



CA2025 TRAINING PROGRAMME

Structure and Technical Experience requirements

Updated September 2021

1 INTRODUCTION

The training programme provides a professional environment and a formalised period of practical work experience in which aspiring CAs(SA) and AGAs(SA):

- a. Can **develop and demonstrate** the appropriate Professional Values and Attitudes and Enabling Competencies (Acumens) (PVAAs) in practical, real-life situations; while
- b. Gaining **experience** in the technical competencies (technical work completed in the various operating and functional units of an organisation) through **integration within, between and across each area in the value creation process** (inputs, business processes and outputs leading to outcomes); and
- c. Developing progressive levels of **responsibility** and **proficiency** while under appropriate levels of **supervision**.

The purpose of this document is to help SAICA Training Offices to transition in **structure** from the 2016 Training Programme to the CA2025 Training Programme.

SAICA will not prescribe the technical competencies under the CA2025 Training Programme but Training Offices will be expected to provide exposure which is of **sufficient range and depth** to **develop the trainees' proficiency in the PVAAs**.

RANGE is achieved through a variety of exposure which provides **integration within, between and across the value creation process** within the context of Training Office's environment.

DEPTH is achieved through Advanced exposure which requires the trainee to:

- a. Demonstrate an **in-depth** knowledge and **rigorous** understanding of the subject matter;
- b. **Apply** the knowledge where the **data is unstructured** and/or is **derived from multiple sources (integrated thinking is required)**; and
- c. Evaluate solutions for specified and implicit problems - applying a **high degree of rigour**, and/or **exercising sound judgement in making recommendations/formulating solutions**.

Other measures of depth include **repeat exposure of increasing complexity** and **time spent in an area**.

Exposure (technical work) will be **tracked** as part of the assessment process while proficiency in the PVAAs will be formally **assessed**.

The shift from the 2016 Training Programme to the CA2025 Training Programme requires that every Training Office carefully considers how exposure will be provided and how this will link to the development of proficiency in the PVAAs.

Integrating the PVAAs into the performance of a technical role will develop trainees' ability to solve problems and apply their judgement, in turn leading to increased technical competence.

2 EXPECTED OUTCOME: PROFESSIONAL COMPETENCE

The outcome of effective integration of professional competencies manifests as CAs(SA) and AGAs(SA) having the potential to be **responsible leaders** who **behave ethically** and **create sustainable value** for a wide range of stakeholders within an organisational context. With their ability to display **integrated thinking**, CAs are then able to **interpret, analyse and evaluate financial and non-financial information, thus influencing others, and together making impactful decisions**, and thereby contributing meaningfully to the economy and to society.

3 RANGE OF TECHNICAL COMPETENCE: INTEGRATION WITHIN, BETWEEN AND ACROSS THE VALUE CREATION PROCESS

The CA2025 competency framework uses an organisation's value creation process to articulate areas of technical competence.

This reflects how an organisation's business model transforms inputs through business activities into outputs that lead to outcomes and fulfils its strategic purpose to create sustainable value over the short, medium and long term.

An organisation draws on various capitals (financial, manufactured, intellectual, human, social and relationship, and natural) as inputs and, through its business activities, these are converted to outputs which lead to outcomes.

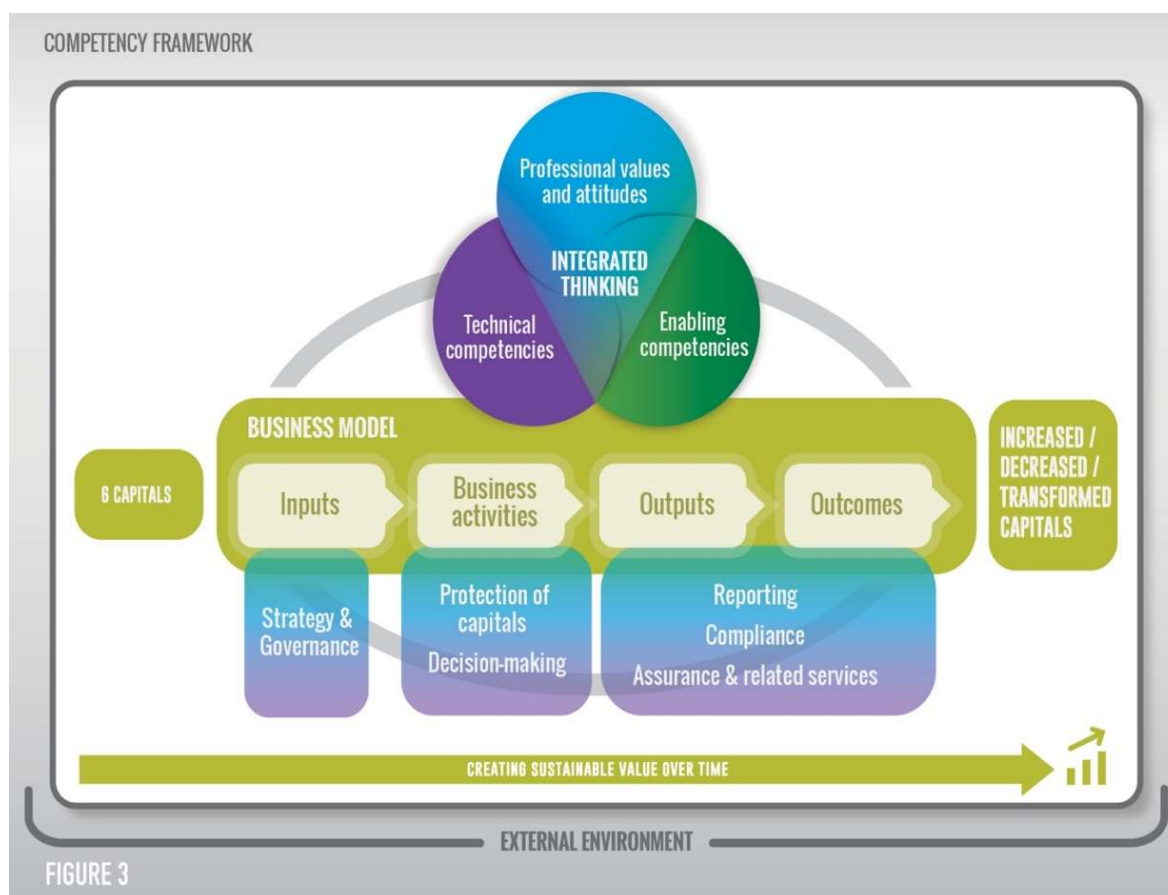


FIGURE 3

Inputs

These relate to the capitals on which an organisation depends, or that differentiate it and are seen to be material to understanding the robustness and resilience of an organisation's business model. An organisation's strategy, providing a sense of identity and general direction, drives its business model. The CA/AGA as a professional accountant provides insights and impactful decisions that influence an organisation's short, medium and long term strategic objectives, and which culminate in an organisation's business model. Those charged with governance have ultimate responsibility for how an organisation's strategy, governance and performance lead to value creation over time. An organisation's strategy is achieved through implementing resource allocation plans.

