review, communicate with management or those charged with governance, as appropriate, matters involving non-compliance with laws and regulations. Also determine whether there is a responsibility to report the non-compliance or suspected non-compliance to parties outside the entity.	ISA 250	2D
B5.7	Document identified or suspected non-compliance with laws and regulations and the results of discussions held with various parties, as appropriate in the circumstances.	ISA 250	3D
B6	Communicate clearly to those charged with governance in order to: <ul style="list-style-type: none"> <li>• Define the responsibilities of the auditor in relation to the financial statement audit and an overview of the planned scope and timing of the audit</li> <li>• Obtain governance information relevant to the audit. Provide timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process.</li> <li>• Promote effective two-way communication between the auditor and those charged with governance</li> </ul>	ISA 260	
B6.1	Prepare draft documentation for submission to the audit senior for communicating the following matters to those charged with governance: <ul style="list-style-type: none"> <li>• The auditor's responsibilities in relation to the financial statement audit</li> <li>• Planned scope and timing of the audit</li> <li>• Form timing and expected general content of further communications</li> <li>• Significant findings from the audit</li> <li>• In the case of listed entities, matters relating to auditor independence and relevant ethical requirements.</li> </ul>	ISA 260	3D

	Competence and capabilities	Reference	Complexity of standard
B6.2	Document for senior review all matters communicated to those charged with governance and include copies of all written communications as part of the audit documentation.	ISA 260	3D
B7	Communicate appropriately to those charged with governance and management any deficiencies in internal control that the auditor has identified during the audit and that, in the auditor's professional judgment, are of sufficient importance to merit their respective attentions	ISA 265	
B7.1	Identify, on the basis of the audit work performed, deficiencies in internal control. Evaluate whether, individually or in combination, they constitute significant deficiencies that should be communicated in writing on a timely basis to those in management or those charged with governance.	ISA 265	3D
B7.2	<p>Prepare the draft written communication of significant deficiencies in internal control for further review by the audit senior. Such communication should include a description of the deficiencies and an explanation of their potential effects, and sufficient information to enable those charged with governance and management to understand the context of the communication and an explanation that:</p> <ul style="list-style-type: none"> <li>the purpose of the audit was to express an opinion on the financial statements;</li> <li>the audit included a consideration of internal control relevant to the design of audit procedures and not for the purpose of expressing an opinion as to their effectiveness; and</li> <li>the matters reported are limited to those identified on the audit and considered of sufficient importance to merit inclusion in the report.</li> </ul>	ISA 265	3D
C	RISK ASSESSMENT AND RESPONSE TO ASSESSED RISK	ISA 300– , 315, 320, 330	
C1	Plan the audit so that it will be performed in an effective manner	ISA 300	
C1.1	Be involved in planning the audit, including participating in the discussion among other key members of the engagement team to ensure that the audit will be performed in an effective manner.	ISA 300	3D
C1.2	<p>Assist in the development and documentation of the overall audit strategy (and later revisions where appropriate) that sets out the scope, timing and direction of the audit, and that guides the development of the audit plan. In doing so:</p> <ul style="list-style-type: none"> <li>Establish the overall nature, scope, objective and terms of reference for the engagement.</li> <li>Consider those factors that are in the auditor's professional judgment, significant in directing the engagement team's efforts.</li> <li>Consider whether knowledge gained on any other engagements performed for the entity is relevant.</li> <li>Ascertain the nature, timing and extent of resources necessary to perform the engagement.</li> <li>Plan the nature, timing and extent of the direction and supervision of engagement team members and the review of their work.</li> <li>Identify the reporting objectives and the nature and timing of any other communication and reporting responsibilities relevant to the engagement.</li> </ul>	ISA 300	2D
C1.3	Establish what requirements other than ISAs may be relevant to the particular engagement, namely legal, regulatory or other professional obligations.		3D

	Competence and capabilities	Reference	Complexity of standard
C1.4	Identify, subject to senior review, all the ISAs relevant to a particular audit. Demonstrate an understanding of the objectives, application and interrelationships when planning and performing the audit.	ISA 200	3D
C1.5	Develop, subject to senior review, an audit plan that includes a description of: <ul style="list-style-type: none"> <li>• The nature, timing and extent of planned risk assessment procedures, as determined under ISA 315</li> <li>• The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ISA 330</li> <li>• Other planned audit procedures that are required to be carried out so that the engagement complies with the ISAs.</li> </ul>	ISA 300	3D
C1.6	Plan the nature, timing and extent of direction and supervision of less senior engagement team members and review their work. Establish reporting timeframes for presentation of audit work requiring senior review.	ISA 300	3D
C2	Identify and assess the risk of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, by understanding the entity and its environment, including internal controls, thus providing a basis for designing and implementing appropriate responses	ISA 315	
C2.1	Develop, perform and evaluate risk-assessment procedures, including enquiry of management and relevant others within the entity, analytical procedures, observation and inspection. As part of the analytical procedures, calculate profitability, efficiency, solvency and liquidity ratios.	ISA 315	3D
C2.2	Evaluate information obtained from client acceptance and continuance processes and from previous engagements with the entity, as well as significant changes since the previous audit to identify risks of material misstatement that may affect the current audit.	ISA 315	3D
C2.3	Participate in discussions held between the audit partner and key engagement team members regarding the susceptibility of the entity's financial statements to material misstatement (including fraud) and the application of the applicable financial reporting framework to the entity's circumstances. Determine those matters to be communicated to other members of the engagement team. Document significant decisions reached.	ISA 315 ISA 240	3D
Understanding the entity, its environment and internal control			
C2.4	Develop an understanding of the various classes of transactions, account balances and disclosures relevant to the audit by obtaining a thorough knowledge of: <ul style="list-style-type: none"> <li>• The industry and operations</li> <li>• Regulatory and other external factors</li> <li>• Applicable financial reporting framework</li> <li>• Ownership and governance structures</li> <li>• Types of investment and planned future investments</li> <li>• Financing structures and financial performance.</li> </ul>	ISA 315	3D
C2.5	Identify and evaluate the selection, application and changes in accounting policies within the context of the relevant industry and reporting framework.	ISA 315	3D
C2.6	Evaluate the entity's objectives and strategies to identify business and economic risks that may give rise to risks of material misstatement.	ISA 315	3D



	Competence and capabilities	Reference	Complexity of standard
C2.7	<p>Obtain an understanding of the internal controls relevant to the audit and evaluate the design and implementation of the controls by performing appropriate procedures. In doing so evaluate, subject to senior review:</p> <ul style="list-style-type: none"> <li>• Management's attitude towards a culture of honesty and ethical behaviour</li> <li>• Particular strengths and deficiencies in the overall control foundation</li> <li>• The entity's own processes for identifying, estimating and assessing the likelihood of, and addressing business risks relevant to financial reporting objectives</li> <li>• The information system, including related business processes relevant to financial reporting and communication</li> <li>• Communication of significant matters relating to financial reporting roles and responsibilities between management and those charged with governance</li> <li>• External communications such as those with regulatory authorities</li> <li>• How the entity has responded to risks arising from IT</li> <li>• Major activities the entity uses to monitor internal control over financial reporting functions and how it initiates remedial action</li> <li>• Where applicable, the nature of internal audit's responsibilities and activities performed by this function</li> <li>• The source and reliability of any other information the entity uses for monitoring purposes.</li> </ul>	ISA 315	3D
C2.8	<p>Obtain an understanding of the information system, including business processes relevant to financial reporting, including the following areas:</p> <ul style="list-style-type: none"> <li>• Classes of transactions significant to the financial statements</li> <li>• Procedures within both the IT and manual systems by which those transactions are initiated, recorded, processed, corrected, transferred to the general ledger and reported in the financial statements</li> <li>• Related accounting records that support information and specific accounts in the financial statements</li> <li>• How the information system captures events and conditions other than transactions that are significant to the financial statements</li> <li>• The financial reporting process used to prepare the financial statements, including accounting estimates and disclosures</li> <li>• Controls surrounding journal entries, including non-standard journal entries used to record non-recurring transactions or adjustments.</li> </ul>	ISA 315	3D