Technical competencies within **Inputs** comprise of **Strategy and Governance** matters to create sustainable value, including an organisation's governance model, its business strategy, its business model and finance strategy, and also by taking into account tax strategy and tax risk management.

Business activities

Capitals (stocks of value) on which an organisation depends to be successful are increased, decreased or transformed through its business activities. CAs/AGAs, as professional accountants with the ability to interpret, analyse and evaluate financial and non-financial information, ideally position themselves to influence decision-making affecting an organisation's business activities, impacting, for example, how an organisation differentiates itself in the marketplace, generates income, approaches the need to innovate and to adapt to change.

Technical competencies in **Business Activities** comprise of **Stewardship of Capitals** (reporting fundamentals, business systems and processes, and risk management and control) and **Decision-Making** to increase, decrease or transform capitals. The latter includes performance measurement for decision-making by management and other internal users of financial information, financing decisions, investment decisions, the use of derivatives, business valuation, performance management systems, decisions on financially troubled businesses, as well as related tax law implications.

Outputs leading to outcomes

Stakeholders are informed of an organisation's outputs (e.g., financial position and performance, products and services) leading to outcomes (e.g., tax payments, net increase/decrease in the capitals). Various communications (for example integrated reports, financial statements, and tax returns) are used for this purpose. With their knowledge of financial and non-financial reporting standards, laws and regulations and, where appropriate, auditing standards, the CA/AGA as a professional accountant is a key role player in reporting, assurance and compliance processes.

Technical competencies in **Outputs leading to Outcomes** comprise **Reporting** on value creation which includes performance measurement for external users of general purpose financial statements for non-specialised profit orientated entities, public sector entities and other not-for-profit entities. Technical competencies on **Compliance** addresses tax governance and laws and regulations. For **Assurance and Related Services**, the technical competencies comprise concepts and principles of assurance engagements, audits of historical financial statements for non-specialised profit orientated entities, public sector entities, other not-for-profit entities, other assurance services and other related services.

4 DEPTH OF EXPOSURE TO TECHNICAL COMPETENCIES

The following indicators can be used to determine whether exposure is of the required depth:

Indicator	DEPTH OF EXPOSURE		
	Foundational	Intermediate	Advanced
a. Knowledge	Identify and describe the key ideas / principles / fundamental concepts of the subject matter [Technical expertise or detailed knowledge not required]	Demonstrate a comprehensive understanding of the fundamental concepts of the subject matter. Demonstrate a limited understanding of the subject matter pertaining to non-routine situations and exceptions.	Demonstrate an in-depth knowledge and rigorous understanding of the subject matter
b. Application	Identify & explain the significance and relevance of the subject matter, and recognise the linkages with other subject matter(s).	Apply the knowledge where some data is provided in a semi-structured form and/or derived from a limited number of sources. Limited integrated thinking is expected.	Apply the knowledge where the data is unstructured and/or is derived from multiple sources . Integrated thinking is required.
c. Problem solving and judgement	Recognise issues when encountered and seek further depth / guidance	Prepare and Analyse solutions for specified problems and applying some judgement	Evaluate solutions for specified and implicit problems - applying a high degree of rigour , and/or exercise sound judgement in making recommendations/ formulating solutions

Training Offices are required to provide trainees with **Advanced** exposure. **Other measures of depth include repeat exposure of increasing complexity and time spent in an area.**

Advanced exposure of the required range described in the previous section will provide the trainees with opportunities to develop and demonstrate the PVAAs.

Foundational and **Intermediate** exposure has been described here as it is likely that **development** towards advanced exposure will be required. Trainees will develop progressive levels of **responsibility** and **proficiency** while under appropriate levels of **supervision**.

Technical exposure works hand in hand with the PVAAs. Integrating the PVAAs into the performance of a technical role will develop trainees' ability to solve problems and apply their judgement, in turn allowing for more advanced exposure in the technical competencies.

5 TECHNICAL COMPETENCIES IN THE VALUE CREATION PROCESS

Inputs			
A	Strategy and governance to create sustainable value	A1	Governance model
		A2	Business strategy
		A3	Aligning the business model with the business strategy
		A4	Finance strategy
		A5	Tax strategy
Business Activities			
B	Stewardship of capitals: business processes and risk management	B1	Reporting fundamentals
		B2	Business systems and processes
		B3	Risk management and control
C	Decision-making to increase, decrease or transform capitals	C1	Performance measurement for decision-making by management and other internal users of financial information
		C2	Financing decisions
		C3	Investment decisions
		C4	Use of derivatives
		C5	Business valuation
		C6	Performance management systems
		C7	Financially troubled businesses
		C8	Tax law implications
Outputs Leading to Outcomes			
D	Reporting on value creation	D1	Performance measurement for external users of <i>general purpose financial statements</i>
E	Tax Governance and Compliance	E1	Tax landscape in South Africa
		E2	Laws and regulations
F	Assurance and related services	F1	Concepts and principles of assurance engagements
		F2	Audits of historical financial statements of a <i>non-specialised profit orientated entity</i>
		F3	Audits of historical financial statements of a <i>public sector entities</i> [Read together with F2]
		F4	Audits of historical financial statements of <i>other not-for-profit entities</i> [Read together with F2]
		F5	Other assurance services
		F6	Other related services

The detailed technical competencies within the CA2025 Competency Framework are reflected in the next section.

Training Offices are not expected to provide exposure to all technical competencies however Training Offices will need to consider how to integrate exposure to technical competencies within, between and across Inputs, Business Activities and Outputs Leading to Outcomes within the context of their Training Environment.

6 COMPARISON OF CA2025 TECHNICAL COMPETENCIES TO TECHNICAL SKILLS IN THE 2016 COMPETENCY FRAMEWORK

The tables below reflect a **high level** comparison of the CA2025 technical competences to related competencies in the 2016 framework. The intention is to assist Training Offices **to reflect on how their existing structures may be adapted to the new Competency Framework**. There may also be other learning outcomes in the CA2025 training programme that are already covered as part of the trainees' training but were not covered by the 2016 framework.

It is important to note that **none of the technical competencies are identical across the two frameworks**. Offices will need to determine if current exposure is sufficient and appropriate or if it needs to be expanded and/or adapted to meet the requirements of the CA2025 framework.

As discussed in the previous sections, a key change to the requirements for exposure within the Training Programme is **integration within, between and across the value creation chain**. Training offices are **NOT** expected to cover all technical learning outcomes. It is the integration of learning outcomes and a reflection on range and depth of experience in the training programme that is key to developing the trainees' proficiency in the Professional Values, Attitudes and Acumens.