	Competence and capabilities	Reference	Complexity of standard
Identify and assess the risk of material misstatement			
C2.9	<p>On the basis of the above understanding:</p> <ul style="list-style-type: none"> <li>Identify the risk of material misstatement in relation to the financial statements as a whole, as well as at the assertion level for classes of transactions, account balances and disclosures.</li> <li>Consider the likelihood and the possibility of multiple misstatements and the potential magnitude for material misstatement.</li> <li>Determine whether any risk is significant so as to warrant obtaining further understanding of controls relevant to that risk.</li> <li>Determine those risks for which substantive procedures alone do not provide sufficient appropriate audit evidence and plan to obtain an understanding of the controls relevant to those risks.</li> <li>Revise the risk assessment of material misstatement at the assertion level and planned audit procedures where additional audit evidence is obtained during the course of the audit.</li> </ul>	ISA 315	3D
Document the risk assessment			
C2.10	<p>Properly document the following:</p> <ul style="list-style-type: none"> <li>Key elements of the understanding obtained regarding the entity</li> <li>The identified and assessed risks of material misstatement at financial statement and assertion level</li> <li>Risks and relevant controls that require special audit consideration</li> <li>The discussion among engagement team members (see earlier).</li> </ul>	ISA 315	3D
C3	Determine and apply the concept of materiality appropriately in planning and performing the audit	ISA 320	
C3.1	Determine materiality for the financial statements as a whole when establishing the overall audit strategy, and revise this materiality when new information comes to light during the audit that would have caused a different materiality amount to be determined.	ISA 320	3D
C3.2	Determine specific materiality levels where particular account balances, transactions or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole may reasonably be expected to influence economic decisions of users. Revise this materiality should new information come to light during the audit that would cause a different materiality amount to be determined.	ISA 320	3D
C3.3	Determine performance materiality for assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. Consider the appropriateness of the nature, timing and extent of procedures when materiality is revised to lower levels than were initially determined.	ISA 320	3D
C3.4	<p>Properly document the following for inclusion in the audit documentation:</p> <ul style="list-style-type: none"> <li>Materiality for the financial statements as a whole</li> <li>Materiality levels for particular classes of transactions, account balances and disclosures</li> <li>Performance materiality</li> <li>Any revision to the above.</li> </ul>	ISA 320	3D

	Competence and capabilities	Reference	Complexity of standard
C4	Design and perform audit procedures so that the nature, timing and extent thereof are able to provide sufficient appropriate audit evidence to address the assessed risks of material misstatement	ISA 330	
Overall responses			
C4.1	Design and implement, subject to senior review, overall responses to address the assessed risks of material misstatement at the financial statement level.	ISA 330	3D
Tests of controls			
C4.2	Design and perform audit procedures whose nature, timing and extent are based on and responsive to the assessed risks of material misstatement at the assertion level for each class of transaction, account balance and disclosure. In doing so: <ul style="list-style-type: none"> <li>• Perform other procedures in combination with enquiry to obtain evidence relating to how the controls were applied at different times during the period under audit, the consistency with which they were applied and by whom.</li> <li>• Determine whether these controls depend upon other controls and whether it is necessary to obtain evidence supporting the effectiveness of the indirect controls.</li> </ul>	ISA 330	3D
Substantive procedures			
C4.3	Design and perform, subject to senior review, substantive procedures for each material class of transactions, account balance and disclosure, irrespective of the assessed risk of material misstatement.	ISA 330	3D
C4.4	Where appropriate, carry out external confirmation procedures as substantive audit procedures designed and performed so as to obtain relevant and reliable audit evidence.	ISA 330 ISA 505	3D
C4.5	Agree or reconcile financial statements with the underlying accounting records and examine material journal entries and adjustments made during the course of the preparation of the financial statements.	ISA 330	3D
C4.6	Design and perform substantive procedures that are specifically responsive to an assessed risk of material misstatement at the assertion level.	ISA 330	3D
	Adequacy of presentation and disclosures		
C4.7	Perform audit procedures to evaluate whether the overall presentation of the financial statements, including related notes and disclosures, is in accordance with the applicable financial reporting framework.	ISA 330	3D
Evaluate sufficiency and appropriateness of audit evidence			
C4.8	Evaluate, subject to senior review and on the basis of the audit procedures performed and the audit evidence obtained, whether the assessment of risk of material misstatement at the assertion level remains appropriate.	ISA 330	3D
C4.9	Evaluate and conclude, subject to senior review, whether sufficient and appropriate audit evidence has been obtained.	ISA 330	3D
C4.10	Subject to senior review; attempt to obtain further audit evidence where insufficient evidence relates to a material financial statement assertion. Where unable to do so, consider expressing either a qualified opinion or a disclaimer.	ISA 330	2D

	Competence and capabilities	Reference	Complexity of standard
Documentation			
C4.11	Prepare documentation that includes: <ul style="list-style-type: none"> <li>• The overall responses to address assessed risks</li> <li>• The linkage between those procedures and the assessed risk at assertion level</li> <li>• The results of the audit procedures, including relevant conclusions</li> <li>• A reconciliation of the financial statements to the underlying accounting records.</li> </ul>	ISA 330	3D
C5	When the user entity uses the services of service organisation	ISA 402	
C5.1	Obtain an understanding of the nature and significance of the services provided by the service organisation and their effect on the user entity's internal control relevant to the audit, sufficient to identify and assess the risk of material misstatement. Design and perform audit procedures, subject to senior review, that are responsive to those risks.	ISA 402	2D
C6	Evaluate the effect of identified misstatements on the audit and the effect of uncorrected misstatements, if any, on the financial statements	ISA 450	
C6.1	Accumulate all non-trivial misstatements identified during the audit and communicate these on a timely basis to the appropriate level of management, requesting that these be corrected in accordance with the ISAs.	ISA 450	3D
C6.2	Evaluate, subject to senior review, whether uncorrected misstatements are material, individually or in aggregate, taking into account the particular class of transaction, account balance disclosure, financial statements as a whole, the particular circumstances of their occurrence as well as the effect of uncorrected misstatements from prior periods.	ISA 450	3D
C6.3	Prepare draft documents, subject to senior review, to communicate with those charged with governance any uncorrected misstatements, and the effect, both individually and in aggregate, on the opinion in the audit report. Request that these be corrected.	ISA 450	2D
C6.4	Prepare draft written representation from management and those charged with governance where they believe uncorrected misstatements to be immaterial.	ISA 450	2D
C6.5	Prepare for inclusion in the audit documentation: <ul style="list-style-type: none"> <li>• The amount below which misstatements would be regarded as trivial</li> <li>• All misstatements accumulated and where they were corrected</li> <li>• The conclusion as to whether uncorrected misstatements are material, individually or in aggregate and the basis for that conclusion.</li> </ul>	ISA 450	3D
D	AUDIT EVIDENCE		
D1	Evaluate whether sufficient appropriate audit evidence has been obtained to reduce audit risk to an acceptably low level to enable the auditor to draw reasonable conclusions on which to base the auditor's opinion	ISA 500	
D1.1	Obtain sufficient appropriate audit evidence regarding the following selected items: <ul style="list-style-type: none"> <li>• Existence and condition of inventory</li> <li>• Completeness of litigation and claims involving the entity</li> <li>• Presentation and disclosure of segment information in accordance with the applicable financial reporting framework.</li> </ul>	ISA 501	3D
D1.2	Design and perform, where appropriate, external confirmation procedures to obtain relevant and reliable audit evidence.	ISA 505	3D