INPUTS

A. STRATEGY AND GOVERNANCE TO CREATE SUSTAINABLE VALUE

A1	GOVERNANCE MODEL
This competency area refers to authority and accountability of role players in a governance process and includes the governance model of a business, including the fundamentals of governance (including governance theories and approaches to achieving effective governance), governance structures and practices as well as internal auditing as a governance mechanism.	Related competencies in the 2016 framework
A1.1	Governance fundamentals
Use different worldviews and theoretical underpinnings to interpret key stakeholder roles and responsibilities (agency theory, shareholder/stakeholder theory, Ubuntu)	

A1.2	The entity's governance structures and practices	RM(E)8 Conducts governance reviews in accordance with appropriate governance standards RM(R)4 Conducts governance reviews in accordance with appropriate governance standards
a)	Evaluate governance structures and practices of the organisation in terms of King IV (and successors) and relevant laws (e.g., Companies Act, 2008,) and regulations	RM(E)8.1 Evaluates the components of the entity's/audit engagement's governance structure and its role, for example board of directors, audit committee, etc.
b)	Evaluate the governance structures and practices of organisations other than profit companies in terms of King IV (and successors) and relevant laws (e.g. PFMA) and regulations	RM(E)8.2 Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices, documenting recommendations for improvement
c)	Analyse ways to align the governance structures and practices with the overall purpose of a profit company	RM(R)4.1 Documents the components of the entity's/audit engagement's governance structure and its role, for example board of directors, audit committee, etc.
d)	Analyse ways to align the governance structures and practices with the overall purpose of organisations other than profit companies	RM(R)4.2 Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices
A1.3	Internal audit	RM(E)6 Evaluates evidence, draws conclusions and issues appropriate reports RM(E)8 Conducts governance reviews in accordance with appropriate governance standards RM(R)4 Conducts governance reviews in accordance with appropriate governance standards
a)	Assess the effectiveness of the internal audit function with reference to its status and scope, and whether reported findings are acted upon	RM(E)6.1 Evaluates the sufficiency and significance of the evidence and/or results of analysis
b)	Evaluate the participation of internal audit in an organisation's combined assurance process	RM(E)6.2 Identifies and evaluates inconsistencies, unexpected circumstances or findings, or findings that indicate possible fraud, error or illegal acts RM(E)6.3 Evaluates the reasonableness of the conclusions on the subject matter, based on the outcome of internal audit procedures

		<p>RM(E)6.4 Assists in the preparation of the final report with recommendations, management responses and an action plan</p> <p>RM(E)8.1 Evaluates the components of the entity's/audit engagement's governance structure and its role, for example board of directors, audit committee, etc.</p> <p>RM(E)8.2 Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices, documenting recommendations for improvement</p> <p>RM(E)8.3 Evaluates the disclosure of corporate governance for an entity/audit engagement</p> <p>RM(R)4.1 Documents the components of the entity's/audit engagement's governance structure and its role, for example board of directors, audit committee, etc.</p> <p>RM(R)4.2 Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices</p>
A1.4	IT Governance	<p>RM(E)2 Evaluates the key internal controls (including IT related controls) implemented in an entity</p> <p>RM(R)2 Identifies the key internal controls (including IT related controls) implemented in an entity</p>
	Understand the IT governance structures and practices of the organisation	<p>RM(E)2.1 Evaluates the entity's key business processes, including the procurement processes, and identifies general and application controls, both manual and IT, within these business processes</p> <p>RM(R)2.1 Identifies the entity's key business processes, including the procurement processes, and identifies general and application controls, both manual and IT, within these business processes</p>

A2	BUSINESS STRATEGY	
<p>This competency area refers to actions and decisions of an organisation to achieve its goals and includes the strategy development process, the external and internal influences on the organisation's business strategy, the IT and data strategy as well as the implementation of the developed business and other strategies</p>		Related competencies in the 2016 framework
A2.1	Strategy development process	
a)	Following a multi-capital management approach, analyse and align the overall purpose of an organisation (to provide sustainable value to the organisation and its stakeholders) with its context , vision, mission, values, and mandates	
b)	Facilitate and advise on the strategy development process of the organization	
c)	Review key stakeholder roles and responsibilities in the organisation's business plan and the execution of its business strategy	
d)	Review the organisation's strategic direction and highlight areas of potential value and risk	
A2.2	External and internal influences on the organisation's strategy	AA(E)2 - Obtains an understanding of the entity and its environment, including internal control AA(E)3 - Evaluates the risk of material misstatement
a)	Assess the contextual influencers on an organisation's external and internal environment (also taking into account economic, industry, competition, market, social, natural, technology and political spheres) by using relevant strategic analysis tools, frameworks and models	AA(E)2.1 - Obtains a qualitative understanding of the entity and its environment and documents this information in an appropriate format
b)	Understand and review the impact of organisational internal factors (e.g., tone of the leadership, human resources policies, personnel selection and	AA(E)2.1 - Obtains a qualitative understanding of the entity and its environment and documents this information in an appropriate format

	development, remuneration strategies, management/trade union relationships) on the organisation's strategy	
c)	Review the impact of events and activities related to the organisation's context on the business strategy	AA(E)2.1 - Obtains a qualitative understanding of the entity and its environment and documents this information in an appropriate format
d)	Identify and evaluate significant opportunities and risks associated with the organisation's external and internal environments	AA(E)2.1 - Obtains a qualitative understanding of the entity and its environment and documents this information in an appropriate format AA(E)3.1 - Evaluates the adequacy of the design of control activities in the prevention or detection of material misstatement, and suggests improvements where appropriate AA(E)3.4 - Evaluates the risk of material misstatement due to fraud AA(E)3.5 - Evaluates the risk of material misstatement due to non-compliance with laws and regulations
A2.3	Implementing strategy	AA(E)2 - Obtains an understanding of the entity and its environment, including internal control AA(E)3 - Evaluates the risk of material misstatement
a)	Review context relevant models to appraise the organisation's capabilities to achieve the business strategy and purpose	
b)	Identify and evaluate significant business risks, strengths, weaknesses, opportunities and threats associated with the organisation's external and internal environments	AA(E)2.1 - Obtains a qualitative understanding of the entity and its environment and documents this information in an appropriate format AA(E)3.1 - Evaluates the adequacy of the design of control activities in the prevention or detection of material misstatement, and suggests improvements where appropriate AA(E)3.4 - Evaluates the risk of material misstatement due to fraud AA(E)3.5 - Evaluates the risk of material misstatement due to non-compliance with laws and regulations
c)	Prepare a strategic response to the organisation's competitive environment by applying strategic analysis tools to identified external and internal factors	