	Competence and capabilities	Reference	Complexity of standard
D1.3	In conducting an initial audit engagement, obtain sufficient appropriate audit evidence about whether opening balances contain misstatements that materially affect the current period's financial statements, and whether appropriate accounting policies reflected in the opening balances have been consistently applied in the current period, or changes thereto are appropriately accounted for, presented and disclosed.	ISA 510	3D
D1.4	As part of substantive procedures, and where relevant, design and perform analytical procedures to obtain relevant and reliable audit evidence.	ISA 520	3D
D1.5	Design and perform analytical procedures near the end of the audit that assist in the formulation of an overall audit conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.	ISA 520	3D
D1.6	Design and conduct audit sampling (of appropriate size and sample selection criteria) so as to provide a reasonable basis from which to draw conclusions about the population from which the sample was selected.	ISA 530	3D
D1.7	Design and perform appropriate substantive procedures so as to obtain sufficient appropriate audit evidence about whether accounting estimates, including fair value estimates in the financial statements, whether recognised or disclosed, are reasonable and related disclosures are adequate.	ISA 540	3D
D1.8	Subject to senior review, obtain an understanding of related-party relationships and transactions, sufficient to be able to recognise factors that give rise to a risk of material misstatement due to fraud.	ISA 550	2D
D1.9	Obtain sufficiently appropriate audit evidence to evaluate, subject to senior review, related-party relationships and transactions to ensure these have been appropriately identified, accounted for and disclosed in the financial statements in accordance with the framework.	ISA 550	2D
D1.10	Obtain sufficient appropriate audit evidence to evaluate, subject to senior review, whether events between the date of the financial statements and the auditor's report that require adjustment of or disclosure in the financial statements are appropriately reflected.	ISA 560	3D
D1.11	Respond appropriately to facts that become known after the date of the auditor's report that, had they been known at that date, may have caused the auditor to amend the auditor's report.	ISA 560	1D
D1.12	Obtain sufficient appropriate audit evidence to evaluate, subject to senior review, the appropriateness of management's use of the going concern assumption and whether a material uncertainty exists as to the entity's ability to continue as a going concern.	ISA 570	2D
D1.13	Obtain written representations from management, and where appropriate, those charged with governance, that they believe that they have fulfilled their responsibility for the preparation of the financial statements and the completeness of information provided to the auditor, as well as to support specific assertions as determined necessary.	ISA 580	3D
E	USING THE WORK OF OTHERS	ISA 600, 610, 620	
E1	Determine whether, and to what extent, it is appropriate to use the work of others, and assess whether that work is adequate for audit purposes		
E1.1	Prepare documentation for senior review to communicate clearly to component auditors, where applicable, the scope and timing of their work on financial information relating to components and their findings.	ISA 600	2D
E1.2	Obtain, subject to senior review, sufficient and appropriate audit evidence regarding the financial information of the components and the consolidation process.	ISA 600	2D

	Competence and capabilities	Reference	Complexity of standard
E1.3	Where applicable, subject to senior review, determine whether, and to what extent, to use the specific work of the internal auditor, and assess whether that work is adequate for audit purposes.	ISA 610	2D
E1.4	Where applicable, determine whether, and to what extent, to use the work of an auditor's expert, and assess whether that work is adequate for audit purposes.	ISA 620 par. 5	2D
F	CONCLUDING AND REPORTING	ISA 700 - 720	
F1	Form an opinion on the financial statements on the basis of the conclusions drawn from the audit evidence obtained Prepare for review the draft reports required for appropriate communication of audit findings with relevant stakeholders		
F1.1	Form a preliminary opinion on the financial statements on the basis of an evaluation of the conclusions drawn from the audit evidence obtained, and express that opinion clearly in a draft audit report that also describes the basis for that opinion. Submit this draft report to the audit senior.	ISA 700	3D
F1.2	Prepare a draft audit report for further review that clearly expresses an appropriately modified audit opinion when the financial statements are not free of material misstatement or where sufficient appropriate audit evidence to the contrary could not be obtained.	ISA 70	3D
F1.3	Having formed an opinion on the financial statements, evaluate, subject to senior review, whether it is necessary to draw users' attention to certain matters that are fundamental to their understanding of the financial statements, the audit, auditor's responsibilities or auditor's report. Draft the appropriate emphasis of matter paragraphs for inclusion in the audit report.	ISA 706	1D
F1.4	Obtain sufficient appropriate audit evidence about whether comparative information included in the financial statements has been presented, in all material respects, in accordance with the requirements in the applicable financial reporting framework.	ISA 710	3D
F1.5	Respond appropriately, subject to senior review, where documents containing audited financial statements and the auditor's report thereon include other information that could undermine the credibility of those financial statements and the auditor's report. Evaluate the non-financial information in the annual financial statements, e.g. directors' report, corporate governance report and sustainability report.	ISA 720	2D

## ANNEXURE C

### NON-TECHNICAL CAPABILITIES

#### NON-TECHNICAL CAPABILITIES REQUIRED FOR CORE COMPETENCE

A. COMMUNICATION	
1	Deliver verbal presentations clearly and logically and in a manner appropriate to the content of the message and the intended audience. Make use of a variety of presentation media showing evidence of proper preparation, and respond appropriately to questions posed from the audience.
2	Prepare and present written material in a clear, concise and logical manner, with due regard to the intended use of the documentation.
B. SERVICE ORIENTATION	
1	Consistently delivering work assignments of a high standard, in accordance with established methodologies and within the prescribed timeframes.
2	Remain abreast of current developments both locally and abroad and an understanding of the impact thereof on the socio-economic climate in South Africa.
C. LIFELONG LEARNING CAPABILITIES	
1	Comprehend a broad range of industry-related literature, including high-quality periodicals, magazines and other suitable material to enhance one understanding of the interrelated social, economic, political and global spheres.
2	Seek answers for oneself by conducting literature reviews and interviews where appropriate, distinguishing relevant from irrelevant information, arranging information and presenting findings, and arriving at conclusions supported by the necessary information.
D. ETHICS AND PROFESSIONALISM	
1	By way of general conduct, commit to the ethical values upheld by the profession, acting with integrity and respect for the diverse views of fellow learners and educators.
2	Understand the nature and range of socio-economic and ethical issues relevant to business and professional practice, both locally and internationally.
3	Understand selected issues and approaches to business ethics, particularly as they apply to South Africa.
4	Recognise and interpret the implications of ethical dilemmas relevant to business and professional practice (as they arise in case-study type scenarios) and apply relevant ethical theories as a means of resolving conflicting issues as part of an ethical decision-making strategy.
E. LEADERSHIP AND RELATIONSHIP MANAGEMENT	
1	Work effectively as a member of a team by participating actively to complete the assigned task, giving team members clear directions and support where appropriate, and honouring commitments and ground rules.
F. TECHNOLOGY	
1	Use a range of information technology tools (including spreadsheets, word processors and internet software, search engines) in the preparation of work assignments requiring data analysis, report writing and research, etc. appropriate to the learning environment and the relevant subject discipline.
G. COGNITIVE SKILLS	
1.	Research and evaluate information from a variety of sources and perspectives.



## NON-TECHNICAL CAPABILITIES REQUIRED FOR PROFESSIONAL COMPETENCE

A. COMMUNICATION	
1	Convey verbal messages clearly and logically with appropriate emphasis and, where necessary, using a variety of media and methods to engage with the audience in a meaningful way.
2	Present and argue points, diverting from the original material and strategy and responding appropriately to new questions that arise during the course of a discussion.
3	Write with accuracy, brevity and clarity so as to provide relevant information in error-free documents.
4	Prepare and present appropriate representations, i.e. graphics, tables models etc., so as to support ideas and points.
5	Listen attentively when spoken to, reflecting on the message conveyed, requesting further clarification where necessary and engaging with the audience in further discussions in a clear, open and positive manner.
6	Present oneself in a professional manner so as to act self-assured and relaxed in all situations, ensuring that non-verbal communication is positive and consistent with what one says.
7	Plan and prepare properly for meetings by reflecting on objectives and information needs of one's own and those of other participants at the meetings. Encourage others to share ideas and concerns at the meeting
B. SERVICE ORIENTATION	
1	Set high standards of delivery for oneself and the team, reviewing the work on the audit to ensure that it complies with the firm's own quality standards, and forward such work for further review only once satisfied that appropriate standards of quality have been met.
2	Ensure that other trainees adopt and apply the firm's own methodologies, tools and technology.
3	Plan and deliver assigned work according to expected standards and methodologies, and also within prescribed cost and time constraints. Seek clarification from superiors when expectations are unclear.
4	Manage delivery of the various tasks comprising the engagement in accordance with the respective priorities assigned to each task. Seek clarification from superiors where priorities are unclear.
5	Follow up on unresolved issues arising from the engagement after completion of the work to ensure that all outstanding matters are appropriately addressed.
6	Arrange information and files relating to the engagement in a logical manner that is easy to access and navigate.
7	Build a general knowledge of the business environment, including the economy and relevant market sectors, by drawing on various professional publications and various other reputable resources available both within and outside the firm.
8	Give priority, where appropriate, to client needs, demonstrating willingness to offer additional inputs in order to get the job done, while always respecting the firm's policies and relevant ethical and legal standards.
C. LIFELONG LEARNING CAPABILITIES	
1	Maintain knowledge and skills proactively by seeking out opportunities to further enhance knowledge of laws, regulations, standards, policies and procedures.
2	Apply new knowledge and skills gained appropriately across disciplines and to complex situations.
3	Discuss technical issues and new technical developments with less senior members of the team so as to assist them in applying these to the engagement.
4	Read professional literature on an ongoing basis so as to remain abreast of evolving standards and other professional requirements.
	Constantly examine one's own performance, either through feedback from others or through reflection, seeking out ways in which it can be enhanced.
6	Make effective use of information technology resources and be able to use the basic functions of various tools available so as to enhance communication and productivity. Proactively seek opportunities to advance knowledge and experience relating to new developments in this area.



D. ETHICS AND PROFESSIONALISM	
1	Adopt and maintain a position of professional independence in dealing with clients.
2	Adopt and maintain professional scepticism and judgement
3	Evaluate information received from others objectively so as to maintain independence.
4	Execute what one has undertaken to do promptly and to the required standards, so as to maintain and build trust and credibility.
5	Identify possible conflicts of interest and other ethical issues as they arise in the context of the training environment, bringing them to the attention of the appropriate level of management.
6	By way of general conduct, commit to the ethical values upheld by the profession, acting with integrity and respect for the diverse views of fellow learners and educators.
E. LEADERSHIP AND RELATIONSHIP MANAGEMENT	
1	Assume leadership role on assignments. Promote teamwork by initiating discussion, sharing information, communicating appropriately, cooperating with and helping others as needed, and making a meaningful contribution to the realisation of the team's objectives.
2	Give clear directions and offer appropriate support to less senior members of the team, ensuring that they are able to understand their work in the context of the whole engagement and are able to learn new skills.
3	Lead the team by remaining positive in the face of changes to goals and priorities.
4	Persevere in the face of setbacks and challenges.
F. INFORMATION TECHNOLOGY	
1	Effective and efficient use of various IT tools as part of the day-to-day management of oneself and of others.
2	Effective application of appropriate IT tools (e.g. spreadsheets, processors and research tools) to business and accounting-related problems and in the preparation of relevant documentation and reports relating to the audit.
3	Apply the basic principles of database software (CAATs) in relevant accounting and audit engagement contexts, where appropriate.
4	Demonstrate the basic understanding of business and accounting systems, business automation systems, networks and e-commerce where appropriate.
G. COGNITIVE SKILLS	
1	Identify, evaluate and recommend solutions to unstructured, interdisciplinary problems

## NON-TECHNICAL CAPABILITIES REQUIRED FOR SPECIALISED COMPETENCE

A. COMMUNICATION	
1	Formulate and pose appropriate questions to clients so as to gather relevant information relative to the engagement.
2	Produce clear and concise documents that provide appropriate and relevant information tailored to the particular needs of the user.
3	Edit documents prepared by others, making relevant adjustments to improve language, style structure and layout.
4	Prepare written correspondence so as to meet all legal, ethical and regulatory requirements, following due process when dealing with other bodies, clients, client contacts, suppliers and regulators.
B. BUSINESS ACUMEN AND SERVICE ORIENTATION	
1	Gain knowledge and understanding of the industry and sector in which the particular engagement portfolio is focused, including key global participants in the industry, business operating cycles, as well as transactions, issues and trends affecting the industry.

2	Be aware of the particular risks and regulatory requirements relevant to a particular sector by drawing on this knowledge in the application of specific methodologies suitable to meet client needs relative to a specific engagement.
3	Share knowledge of the industry with insight, offering meaningful opinions and insights relative to a specific industry group or sector.
4	Apply new developments in the industry to client situations, drawing on knowledge gained from industry knowledge and professional experience to customize solutions applicable to specific client's needs.
5	Ensure all queries and concerns raised by the client are timeously addressed and resolved, sharing these concerns with senior managers within the firm so as to review the planned response before making firm commitments to the client.
6	Develop engagement plans that take into account that recognize engagement risks particular to the client and the need to meet both internal and external standards. When anticipating and identifying risks, engage with other members of the firm so as to seek out their advice and inputs before formulating an appropriate response.
7	Review the work of others, managing the quality of the output and ensuring that high standards of quality have not been compromised and that all engagements risks have been appropriately addressed. Measure and monitor the performance of the team so as to improve client service. Ensure that the firm's own risks management and quality assurance policies and procedures are adhered to by the engagement team at all times.
8	Identify opportunities within the relevant sector / industry which may add value to the range of services already provided to clients and which may require the employment of additional products and service lines within the firm. Communicate this at the appropriate level within the firm and participate, where appropriate, in the formulation of an effective strategy for further engagement with the client.

#### C. LIFELONG LEARNING CAPABILITIES

1	Use knowledge and prior experience to sift through large volumes of information to identify key issues and risks.
2	Begin to identify and develop specific areas of more specialized expertise and seek out opportunities to expand the breadth and depth of knowledge and experience in these new areas.
3	Master and be able to use effectively the advanced functions of key information technology tools required for the types of engagements undertaken.

#### D. ETHICS AND PROFESSIONALISM

1	By way of general conduct, demonstrate a commitment to the ethical values upheld by the profession, acting with integrity and respect for the diverse views of fellow learners and educators.
2	Recognises and interprets the implications of ethical dilemmas relevant to business and professional practice (as they arise during the course of the engagement), and in collaboration with the appropriate level of management, seeks to resolve conflicting issues as part of an ethical decision-making strategy.
3	Remain abreast of new developments, including legislative and regulatory requirements, relating to the particular industry / sector comprising the service portfolio, by drawing on a number of external sources.
4.	Develops a skeptical mindset in light of the nature of the client, management and the evidence produced during the audit.
5.	Evaluate the impact on the public interest, the profession and wider society of a specific course of action in respect of an audited entity

#### E. LEADERSHIP AND RELATIONSHIP MANAGEMENT

1	Lead others by example, taking pride in ones work, producing high standards of output and demonstrating outstanding effort and dedication to the task at hand, the team as well as the firm.
2	Assist team members to face adverse situations and setbacks in a positive light, identifying opportunities as problems arise and creating new perspectives which enable them to adapt to changed circumstances.
3	Prioritise and coordinate the approach to the assignment, ensuring that all team members remain service delivery and client needs whilst respecting the firm's own policies and procedures and relevant professional and legal standards.

4	Assist colleagues and other team members to understand the client environment within the context of its specific needs and requirements, always remaining aware of various firm policies and other technical, ethical and professional requirements.
5	Resolve contentious issues with clients while preserving good client relationships yet maintaining high ethical standards.
6	Provide engagement team members with clear guidance especially technical issues and new developments relating to the specific client.
7	Take responsibility for own work and actions as well as that produced by the engagement team, treating issues which may arise with the minimum guidance from others.
8	Assign work among team members based on their appropriate knowledge, experience and skill required to make a contribution to the work.
<b>F. INFORMATION TECHNOLOGY</b>	
1	Effective and efficient use of various IT tools as part of the day-to-day management of one's self and others
2	Effective application of appropriate IT tools (e.g. spreadsheets, processors and research tools) to business and accounting related problems and in the preparation of relevant documentation, reviews and reports relating to the audit.
3	Apply the principles of database software (CAATs) in relevant accounting and audit engagement contexts, where appropriate.
4	Apply business and accounting systems, business automation systems, networks and e-commerce, where appropriate.
<b>G. COGNITIVE SKILLS</b>	
1	Apply innovative and critical thinking to solving problems

## ANNEXURE D

### TECHNICAL COMPETENCIES FOR PROFESSIONAL AND AUDIT COMPETENCE Notes

The competence requirements for professional accountants and RAs have been written into a single document to show the audit process and how the more difficult aspects are assumed by the candidate RA.

Where a reference is indicated in the 'professional competence' column, it is a capability that may be relevant to the training programme. Where the reference is indicated under 'audit competence', it is a capability for the audit development programme (ADP).