d) Assess the risk tolerance of the entity's stakeholders' and its balance with opportunity	
e) Identify priorities and actions either to mitigate critical risks or capitalise on opportunities	
f) Formulate insights into future opportunities and risks	
A2.4 IT and data strategy	RM(E)2 Evaluates the key internal controls (including IT related controls) implemented in an entity RM(E)3 Evaluates internal control RM(R)2 - Identifies the key internal controls (including IT related controls) implemented in an entity RM(R)3 - Evaluates internal control
a) Review the organisation's overall IT and data strategy (e.g., data quality, accessibility, interoperability and compliance with standards)	RM(E)2.1 Evaluates the entity's key business processes, including the procurement processes, and identifies general and application controls, both manual and IT, within these business processes RM(E)3.2 Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework RM(R)2.1 - Identifies the entity's key business processes, including the procurement processes, and identifies general and application controls, both manual and IT, within these business processes RM(R)3.1 - Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework
b) Analyse the organisation's business strategy, business model and IT in terms of its data strategy and objectives	

c) Formulate recommendations on the organisation's existing IT and data strategy	<p>RM(E)3.2 Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework</p> <p>RM(R)3.1 - Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework</p>
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A3 ALIGNING THE BUSINESS MODEL WITH THE BUSINESS STRATEGY	
This competency area refers to how an organisation's strategy is embedded in a plan aimed at successful operation and includes the building blocks of the business model, disruptive business models, the change management process and building relations and growth strategies.	Related competencies in the 2016 framework
A3.1 Building blocks of the business model	
a) Assess the business model of the organisation in terms of its key building blocks	
b) Consider and apply different perspectives to evaluate the organisation's business model (e.g., risk, innovation, investment, etc.)	
c) Assess the organisation's business model as a vehicle for the implementation of its business strategy	
d) Assess the organisation's business model as a vehicle for long-term value creation for stakeholders	

A3.2	Disruptive business models	
a)	Assess the effectiveness or threat of disruptive business models	
b)	Assess the organisational pursuit of, and responses to disruptive business models	
A3.3	Change management process	
a)	Evaluate how management changes impact on business strategy, other strategic plans, business plans and functional plans	
b)	Use organisational behaviour theories to evaluate the impact of changed strategic decisions on the performance of the organisation, divisions, teams/groups and individuals	
c)	Use business objectives to monitor, evaluate and report on the progress and success of strategic change initiatives	
d)	Evaluate the implementation processes of change management	
e)	Identify and evaluate information that will help assess and manage the internal and external environment	
f)	Identify and evaluate significant environmental trends as well as legitimate needs and expectations of stakeholders and assesses their implications for the entity in meeting its overall objectives	
g)	Identify the entity's material impact on environmental, economic and social systems and consequently identifies any risks relating to the entity's continuity	

A3.4	Building relations and growth strategies	FM(E)5 Evaluates business plans, financial proposals or growth strategies
a)	Evaluate different growth strategies (e.g., organic, mergers and acquisitions, joint ventures, strategic alliances, divestment decisions) which the organisation could implement, taking cognisance of its overall objectives and the creation of value	FM(E)5.2 Evaluates the appropriateness and impact of the growth strategies formulated and adopted by the entity
b)	Analyse stakeholder profiles to identify potential strategic alliances and partnerships	
c)	Evaluate stakeholder potential to achieve and improve joint efficiencies.	

A4	FINANCE STRATEGY	
This competency area refers to actions and decisions of an organisation to achieve its finance goals and includes the organisation's finance plan (including the finance strategy), factors influencing the finance strategy and the appraisal of the finance strategy		Related competencies in the 2016 framework
A4.1	Finance plan	FM(E)5 Evaluates business plans, financial proposals or growth strategies
	Evaluate the organisation's finance plan in the context of its business needs, overall finance strategy and business strategy	FM(E)5.1 Evaluates a business plan or financial proposal
A4.2	Factors influencing the finance strategy	
	Identify and analyse environmental factors (e.g., financial markets (national and global) and other relevant factors (refer to A2.2)) to determine the influence thereof on the finance strategy of the organisation	

A4.3	Appraise the finance strategy	
a)	Assess models used to appraise the organisation's finance strategy; ensure that it is aligned with the organisation's value creation objective, supports business need and ensures appropriate resources are allocated	
b)	Advise on appropriate finance strategy, including value creation for stakeholders	

A5	TAX STRATEGY	
This competency area refers to actions and decisions of an organisation to achieve its tax goals and includes the organisation's tax strategy, tax risk management and tax morality.		Related competencies in the 2016 framework
5.1	Tax strategy	TX(E)1 Evaluates tax payers' tax profile
a)	Identify the tax strategy of the business and explain how the organisation's entity's internal and external environments influence the tax strategy of a business	TX(E)1.1 Identifies the information required for the analysis of an entity's tax profile, for example the form of the entity, taxpayer's residency and liability for tax, exposure to taxation associated with various forms of income and organisational structure, etc.
b)	Explain the tax implications of various legal forms and business structures and of self-employment vs employment status	TX(E)1.2 Evaluates the tax implications of different taxpayers' structures for example cash salary vs. fringe benefits, shares, loans or dividends, trusts, partners, companies, etc.
A5.2	Tax risk management	TX(E)5 Makes recommendations on specific tax transactions
a)	Identify tax risks associated with the entity's external and internal environments	
b)	Explain the relevant anti-avoidance legislation provisions including possible consequences of tax avoidance and tax evasion	TX(E)5.1 Makes recommendations concerning tax transactions, taking into consideration applicable legislation, including, but not limited to, anti-avoidance

	legislation
c) Identify when to seek assistance from tax experts to expedite problem-solving, decision-making and/ or reaching conclusions on tax matters	
d) Explain understatement and administrative non-compliance penalties and calculate interest levied on late or under payment of taxation	
e) Explain the potential consequences of the non-compliance with tax legislation, the evasion of tax or obtaining undue refunds by fraud, or unauthorized filing of a return on behalf of a third party	
A5.3 Tax morality	
Explain the social contract between a citizen and the state framing the moral and legal responsibilities to contribute to the tax revenue of the state.	

BUSINESS ACTIVITIES

B. STEWARDSHIP OF CAPITALS: BUSINESS PROCESSES AND RISK MANAGEMENT

B1 REPORTING FUNDAMENTALS	
This competency area forms a base or core for knowledge on reporting knowledge and includes the fundamental reporting concepts and accounting information systems.	Related competencies in the 2016 framework
B1.1 Fundamental reporting concepts	
a) Identify users' needs and develop a reporting approach by selecting suitable reporting and regulatory framework(s) which satisfies most users' needs in general purpose reporting by applying: (i) The fundamental theories related to reporting (ii) The objective, usefulness and limitations of the available reporting frameworks (iii) The objective, nature and characteristics of regulatory frameworks and requirements	
b) Apply the qualitative characteristics and principles of useful information	
c) Identify, define and evaluate appropriate reporting boundaries	
d) Identify, define and evaluate the different elements in reporting frameworks	
e) Apply the recognition and de-recognition criteria to an element	
f) Select and apply measurement criteria to an element	

g) Critically analyse and prepare presentation and disclosures for a selected framework and reporting boundary	
h) Explain the concepts of capital and capital maintenance	
i) Critically analyse and prepare non-GAAP disclosures in an ethical manner	
j) Explain and contrast the various formats of reporting	
k) Identify and explain emerging trends and forthcoming changes in financial and non-financial reporting	
B1.2 Accounting information systems	AE(C)2 Evaluates or accounts for the entity's transactions, including non-routine transactions MD(E)2 Evaluates the design of the entity's responsibility accounting system
a) Maintain an accounting information system that is manual, automated or a combination of both.	<p>AE(C)2.1 Evaluates or accounts for routine transactions, for example sales, cost of sales, operating expenses, etc.</p> <p>AE(C)2.2 Evaluates or accounts for non-routine transactions, for example accounting estimates, transactions requiring judgement, business acquisitions, disposals of assets or groups of assets, discontinued operations, deferred tax, etc.</p> <p>AE(C)2.3 Prepares or evaluates reconciliations of financial information, for example bank reconciliations, accounts payable reconciliation, general ledger control account reconciliations, reconciliations between management accounts and the general ledger, etc.</p>
b) Evaluate the effectiveness and efficiency of an entity's accounting information system with reference to its needs and objectives and advise on opportunities to improve an entity's system, particularly within the context of using automated technology solutions to improve the quality and efficiency of its functions	MD(E)2.1 Evaluates the key components of the management accounting system of an entity/business unit, including the financial and non-financial reports produced

B2	BUSINESS SYSTEMS AND PROCESSES	
<p>This competency area refers to a collection of workflow processes within a system and includes the transactional business processes and digital technologies used by a business to convert inputs into outputs.</p>		<p>Related competencies in the 2016 framework</p>
B2.1	Transactional business processes and digital technologies	<p>RM(E)1 Identifies and evaluates the risks pertaining to the financial information system</p> <p>RM(E)3 Evaluates internal control</p> <p>AA(E)2 Obtains an understanding of the entity and its environment, including internal control</p> <p>AA(E)3 Evaluates the risk of material misstatement</p> <p>RM(R)1 Identifies and evaluates the risks pertaining to the financial information system</p> <p>RM(R)3 Evaluates internal control</p>
<p>a) Assess whether an organisation's transactional business processes accurately report performance relative to stated objectives relative to stated objectives (e.g. sales growth; quality of stakeholder relationships, environmental matters, human capital issues):</p>		<p>RM(E)1.1 Identifies strategic, operational, financial, regulatory and information system risks, based on an understanding of the environment in which the entity/audit engagement operates, its strategies and management processes</p> <p>RM(R)1.1 Evaluates strategic, operational, financial, regulatory and information system risks, based on an understanding of the environment in which the entity/audit engagement operates, its strategies and management processes</p>
(i) Financial objectives		
(ii) Non-financial (e.g. human capital, environmental, operational and compliance) objectives		
<p>b) Identify and evaluate the risks pertaining to the organisation's information system environment (hardware, software and networks)</p>		<p>RM(E)1.2 Evaluates the business processes which are susceptible to fraud and, where necessary, document the systems introduced by the business to mitigate the risk</p>

	RM(R)1.2 Identifies the business processes which are susceptible to fraud and, where applicable, documents the systems introduced by the business to mitigate the risk
c) Design and evaluate internal controls for an organisation's transactional business processes (including digital technologies) to reduce business risks (relating to completeness, accuracy and validity of information) to an acceptable level:	
(i) Financial internal controls	AA(E)2.3 - Obtains an understanding of and documents the entity's internal control AA(E)3.1 - Evaluates the adequacy of the design of control activities in the prevention or detection of material misstatement, and suggests improvements where appropriate
(ii) Non-financial (e.g. operational and compliance) internal controls	
d) Evaluate the design of internal controls for an organisation's transactional business processes (including digital technologies) to reduce business risks (relating to completeness, accuracy, validity and integrity of information) to an acceptable level:	RM(E)3.2 Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework RM(R)3.1 Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework
(i) Financial internal controls	

	(ii) Non-financial (e.g. operational and compliance) internal controls	
	e) Assess the effectiveness of the organisation's chart of accounts	
	f) Review and analyse information and investigate possible signs of error, fraud and illegal acts (e.g., inconsistency of data, lack of completeness, unexpected trends)	
	g) Describe possible IT and digital solutions to automate and improve existing processes and/or introduce new technologies by considering different alternatives, key factors and cost benefit implications	
B2.2	Transactional accounting processes	AE(C)2 Evaluates or accounts for the entity's transactions, including non-routine transactions
	Advise on the organisation's business processes, including account reconciliations and month-end closing, (such as receivables, accounts payable, inventory and production, human resources and payroll, investing and financing)	AE(C)2.3 - Prepares or evaluates reconciliations of financial information; for example, bank reconciliations, accounts payable reconciliations, general ledger control account reconciliations, reconciliations between management accounts and the general ledger, etc.

B3	RISK MANAGEMENT AND CONTROL	
	This competency refers to actions and decisions to ensure effective operations, reliable information and compliance with rules and regulations. This area includes the risk management systems and processes, the control systems and processes, the combined assurance model within the organisation as well as the testing of controls for operational effectiveness.	Related competencies in the 2016 framework
B3.1	Risk management systems and processes	RM(E)1 Identifies and evaluates the risks pertaining to the financial information system RM(R)1 Identifies and evaluates the risks pertaining to the financial information system

a) Advise on the integration and standardisation of risk management processes across the organisation – consider the organisation’s risk management philosophy, risk management strategy and risk management processes	
b) Use innovative/best practice approaches to managing significant business risks effectively and efficiently, such as an Enterprise Risk Management (ERM) framework	
c) Identify and assess the impact and likelihood of strategic, operational, financial and informational risks and opportunities to achieving business objectives (e.g., business sustainability and value creation over the short, medium and long term)	<p>RM(E)1.1 Identifies strategic, operational, financial, regulatory and information system risks, based on an understanding of the environment in which the entity/audit engagement operates, its strategies and management processes</p> <p>RM(R)1.1 Evaluates strategic, operational, financial, regulatory and information system risks, based on an understanding of the environment in which the entity/audit engagement operates, its strategies and management processes</p>
d) Monitor changes in the organisation’s risk environment to diagnose significant, unusual and emerging risks to which the business is exposed (use metrics such as key risk indicators)	
<p>e) Identify effective controls or mitigation options for the organisation to manage risks, including unusual and emerging risks to which the business is exposed:</p> <p>(i) Financial risks and controls</p> <p>(ii) Non-financial (e.g., compliance and operational) risks and controls</p>	<p>RM(E)1.2 Evaluates the business processes which are susceptible to fraud and, where necessary, document the systems introduced by the business to mitigate the risk</p> <p>RM(R)1.2 Identifies the business processes which are susceptible to fraud and, where applicable, documents the systems introduced by the business to mitigate the risk</p>
<p>f) Analyse the possible consequences for the organisation of having an ineffective risk management programme and advise on improvements to controls or mitigation options to ensure appropriate risk responses for reasonably foreseeable emergency scenarios and events:</p> <p>(i) Financial risks, controls or other responses.</p>	