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
A	QUALITY CONTROL		
A1	Establish of Quality controls Audits and Review of Financial Statements, and Other Assurance and Related Service Engagements	ISQC 1	ISQC 1
B	GENERAL PRINCIPLES AND RESPONSIBILITIES		
1	Establish an understanding of and undertake an audit engagement only when the basis and terms upon which it is to be performed have been agreed	ISA 210	
	<p>Establish whether the preconditions for an audit are present by:</p> <ul style="list-style-type: none"> <li>Determining whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable</li> <li>Obtaining the agreement of management that it acknowledges and understands its responsibility for (a) the preparation of the financial statement, (b) such internal controls as are deemed necessary to enable the preparation of financial statements that are free of material misstatement and (c) providing the auditor with such information and unrestricted access to such persons within the entity whom the auditor deems necessary for obtaining audit evidence.</li> </ul> <p>In instances where a limitation is imposed on the scope of the audit or where the preconditions for an audit are not met, the auditor should not accept such an engagement, unless required by law or regulation to do so.</p>	ISA 210	
	<p>Draft the engagement letter addressed to management or those charged with governance (as appropriate), setting out the terms of the audit engagement, including:</p> <ul style="list-style-type: none"> <li>The objective and scope of the audit</li> <li>The responsibilities of the auditor</li> <li>The responsibilities of management</li> <li>Identification of the applicable reporting framework</li> <li>Reference to the expected form and content of any report to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content</li> </ul>	ISA 210	

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
	On recurring audits, assess whether circumstances require the terms of the audit engagement to be revised and whether there is a need to remind the entity of the existing terms of the audit engagement.	ISA 210	
	Where a change in the terms of the audit engagement is requested, apply professional judgment to assess whether there is reasonable justification for doing so. Where appropriate, agree the new terms of engagement in written format. Where the auditor is unable to agree to a change in the terms of the engagement and where it is not possible to continue with the original engagement, withdraw from the engagement where possible under applicable laws and regulations and determine whether there is any external reporting obligation, e.g. to owners, regulators or those charged with governance.		ISA 210
	Communicate with the predecessor auditor, where there has been a change of auditors, in compliance with relevant ethical requirements.		ISA 300
2	Implement quality-control procedures at the engagement level that provide reasonable assurance that the audit complies with professional standards and applicable legal and regulatory requirements and the report issued is appropriate in the circumstances.	ISA220	
	Take responsibility for the quality of the audit to which one is assigned.		ISA 220
	Remain alert, through observation and by making enquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. Where these requirements have not been complied with, in consultation with others in the firm, determine the appropriate action.		ISA 220
	Form a conclusion on compliance with independence requirements that apply to the engagement. In doing so: <ul style="list-style-type: none"> <li>Obtain relevant information from the firm and other network firms to identify and evaluate circumstances and relationships that create threats to independence</li> <li>Evaluate if any of the firms independence policies and procedures create a threat to independence for the engagement</li> <li>Take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards, or where appropriate, consider withdrawal from the engagement. Report promptly to the firm any inability to resolve the matter.</li> </ul>		ISA 220
	Satisfy oneself that appropriate procedures regarding acceptance or continuance of the engagement have been followed and determine that conclusions reached in this regard are appropriate. Where information is obtained that may have caused the firm to decline the engagement, communicate promptly with the firm.		ISA 220
	Satisfy oneself that the engagement team as well as experts who are not part of the team collectively have the appropriate competence and capabilities to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements that enable the issuing of an appropriate audit report.		ISA 220
	Take responsibility for the direction, supervision and performance of the audit engagement.		ISA 220
	Take responsibility for the performance of reviews in accordance with the firm's review policies and procedures.		ISA 220

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
	Prior to the date of the audit report, through review of the audit documentation and discussion with the engagement team, be satisfied that sufficient and appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued		ISA 220
	Take responsibility for the engagement team undertaking appropriate consultation on difficult or contentious matters. Satisfy oneself that the engagement team has undertaken appropriate consultation during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level, within or outside the firm.		ISA 220
	Satisfy oneself that that nature and scope of, and conclusions resulting from such consultations, are agreed with the party consulted, and determine that conclusions resulting from such consultations have been implemented.		ISA 220
	For audits of financial statements of listed companies or those engagements for which the firm has determined that an engagement quality control review is required: <ul style="list-style-type: none"> <li>• Determine that an engagement quality-control reviewer has been appointed;</li> <li>• Discuss significant matters arising from the audit, including those identified during the quality-control review, with the engagement quality-control reviewer</li> <li>• Ensure that the audit report remains undated until completion of the engagement quality-control review.</li> </ul>		ISA 220
	If differences arise between the engagement partner and quality-control reviewer, ensure that the firm's policies and procedures for dealing with and resolving such differences are followed.		ISA 220
	Consider the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms, and whether deficiencies noted in that information may affect the audit engagement.		ISA 220
	Ensure that the following is documented and included in the audit documentation: <ul style="list-style-type: none"> <li>• Issues identified with respect to compliance with the relevant ethical requirements and how these were resolved.</li> <li>• Conclusions on compliance with independence requirements and any relevant discussions with the firm that support these conclusions.</li> <li>• Conclusions reached regarding the acceptance and continuance of client relationships and audit engagements.</li> <li>• The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagements.</li> </ul>		ISA 220
	For initial audit engagements, communicate with the predecessor auditor, where there has been a change of auditors, in compliance with the relevant ethical requirements.		ISA 300
3	Prepare documentation that provides sufficient and appropriate record for the basis of the auditor's report and evidence that the audit was planned and performed in accordance with the ISAs and applicable legal and regulatory requirements.	ISA 230	
	Prepare audit documentation on a timely basis.	ISA 230	



Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
<p>Prepare audit documentation that is sufficient to enable an experienced auditor, having no previous experience with the audit, to understand:</p> <ul style="list-style-type: none"> <li>• The nature, timing and extent of the audit procedures performed to comply with the ISAs and applicable legal and regulatory requirements</li> <li>• The results of audit procedures performed and the audit evidence obtained</li> <li>• Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.</li> </ul>	ISA 230	
<p>In documenting the nature, timing and extent of audit procedures performed, record:</p> <ul style="list-style-type: none"> <li>• The identifying characteristics of the specific items or matters tested</li> <li>• Who performed that audit work and the date on which such work was completed</li> <li>• Who reviewed the audit work and the date and extent of such review.</li> </ul>	ISA 230	
<p>Document discussions of significant matters with management, those charged with governance and others, including the nature of the significant matters discussed and when and with whom such discussions took place.</p>	ISA 230 0	
<p>Where information is identified that is inconsistent with the auditor's final conclusion relating to a significant matter, document how the inconsistency was addressed.</p>		ISA 2301
<p>Where, in exceptional circumstances, the auditor judges it necessary to depart from a requirement of the ISAs, document the reason for such departure and the alternative audit procedures performed to achieve the aim of that requirement.</p>		ISA 230
<p>If, in exceptional circumstances, the auditor performs new or additional procedures after the date of the audit report, ensure that the following is documented:</p> <ul style="list-style-type: none"> <li>• The circumstances encountered</li> <li>• The new or additional audit procedures performed, audit evidence obtained and conclusions reached, and their effect on the auditor's report</li> <li>• When and by whom the resulting changes to audit documentation were made and reviewed.</li> </ul>		ISA 230
<p>Assemble audit documentation in an audit file and complete the necessary administrative process of assembling the audit file on a timely basis after the date of the auditor's report</p>	ISA 230	
<p>Ensure that the completed audit file is lodged within the firm for safekeeping in accordance with the relevant retention period.</p>	ISA 230	
<p>In circumstances where it is deemed necessary to modify existing or add new audit documentation, after assembly of the final audit file, regardless of the nature of such modification or addition, document the specific reasons for them and when and by whom they were made and reviewed.</p>		ISA 230



	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
4	<p>With regard to the auditor's responsibility relating to fraud:</p> <ul style="list-style-type: none"> <li>Identify and assess the risks of misstatement of financial statements due to fraud</li> <li>Obtain sufficient appropriate audit evidence regarding the assessed risk of material misstatement due to fraud by designing and implementing appropriate responses</li> <li>Respond appropriately to fraud or suspected fraud identified during the audit.</li> </ul>	ISA240	
	Maintain professional scepticism throughout the audit, recognising the possibility that material misstatement due to fraud may exist, regardless of the auditor's past experience of honesty and integrity regarding the entity's management.		ISA 240
	<p>Perform specific procedures to obtain information for use in identifying the risks of material misstatement due to fraud:</p> <ul style="list-style-type: none"> <li>Make enquiries of management and those charged with governance regarding their assessment of risk, management oversight and processes for identifying and responding to the risk of fraud.</li> <li>Make enquiries of management, those charged with governance, internal audit and relevant others regarding any actual, alleged or suspected fraud affecting the entity.</li> <li>Evaluate unusual relationships identified in performing analytical procedures, including those related to revenue accounts.</li> <li>Consider whether any other information obtained from other risk-assessment procedures indicates a risk of material misstatement due to fraud.</li> </ul>	ISA 240	
	Identify and assess the risk of material misstatement due to fraud at the financial statement level and at the assertion level for classes of transactions, account balances and disclosures.	ISA 240	
	On the basis of presumptions of risk of fraud in revenue, evaluate which types of revenue, revenue transactions or assertions give rise to such risk. Where these presumptions are not applicable, prepare appropriate documentation.	ISA 240	
	Treat assessed risks of material misstatements due to fraud as significant risks, and accordingly obtain an understanding of the entity's related controls, including control activities relevant to such risks.	ISA 240	
	<p>Determine overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level (refer also to ISA 330). In doing so:</p> <ul style="list-style-type: none"> <li>Assign and supervise personnel taking into account the knowledge, skill and ability of individuals to be assigned significant engagement responsibilities.</li> <li>Evaluate the selection and application of accounting policies, particularly those relating to subjective measurement and complex transactions that may more readily be subject to manipulation.</li> <li>Incorporate an element of unpredictability into the nature, timing and extent of audit procedures.</li> </ul>		ISA 240
	Design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement due to fraud at the assertion level (refer also to ISA 330).	ISA 240	

Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
<p>Design and perform audit procedures to:</p> <ul style="list-style-type: none"> <li>• Test the appropriateness of journal entries and other adjustments made in preparation of the financial statements</li> <li>• Review accounting estimates for bias</li> <li>• Evaluate the business rationale of any transactions that are outside the normal course of business for the entity</li> <li>• Respond to identified risks of management override of controls.</li> </ul>	ISA 240	
Evaluate analytical procedures to form an overall conclusion as to whether financial statements are consistent with the auditor's understanding of the entity or that may indicate a previously unrecognised risk of material misstatement.	ISA 240	
<p>Where misstatement is identified, evaluate whether this may be indicative of fraud and, if so, its implications for other aspects of the audit, particularly:</p> <ul style="list-style-type: none"> <li>• Assessment of risks and resulting impact on the nature, timing and extent of audit procedures</li> <li>• The reliability of management representations</li> <li>• The reliability of other audit evidence, given possible collusion involving employees, management or third parties</li> <li>• Possible material misstatement of the financial statements as a result of the fraud</li> <li>• Continuance or possible withdrawal from the engagement</li> <li>• Professional and legal reporting responsibilities in the circumstances.</li> </ul>		ISA 240
<p>Obtain written representations from management that they:</p> <ul style="list-style-type: none"> <li>• Acknowledge responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud</li> <li>• Have disclosed the results of their own assessment of risk resulting from fraud</li> <li>• Have disclosed their knowledge of fraud or suspected fraud or any allegations affecting the entity's financial statements.</li> </ul>	ISA 240	
Where fraud is detected or suspected, communicate on a timely basis with the appropriate level of management or those charged with governance, as appropriate in the circumstances, to inform them of matters relevant to their responsibility to prevent and detect fraud.		ISA 240
Where fraud is detected or suspected, consider whether there is a legal responsibility that overrides a duty of confidentiality to report the matter to a party outside the entity.		ISA 240

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
	<p>Prepare appropriate documentation that includes:</p> <ul style="list-style-type: none"> <li>• Significant decisions reached during discussions among key engagement team members</li> <li>• Identified and assessed risks of material misstatement due to fraud at financial statement and assertion levels</li> <li>• Overall responses to assessed risks of material misstatement due to fraud</li> <li>• The results of audit procedures designed to assess such risks</li> <li>• Where appropriate, communications about fraud made to management, those charged with governance, regulators and others</li> <li>• Reasons, if any, why revenue recognition does not give rise to a risk of material misstatement due to fraud.</li> </ul>	ISA 240	
5	<p>With regard to the consideration of laws and regulations:</p> <ul style="list-style-type: none"> <li>• Obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognised as having a direct effect on the determination of material amounts and disclosures in the financial statements</li> <li>• Perform specific audit procedures to identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements</li> <li>• Respond appropriately to instances of non-compliance or suspected non-compliance identified during the audit.</li> </ul>	ISA 250	
	Obtain a general understanding of the legal and regulatory framework applicable to the entity and the industry/sector in which it operates and how it is complying with that framework.	ISA 250	
	Obtain sufficient appropriate audit evidence regarding compliance with the provision of laws and regulations recognised as having a direct effect on the determination of material amounts and disclosures in the financial statements.	ISA 250	
	Perform audit procedures to identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, including enquiry of management and inspection of correspondence with relevant licensing or regulatory authorities.	ISA 250	
	Obtain written representations from management and those charged with governance stating that all known instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to the auditor.	ISA 250	

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
	<p>When instances of non-compliance or suspected non-compliance are identified:</p> <ul style="list-style-type: none"> <li>Obtain an understanding of the nature and circumstances in which they occurred and further information to evaluate the possible effect on the financial statements.</li> <li>Discuss the matter with management and those charged with governance, as appropriate, and where non-compliance is likely to be material, consider obtaining legal advice. <ul style="list-style-type: none"> <li>Evaluate the effect of a lack of audit evidence on the audit opinion in terms of ISA 705.</li> </ul> </li> <li>Evaluate the implications of non-compliance in relation to other aspects of the audit, including the risk assessment and reliability of written representations, and take appropriate action.</li> </ul>		ISA 250
	Communicate with management, those charged with governance or higher levels of authority such as the audit committee or supervisory board, as appropriate in the circumstances, on matters involving non-compliance with laws and regulations. Also determine whether there is a responsibility to report the non-compliance or suspected non-compliance to parties outside the entity.		ISA 250
	Document identified or suspected non-compliance with laws and regulations and the results of discussions held with various parties, as appropriate in the circumstances.		ISA 250
6	<p>Communicate clearly to those charged with governance in order to:</p> <ul style="list-style-type: none"> <li>Define the responsibilities of the auditor in relation to the financial statement audit and an overview of the planned scope and timing of the audit</li> <li>Obtain governance information relevant to the audit</li> <li>Provide timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process</li> <li>Promote effective two-way communication between the auditor and those charged with governance.</li> </ul>		ISA 260
	<p>Identify the appropriate person(s) within the entity's governance structure with whom to communicate. Such communication should be on a timely basis and, where relating to auditor independence and significant findings from the audit, should be in writing. It should include such matters as:</p> <ul style="list-style-type: none"> <li>The auditor's responsibilities in relation to the financial statement audit</li> <li>Planned scope and timing of the audit</li> <li>Form timing and expected general content of further communications</li> <li>Significant findings from the audit</li> <li>In the case of listed entities, matters relating to auditor independence and relevant ethical requirements.</li> </ul>		ISA 260
	Document all matters communicated orally to those charged with governance and include copies of all written communications as part of the audit documentation.		ISA 260