(ii) Non-financial (e.g., compliance and operational) risks, controls or other responses	
g) Use risk reporting systems to communicate to others risk management process and results, including recommendations for improvement	
B3.2 Control systems and processes	RM(E)3 Evaluates internal control AA(E)2 Obtains an understanding of the entity and its environment, including internal control RM(R)3 Evaluates internal control
a) Assess the organisation's control frameworks and control policies across the organisation to determine effectiveness in achieving its business objectives and value creation: (i) IT general controls such as change management, access, computer operations, business continuity management and disaster recovery planning, systems development life cycle, cyber security (ii) IT application controls and the corollary impact on the organisations' reporting objectives (including risk of misstatements of account balances, class of transactions and disclosures.)	RM(E)3.1 Selects suitable criteria or a recognised framework for control evaluation RM(E)3.2 Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework AA(E)2.3 Obtains an understanding of and documents the entity's internal control RM(R)3.1 Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework
b) Using the relationship between IT general controls, IT application controls and data controls, analyse and evaluate the effectiveness of controlling risks. Consider: (i) IT general controls such as change management, access, computer operations, business continuity management and disaster recovery planning, systems development life cycle, cyber security (ii) IT application controls and the corollary impact on the organisations' reporting objectives (including risk of misstatements of account balances, class of transactions and disclosures.) <ul style="list-style-type: none"> for financial information-related systems for non-financial information-related systems 	

<p>c) Assess the impact of IT application controls on data acquisition, processing (including adaptive processes) and reporting and decision making.</p>	<p>RM(E)3.2 Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework</p> <p>RM(R)3.1 - Evaluates the design adequacy of internal control, including application and general controls within the IT environment in the context of the criteria/recognised framework</p>
<p>d) Have an awareness that AI (refer to W3) can be implemented within an application as a control technique and ultimately should facilitate realistic continuous auditing</p>	
<p>e) Monitor compliance and effectiveness of controls (financial/operational/compliance), and develop solutions to improve the effectiveness of existing controls to manage business risks, including:</p> <p>(i) Financial related risks and controls.</p> <p>(ii) Non-financial (e.g., compliance and operational) risks and controls</p>	
<p>B3.3 Test internal controls</p>	<p>RM(E)4 Conducts planning and fieldwork within the scope of internal audit policies</p> <p>RM(E)7 Assists in the evaluation of an entity's plans for risk management</p> <p>AA(E)3 Evaluates the risk of material misstatement</p> <p>AA(E)5 Designs or selects effective and efficient procedures</p>
<p>a) Design appropriate internal controls and evaluate the operating effectiveness of internal control, including the use of Computer Assisted Audit Techniques (CAATS) for all processes</p>	<p>RM(E)4.1 Designs an appropriate audit programme</p> <p>RM(E)4.2 Performs appropriate fieldwork in accordance with the audit programme</p> <p>RM(E)4.3 Applies sampling techniques in accordance with the audit programme</p> <p>RM(E)4.4 Analyses test results to determine if additional work is required, or if no further testing is necessary, to conclude on the effectiveness of the control environment</p>

		<p>AA(E)3.1 Evaluates the adequacy of the design of control activities in the prevention or detection of material misstatement, and suggests improvements where appropriate</p> <p>AA(E)5.1 Designs or selects appropriate tests of internal control (including IT internal controls, where appropriate), including the determination of sample sizes and methods of selection</p> <p>AA(E)5.5 Evaluates the need to use computer assisted audit techniques to gather suitable audit evidence</p>
b)	Advise on improvements of controls for all processes:	<p>RM(E)7.1 Recommends methods to manage risk, for example choosing not to undertake certain types of activities or transferring risk to third parties through insurance, hedging, outsourcing, etc. or mitigating risks through preventative and detective control procedures</p> <p>AA(E)3.1 Evaluates the adequacy of the design of control activities in the prevention or detection of material misstatement, and suggests improvements where appropriate</p>
	(i) Financial controls.	
	(ii) Non-financial (compliance and operational) controls	
B3.4	Combined assurance as control system	
	Assess the organisation's combined assurance model to evaluate the effectiveness of the control environment in supporting the integrity of information, data and reporting	

C. DECISION-MAKING TO INCREASE, DECREASE AND TRANSFORM CAPITALS

C1	PERFORMANCE MEASUREMENT FOR MANAGEMENT AND OTHER INTERNAL USERS OF FINANCIAL INFORMATION
<p>This competency refers to a set of activities and outputs for management and other internal users to reach the organization's goals. This area includes decision-making based on price setting and capacity utilization information, decision-making based on budgeting and expenditure forecasting, internal cost allocation and transfer pricing options as well as uncertainty, volatility or inaccuracy, and consideration of qualitative factors in decision making</p>	<p>Related competencies in the 2016 framework</p>
C1.1	<p>Decision-making based on price setting and capacity utilization information</p> <p>MD(E)1 Identifies and evaluates the entity's/business unit's key performance indicators</p> <p>MD(E)5 Evaluates the applicability of cost management techniques</p> <p>MD(E)6 Evaluates relevant information with application to business decisions</p> <p>MD(R)1 Identifies and evaluates an entity's/business unit's key performance indicators</p>
<p>a) Identify financial information that is relevant to decision-making regarding price setting and capacity utilisation</p>	<p>MD(E)1.1 Identifies the financial and non-financial performance indicators that are key to the entity/business unit, including any industry-specific benchmarks</p> <p>MD(E)1.2 Evaluates performance measurement methods for key performance indicators.</p> <p>MD(R)1.1 Identifies financial and non-financial performance indicators that are key to the entity/business unit/audit engagement, including any industry-specific benchmarks</p> <p>MD(R)1.2 Evaluates performance measurement methods for key performance indicators</p>

<p>b) Apply techniques (e.g., target costing, value analysis and the product life cycle) to create solutions on alternative pricing options and capacity utilisations, by taking into account the implications of existing constraints; contribution per limiting factor (theory of constraints); applicability of the principles of linear programming, and inter-relationships between constraints, where more than one constraint exists</p>	<p>MD(E)5.1 Evaluates the methods used for allocation of costs in the entity/business unit</p> <p>MD(E)5.2 Makes recommendations for improved cost control and cost efficiency</p> <p>MD(E)5.3 Evaluates cost allocation options within or across divisions within the entity/business unit, for example the appropriate application of transfer pricing.</p>
<p>c) Advise on the financial impact of business decisions based on price setting and capacity utilisation</p>	<p>MD(E)6.1 Evaluates and makes practical use of financial information that is relevant to pricing decisions, capacity utilisation and the implications of the existence of constraints</p>
<p>C1.2 Decision-making based on budgeting and expenditure forecasting</p>	<p>MD(E)3 Prepares budgets and performs sensitivity analyses</p> <p>MD(E)4 Analyses and interprets budget variances</p> <p>FM(E)2 Monitors cash flow</p> <p>FM(R)2 Monitors cash flow</p> <p>MD(R)2 Prepares budgets and performs sensitivity analyses</p> <p>MD(R)3 Analyses and interprets budget variances</p>
<p>a) Understand the budgeting and expenditure forecasting processes which translate the organisation's business strategy into financial targets and tactical plans and that can be executed in a risk-controlled manner</p>	<p>MD(E)3.1 Prepares a budget for an entity/business unit, with clearly documented assumptions</p> <p>MD(E)3.2 Performs sensitivity analysis on prepared budgets, varying key assumptions to document a range of possible outcomes</p>
<p>b) Use effective and consistent modelling, planning and forecasting processes across business unit(s) to benchmark performance and trends for decision-making</p>	<p>FM(E)2.1 Prepares or evaluates a cash flow forecast for an entity/business unit</p> <p>FM(R)2.1 Prepares or evaluates a cash flow forecast for an entity/business unit/engagement client</p> <p>MD(R)2.1 Prepares a budget for an entity/business unit/audit engagement, with clearly documented assumptions</p> <p>MD(R)2.2 Performs sensitivity analysis on prepared budgets, varying key assumptions to document a range of possible outcomes</p>