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
7	Communicate appropriately to those charged with governance and management, deficiencies in internal control that the auditor has identified during the audit and that, in the auditor's professional judgment, are of sufficient importance to merit their respective attentions.		ISA 265
	Identify, on the basis of the audit work performed, deficiencies in internal control and whether, individually or in combination, they constitute significant deficiencies and should therefore be communicated in writing on a timely basis to those charged with governance, and where appropriate also to management.	ISA 265	
	<p>Prepare the draft written communication of significant deficiencies in internal control for further review. Such communication should include:</p> <ul style="list-style-type: none"> <li>• A description of the deficiencies and an explanation of their potential effects</li> <li>• Sufficient information to enable those charged with governance and management to understand the context of the communication and an explanation that: <ul style="list-style-type: none"> <li>• the purpose of the audit was to express an opinion on the financial statements;</li> <li>• the audit included a consideration of internal controls relevant to the design of audit procedures and not for the purpose of expressing an opinion as to their effectiveness; and</li> <li>• the matters reported are limited to those identified in the audit and considered of sufficient importance to merit inclusion in the report.</li> </ul> </li> </ul>	ISA 265	
C	RISK ASSESSMENT AND RESPONSE TO ASSESSED RISK	ISA 300 – 499	
	Plan the audit so that it will be performed in an effective manner	ISA 300	
	Be involved in planning the audit, including participating in the discussion among other key members of the engagement team to ensure that the audit will be performed in an effective manner.	ISA 300	ISA 300
	<p>Establish the overall audit strategy that sets the scope, timing and direction of the audit, and that guides the development of the audit plan. Update the audit strategy as necessary during the course of the audit. In doing so:</p> <ul style="list-style-type: none"> <li>• Establish the overall nature, scope, objective and terms of reference for the engagement</li> <li>• Consider those factors that are, in the auditor's professional judgment, significant in directing the engagement team's efforts</li> <li>• Consider whether knowledge gained on any other engagements performed by the partner for the entity is relevant</li> <li>• Ascertain the nature, timing and extent of resources necessary to perform the engagement</li> <li>• Plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work</li> <li>• Identify the reporting objectives and the nature and timing of any other communication and reporting responsibilities relevant to the engagement.</li> </ul>		ISA 300
	Establish what requirements, other than the ISAs, may be relevant to the particular engagement, namely legal, regulatory or other professional obligations.		

Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
<p>With regard to the ISAs:</p> <ul style="list-style-type: none"> <li>Identify all the ISAs relevant to a particular audit.</li> <li>Demonstrate an understanding of the objectives of the ISAs and apply their requirements properly when planning and performing the audit, having regard to the interrelationships among the ISAs.</li> <li>Determine whether any procedures in addition to those required by the ISAs are necessary in pursuance of the objectives stated in the ISAs.</li> </ul>	ISA 200	
<p>Develop an audit plan that includes a description of:</p> <ul style="list-style-type: none"> <li>The nature, timing and extent of planned risk-assessment procedures, as determined under ISA 315</li> <li>The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ISA 330</li> <li>Other planned audit procedures that are required to be carried out so that the engagement complies with the ISAs.</li> </ul>	ISA 300	
Properly set out and include in the audit documentation the overall audit strategy, the audit plan and any significant changes made during the audit to either of these, and the reasons for such changes.	ISA 300	
Plan the nature, timing and extent of direction and supervision of engagement team members and review their work.		ISA 300
Identify and assess the risk of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, by understanding the entity and its environment, including internal controls, thus providing a basis for designing and implementing appropriate responses.	ISA 313	
Carry out risk-assessment procedures, including enquiry of management and relevant others within the entity, analytical procedures, observation and inspection.	ISA 315	
Consider information obtained from client acceptance and continuance processes, as well as from previous engagements with the entity, to identify risks of material misstatement. Also consider significant changes in the entity since the previous audit that may affect the current audit.	ISA 315	
<p>Hold discussions between the audit partner and key engagement team members regarding the susceptibility of the entity's financial statements to material misstatement and the application of the applicable financial reporting framework to the entity's circumstances. Determine those matters to be communicated to other members of the engagement team. Document significant decisions reached.</p> <p>During the discussion, in accordance with ISA 240, place particular emphasis on how and where the entity's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur.</p>	ISA 315 ISA 240	ISA 315
Understanding the entity, its environment and internal control		
<p>Develop an understanding of the various classes of transactions, account balances and disclosures relevant to the audit by obtaining a thorough knowledge of:</p> <ul style="list-style-type: none"> <li>The industry and operations</li> <li>Regulatory and other external factors</li> <li>Applicable financial reporting framework</li> <li>Ownership and governance structures</li> <li>Types of investment and planned future investments</li> <li>Financing structures and financial performance.</li> </ul>	ISA 315	

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
	Understand the selection, application and changes in accounting policies within the context of the relevant industry and reporting framework.	ISA 315	
	Understand the entity objectives and strategies so as to identify business and economic risks that may give rise to risks of material misstatement.	ISA 315	
	<p>Obtain an understanding of the internal controls relevant to the audit and evaluate the design of the controls by performing appropriate procedures, in addition to enquiry, to determine whether they have been properly implemented. As part of obtaining this understanding, evaluate:</p> <ul style="list-style-type: none"> <li>• Management's attitude towards a culture of honesty and ethical behaviour</li> <li>• Particular strengths and deficiencies in the overall control foundation</li> <li>• The entity's own processes for identifying, estimating and assessing the likelihood of and addressing business risks relevant to financial reporting objectives</li> <li>• The information system, including related business processes relevant to financial reporting and communication</li> <li>• Communication of significant matters relating to financial reporting roles and responsibilities between management and those charged with governance</li> <li>• External communications such as those with regulatory authorities</li> <li>• How the entity has responded to risks arising from IT</li> <li>• Major activities the entity uses to monitor internal control over financial reporting functions and how it initiates remedial action</li> <li>• Where applicable, the nature of internal audit's responsibilities and activities performed by this function</li> <li>• The source and reliability of any other information the entity uses for monitoring purposes.</li> </ul>	ISA 315	
	<p>Obtain an understanding of the information system, including business processes relevant to financial reporting, including the following areas:</p> <ul style="list-style-type: none"> <li>• Classes of transactions significant to the financial statements</li> <li>• Procedures within both the IT and manual systems by which those transactions are initiated, recorded, processed, corrected, transferred to the general ledger and reported in the financial statements;</li> <li>• Related accounting records that support information and specific accounts in the financial statements</li> <li>• How the information system captures events and conditions other than transactions that are significant to the financial statements</li> <li>• The financial reporting process used to prepare the financial statements, including accounting estimates and disclosures</li> <li>• Controls surrounding journal entries, including non-standard journal entries used to record non-recurring transactions or adjustments.</li> </ul>	ISA 315	
	Identify and assess the risk of material misstatement		



Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
<ul style="list-style-type: none"> <li>On the basis of the above understanding, identify the risk of material misstatement in relation to the financial statements as a whole, as well as at the assertion level for classes of transactions, account balances and disclosures.</li> <li>Consider the likelihood and the possibility of multiple misstatements and the potential magnitude of material misstatement.</li> <li>Determine whether any risk is significant so as to warrant obtaining further understanding of controls relevant to that risk.</li> <li>Determine those risks for which substantive procedures alone do not provide sufficient appropriate audit evidence and plan to obtain an understanding of the controls relevant to those risks.</li> <li>Revise the risk assessment of material misstatement at the assertion level and planned audit procedures where additional audit evidence is obtained during the course of the audit.</li> </ul>	ISA 315	
Document the risk assessment		
<p>Properly document the following:</p> <ul style="list-style-type: none"> <li>Key elements of the understanding obtained regarding the entity</li> <li>The identified and assessed risks of material misstatement at financial statement and assertion level</li> <li>Risks and relevant controls that require special audit consideration</li> <li>The discussion among engagement team members (see earlier).</li> </ul>	ISA 315	
Determine and apply the concept of materiality appropriately in planning and performing the audit	ISA 320	
Determine materiality for the financial statements as a whole when establishing the overall audit strategy, and revise this materiality when new information comes to light during the audit that would have caused a different materiality amount to be determined.	ISA 320	
Determine specific materiality levels where particular account balances, transactions or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole may reasonably be expected to influence the economic decisions of users. Revise this materiality should new information come to light during the audit that would cause a different materiality amount to be determined.	ISA 320	
Determine performance materiality for assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. Consider the appropriateness of the nature, timing and extent of procedures when materiality is revised to lower levels than initially determined.	ISA 320	
<p>Properly document the following for inclusion in the audit documentation:</p> <ul style="list-style-type: none"> <li>Materiality for the financial statements as a whole</li> <li>Materiality levels for particular classes of transactions, account balances and disclosures</li> <li>Performance materiality</li> <li>Any revision to the above.</li> </ul>	ISA 320	
Design and perform audit procedures so that the nature, timing and extent thereof can provide sufficient appropriate audit evidence to address the assessed risks of material misstatement	ISA 330	