c)	Analyse the organisation's actual performance (using financial and non-financial information) against the budgeting and expenditure forecasting information to interpret variances for decision-making	<p>MD(E)4.1 Evaluates the actual performance against budget, and investigates and documents reasons for variances</p> <p>MD(E)4.2 Makes recommendations to address variances</p> <p>FM(E)2.2 Identifies when there may be a cash shortfall and recommends possible action plans</p> <p>FM(R)2.2 Identifies when there may be a cash shortfall and recommends possible action plans</p> <p>MD(R)3.1 Documents actual performance against budget, and investigates and documents reasons for variances</p> <p>MD(R)3.2 Makes recommendations to address variances</p>
C1.3	Decision-making based on internal cost allocation and transfer pricing options	MD(E)5 Evaluates the applicability of cost management techniques
a)	Evaluate key business processes with regard to costs and income allocation to identify performance issues	MD(E)5.1 Evaluates the methods used for allocation of costs in the entity/business unit
b)	Evaluate costing methods (e.g., standard, marginal and absorption methods) to inform decision-making	MD(E)5.2 Makes recommendations for improved cost control and cost efficiency
c)	Interpret material, labour, variable/fixed overhead and associated variances to inform decision-making	
d)	Evaluate how costing methods could be adapted to promote sustainability in the organisation's value creation process	MD(E)5.3 Evaluates cost allocation options within or across divisions within the entity/business unit, for example the appropriate application of transfer pricing.
e)	Apply an appropriate basis to allocate indirect costs across business units	
f)	Evaluate an organisation's transfer pricing systems and the effects of transfer prices	
C1.4	Uncertainty, volatility or inaccuracy, and consideration of qualitative factors in decision-making	<p>FM(E)1 Evaluates the entity's financial situation</p> <p>FM(R)1 Evaluates the entity's financial situation</p>

a) Perform sensitivity and scenario analyses on key variables affecting the financial outcome of the decision, and interpret the result of the calculation	FM(E)1.1 Evaluates the entity's/business unit's financial position, for example, using financial analysis, ratio analysis, trend analysis and/or cash flow analysis, etc. FM(R)1.1 Evaluates the entity's/business unit's/engagement client's financial position, for example using financial analysis, ratio analysis, trend analysis and/or cash flow analysis, etc.
b) Incorporate the possibility of various outcomes into the decision-making process, including the use of probabilities and expected values	FM(E)1.2 Recommends improvements to the performance of the entity/business unit, based on the analysis performed
c) Assess alternatives and recommend a course of action, considering both quantitative and qualitative factors, and whether the proposed decision is consistent with the organisation's strategic objectives and plans	

C2	FINANCING DECISIONS	
This competency area refers to actions and activities to raise capital and includes financing decisions taken by the organisation relating to its cash management, sources of funds, the distribution of profits and the appraisal of capital structures.		Related competencies in the 2016 framework
C2.1	Cash management	FM(E)2 Monitors cash flow FM(E)3 Evaluates the entity's working capital FM(R)2 Monitors cash flow FM(R)3 Evaluates the entity's working capital
a)	Provide advice on cash management processes (analyse and evaluate cash flow and working capital), to ensure financial risks are mitigated	FM(E)2.1 Prepares or evaluates a cash flow forecast for an entity/business unit FM(E)2.2 Identifies when there may be a cash shortfall and recommends possible action plans
b)	Develop strategies for managing and monitor the entity's working capital	

c) Interpret cash management solutions (including foreign currency cash flows) for the organisation's usual funding needs, also considering complex or unusual business requirements	FM(E)3.1 Evaluates the entity's/business unit's current working capital position or components of it, for example, inventory, accounts receivable or payable management, etc. and, where required, recommends improvements
d) Assess alternative cash management solutions in the market and consider these in relation to the organisation's strategic objectives	FM(R)2.1 Prepares or evaluates a cash flow forecast for an entity/business unit/engagement client FM(R)2.2 Identifies when there may be a cash shortfall and recommends possible action plans FM(R)3.1 Evaluates the entity's/business unit's current working capital position or components of it, for example, inventory, accounts receivable or payable management, etc. and, where required, recommends improvements
C2.2 Sources of funds	FM(E)4 Identifies and evaluates sources of funds
a) Demonstrate knowledge of basic corporate funding arrangements, including how measures in capital and money markets function	FM(E)4.1 Evaluates an entity's/business unit's funding needs
b) Evaluate possible sources of funding available to the organisation taking into consideration its size and stage of development (e.g., crowd sourcing for start-up businesses) and identify the most appropriate sources of funding to achieve its business strategies and objectives, including value creation for stakeholders	FM(E)4.2 Evaluates sources of funding to meet the entity's/business unit's funding needs
c) Recommend funding arrangements after consideration of related consequences, costs, benefits, implications for operational and future financing decisions and tax, and other legal implications	FM(E)4.3 Evaluates the need for the use of financial instruments in managing an entity's/business unit's funding needs
d) Develop a financial proposal or financing plan that agrees with outcomes in the organisation's strategic objectives	
C2.3 Decisions related to distribution of profits	
a) Analyse the manner in which an entity distributes cash or assets to shareholders by means of dividends or share buybacks	

b) Recommend the most appropriate method to distribute profits		
C2.4	Capital structure appraisal	FM(E)6 Evaluates capital investment decisions FM(R)4 Evaluates capital investment decisions
a) Use appropriate modelling techniques to estimate an organisation's cost of capital using an appropriate methodology		FM(E)6.1 Evaluates the opportunities, risks and financial implications associated with the replacement or acquisition of a capital asset
b) Assess and consider an optimal capital structure for the organisation (quantitatively and qualitatively) by challenging shareholder models, and linking capital structures to value creation for stakeholders		FM(E)6.2 Evaluates financial implications of investment decisions using the appropriate capital budgeting techniques FM(E)6.3 Evaluates or makes recommendations on the replacement or acquisition of a capital asset FM(R)4.1 Evaluates the financial implications of investment decisions using the appropriate capital budgeting techniques