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
	Overall responses		
	Design and implement overall responses to address the assessed risk of material misstatement at the financial statement level.	ISA 330	
	Tests of controls		
	Design and perform audit procedures whose nature, timing and extent are based on and responsive to the assessed risk of material misstatement at the assertion level for each class of transactions, account balance and disclosure. In doing so: <ul style="list-style-type: none"> <li>• Perform other procedures in combination with enquiry to obtain evidence relating to how the controls were applied at different times during the period under audit, the consistency with which they were applied, and by whom</li> <li>• Determine whether these controls depend upon other controls and whether it is necessary to obtain evidence supporting the effectiveness of the indirect controls.</li> </ul>	ISA 330	
	Substantive procedures		
	Design and perform substantive procedures for each material class of transactions, account balance and disclosure, irrespective of the assessed risk of material misstatement.	ISA 330	
	Where appropriate, carry out external confirmation procedures as substantive audit procedures designed and performed so as to obtain relevant and reliable audit evidence.	ISA 330 ISA 505	
	Agree or reconcile financial statements with the underlying accounting records and examine material journal entries and adjustments made during the course of preparing the financial statements.	ISA 330	
	Design and perform substantive procedures that are specifically responsive to an assessed risk of material misstatement at the assertion level that is determined to be significant.	ISA 330	
	Adequacy of presentation and disclosures		
	Perform audit procedures to evaluate whether the overall presentation of the financial statements, including related notes and disclosures, is in accordance with the applicable financial reporting framework.	ISA 330	
	Evaluate sufficiency and appropriateness of audit evidence		
	Evaluate, on the basis of the audit procedures performed and the audit evidence obtained, whether the assessment of risk of material misstatement at the assertion level remains appropriate.	ISA 330	
	Evaluate and conclude whether sufficient and appropriate audit evidence has been obtained.	ISA 330	
	Attempt to obtain further audit evidence where insufficient evidence relates to a material financial statement assertion. Where unable to do so, consider expressing either a qualified opinion or a disclaimer.	ISA 330	
	Documentation		
	Prepare documentation that includes: <ul style="list-style-type: none"> <li>• The overall responses to address assessed risks</li> <li>• The linkage between those procedures and the assessed risk at assertion level</li> <li>• The results of the audit procedures, including relevant conclusions</li> <li>• A reconciliation of the financial statements to the underlying accounting records.</li> </ul>	ISA 330	

Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
When the user entity uses the services of a service organisation	ISA 402	
Obtain an understanding of the nature and significance of the services provided by the service organisation and their effect on the user entity's internal control relevant to the audit, sufficient to identify and assess the risk of material misstatement. Design and perform audit procedures responsive to those risks.	ISA 402	
Evaluate the effect of identified misstatements on the audit and the effect of uncorrected misstatements, if any, on the financial statements.	ISA 450	
Accumulate all non-trivial misstatements identified during the audit and communicate these on a timely basis to the appropriate level of management, requesting that these be corrected.	ISA 450	
Assess whether uncorrected misstatements are material, individually or in aggregate, taking into account the particular class of transaction, account balance disclosure, financial statements as a whole, the particular circumstances of their occurrence, as well as the effect of uncorrected misstatements from prior periods.	ISA 450	
Communicate with those charged with governance any uncorrected misstatements, and their effect, both individually and in aggregate, on the opinion in the audit report. Request that these be corrected.	ISA 450	
Request written representation from management and those charged with governance where they believe uncorrected misstatements to be immaterial.	ISA 450	
Prepare for inclusion in the audit documentation: <ul style="list-style-type: none"> <li>• The amount below which misstatements would be regarded as trivial</li> <li>• All misstatements accumulated and where they were corrected</li> <li>• The conclusion as to whether uncorrected misstatements are material, individually or in aggregate, and the basis for that conclusion.</li> </ul>	ISA 450	
AUDIT EVIDENCE		
Evaluating whether sufficient appropriate audit evidence has been obtained to reduce audit risk to an acceptably low level to enable the auditor to draw reasonable conclusions on which to base the auditor's opinion	ISA 500	
Obtain sufficient appropriate audit evidence regarding the following selected items: <ul style="list-style-type: none"> <li>• Existence and condition of inventory</li> <li>• Completeness of litigation and claims involving the entity</li> <li>• Presentation and disclosure of segment information in accordance with the applicable financial reporting framework.</li> </ul>	ISA 501	
Design and perform, where appropriate, external confirmation procedures to obtain relevant and reliable audit evidence.	ISA 505	
In conducting an initial audit engagement, obtain sufficient appropriate audit evidence about whether opening balances contain misstatements that materially affect the current period's financial statements, and whether appropriate accounting policies reflected in the opening balances have been consistently applied in the current period, or changes thereto are appropriately accounted for, presented and disclosed.	ISA 510	
As part of substantive procedures, and where relevant, design and perform analytical procedures to obtain relevant and reliable audit evidence.	ISA 520	

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
	Design and perform analytical procedures near the end of the audit that assist in the formation of an overall audit conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.	ISA 520	
	Design and conduct audit sampling (of appropriate size and with appropriate sample selection criteria) so as to provide a reasonable basis for the auditor to draw conclusions about the population from which the sample was selected.	ISA 530	
	Design and perform appropriate substantive procedures so as to obtain sufficient appropriate audit evidence about whether accounting estimates, including fair value estimates in the financial statements, whether recognised or disclosed, are reasonable and related disclosures are adequate.	ISA 540	
	Obtain an understanding of related-party relationships and transactions sufficient to be able to recognise factors that give rise to a risk of material misstatement due to fraud.	ISA 550	
	Obtain sufficient appropriate audit evidence about whether related-party relationships and transactions have been appropriately identified, accounted for and disclosed in the financial statements in accordance with the framework.	ISA 550	
	Obtain sufficient appropriate audit evidence about whether events between the date of financial statement and the auditor's report that require adjustment or disclosure in the financial statements are appropriately reflected.	ISA 560	
	Respond appropriately to facts that become known to the auditor after the date of the auditor's report that, had they been known at that date, may have caused the auditor to amend the auditor's report.	ISA 560	
	Obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of the going concern assumption and whether a material uncertainty exists as to the entity's ability to continue as a going concern.	ISA 570	
	Obtain written representations from management and, where appropriate, those charged with governance that they believe that they have fulfilled their responsibility for the preparation of the financial statements and the completeness of information provided to the auditor, as well as to support specific assertions as determined necessary.	ISA 580	
	USING THE WORK OF OTHERS	ISA 600, 610, 620	
	In this context, the trainee should determine whether, and to what extent, it is appropriate to use the work of others, and assess whether that work is adequate for audit purposes.		
	Communicate clearly with component auditors, where applicable, about the scope and timing of their work on financial information relating to components and their findings.	ISA 600	
	Obtain sufficient and appropriate audit evidence regarding the financial information of the components and the consolidation process.	ISA 600	
	Where applicable, determine whether, and to what extent, to use the specific work of the internal auditor, and assess whether that work is adequate for audit purposes.	ISA 610	
	Where applicable, determine whether, and to what extent, to use the work of an auditor's expert, and assess whether that work is adequate for audit purposes.	ISA 620	
	CONCLUDING AND REPORTING	ISA 700 - 720	

	Competency area and description of requirement	Professional accountant competence	Audit competence (ADP)
	Form an opinion on the financial statements on the basis of the conclusions drawn from the audit evidence obtained. The trainee should also prepare for review the draft reports required for appropriate communication of audit findings with relevant stakeholders.		
	Form an opinion on the financial statements on the basis of an evaluation of the conclusions drawn from the audit evidence obtained and express that opinion clearly in a draft audit report that also describes the basis for that opinion.	ISA 700	
	Prepare a draft audit report for further review that clearly expresses an appropriately modified audit opinion (when the financial statements are not free of material misstatement or where sufficient appropriate audit evidence to the contrary could not be obtained).	ISA 705	
	Having formed an opinion on the financial statements, judge whether it is necessary to draw users' attention to certain matters that are fundamental to their understanding of the financial statements, the audit, auditor's responsibilities or auditor's report. Draft the appropriate emphasis of matter paragraphs for inclusion in the audit report.	ISA 706	
	Obtain sufficient appropriate audit evidence about whether comparative information included in the financial statements has been presented in all material respects in accordance with the requirements in the applicable financial reporting framework.	ISA 710	
	Respond appropriately, with supervision, where documents containing audited financial statements and the auditor's report thereon include other information that could undermine the credibility of those financial statements and the auditor's report. Evaluate the non-financial information in the annual financial statements, e.g. directors' report, corporate governance report and sustainability report.	ISA 720	



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