C3	INVESTMENT DECISIONS	
This competency area refers to the determination of how much, when and where capital needs to be spend or debit need to be acquired to reach the goals of the organisation. It includes investment decisions taken by the organisation relating to the appraisal of its capital investment and allocation of capital.		Related competencies in the 2016 framework
C3.1	Capital investment appraisal	FM(E)6 Evaluates capital investment decisions FM(R)4 Evaluates capital investment decisions
a) Appraise major capital expenditure and investment decisions using appropriate capital budgeting techniques (large complex projects and expenditure relating to e.g., property, plant and equipment, and research and development)		FM(E)6.1 Evaluates the opportunities, risks and financial implications associated with the replacement or acquisition of a capital asset FM(E)6.2 Evaluates financial implications of investment decisions using the appropriate capital budgeting techniques

	<p>FM(E)6.3 Evaluates or makes recommendations on the replacement or acquisition of a capital asset</p> <p>FM(R)4.1 - Evaluates the financial implications of investment decisions using the appropriate capital budgeting techniques</p>
b) Review investment appraisals in accordance with the strategic objectives of an organisation, including value creation for stakeholders and other non-financial considerations.	
c) To evaluate the alternatives for asset-specific finance: Analyse the cost of asset-specific finance such as a loan, instalment sale and lease, as alternatives to the organisation's usual method of financing acquisitions	<p>FM(E)6.2 Evaluates financial implications of investment decisions using the appropriate capital budgeting techniques</p> <p>FM(E)6.3 Evaluates or makes recommendations on the replacement or acquisition of a capital asset</p> <p>FM(R)4.1 - Evaluates the financial implications of investment decisions using the appropriate capital budgeting techniques</p>
d) For investment appraisals with capital restriction: Assess ways in which capital rationing is managed (also consider complimentary investments vs mutually exclusive investments) in the context of the organisation's capital investment plan	
C3.2 Capital allocation process	
a) Analyse the organisation's capital allocation process for alignment with its strategic objectives, including value creation	
b) Interpret the available methods of capital allocation (mergers and acquisitions, investment in organic growth, repurchase shares, pay down debt and pay dividends) for the organisation to inform decision-making	

C4	USE OF DERIVATIVES	
This competency area refers contracts between parties based on value of agreed-upon underlying assets and includes aspects to the use of derivatives and the financial risks associated with derivatives		Related competencies in the 2016 framework
C4.1	Financial risks	
a)	Review treasury risk management policies, specifically those related to financial risk (e.g., hedging policy, investment policy, and insurance coverage)	
b)	Identify and evaluate the significant financial risks within an organisation, including interest rate risks, foreign exchange risks, funding risk and commodity risks	
c)	Assess changes in the macroeconomic environment and changes within the organisation, and evaluate their impact on the organisation's financial risk	
d)	Assess risk management policies that relate specifically to financial risk, so that policies are consistent with the entity's overall risk management policies	
e)	Assess exposure in order to manage the level of these financial risks	
f)	Design changes to risk management policies in line with the assessment of the impact on the entity's finances	
C4.2	Instruments	
a)	Analyse various derivative instruments to determine the optimal way to mitigate an organisation's financial risks	
b)	Identify the need for, and evaluates on a preliminary basis, the usefulness of forward and future contracts, swaps, put and call options (including	

warrants) and other derivatives, in meeting the entity's objectives and staying within its risk tolerance level.	
c) Suggest and assess appropriate derivative instruments to mitigate risks	
d) Differentiate between the use of derivatives for hedging and speculation purposes.	

C5 BUSINESS VALUATION	
This competency area refers to the process to estimate the value of a business interest and includes the valuation of a business, the valuation of intangibles as well as mergers, acquisitions and divestitures.	Related competencies in the 2016 framework
C5.1 Valuation of a business	FM(E)7 Values a business or business units or components of a business FM(R)5 Values a business or business units or components of a business
a) Calculate and contrast on appropriate valuation methods (e.g., asset-based approaches, discounted cash flow, market-based approaches) to analyse and interpret a plausible range of values for a business unit or an organisation	FM(E)7.1 Calculates a reasonable range of values for a business or business units or components of the business, using different valuation techniques FM(R)5.1 Calculates or evaluates a reasonable range of values for a business or business units or components of a business, using different valuation techniques, and identifies the factors and external influences that will impact on the calculated value of the business
b) Perform financial analysis, evaluates assumptions, interprets the results, benchmarks and draws conclusions as to the entity's present and forecasted financial situation and valuation	FM(E)7.2 Identifies the critical assumptions and facts that underlie the valuation estimate, including factors affecting the accuracy of the valuation FM(E)7.3 Performs a sensitivity analysis on the assumptions used in the valuation model in order to obtain a reasonable range of possible values FM(R)5.1 Calculates or evaluates a reasonable range of values for a business or business units or components of a business, using different valuation techniques, and identifies the factors and external influences that will impact on the calculated

	value of the business
c) Assess the influence of the entity's competitive, economic, social, political and internal factors (culture, incentives) on the results	
d) Adapt valuation methods to value new-age businesses	
e) Assess the impact of the above on affected stakeholders	
f) Evaluate the critical assumptions and facts that underlie the valuation estimate, for review and input by others, including – (i) ownership structures (e.g. shares or assets, private company, partnership, listed or not) (ii) legal risk (e.g. completeness of liabilities) (iii) risks related to both business sustainability and general sustainability (iv) growth strategies and growth prospects	FM(E)7.2 Identifies the critical assumptions and facts that underlie the valuation estimate, including factors affecting the accuracy of the valuation FM(E)7.3 Performs a sensitivity analysis on the assumptions used in the valuation model in order to obtain a reasonable range of possible values
C5.2	Valuations of intangibles
Analyse drivers underpinning the value of intangibles, and interpret the analysis to perform a valuation of intangibles	
C5.3	Mergers, acquisitions and divestitures (excluding tax)
a) Analyse and evaluate the impact of mergers, acquisitions and divestitures on business strategy	
b) Analyse and evaluate the risks and financial implications of mergers, acquisitions and divestitures versus organic growth options for the organisation	
c) Advise on merger, acquisition and divestiture scenarios by considering: (i) The structure of the transaction (e.g., percentage ownership, assets v shares, expansion through franchising / alliance / joint venture)	

(ii) Financing options and terms (iii) Systems, information, confidentiality and disclosure requirement (iv) Key risks and rewards, and potential fit with strategies (v) Due diligence procedures	
d) Advise and evaluate differing funding structures and transaction terms for mergers and acquisitions	
e) Evaluate post-implementation reviews of the selected mergers, acquisitions and divestitures transactions and evaluate the outcomes	

C6 PERFORMANCE MANAGEMENT SYSTEMS	
This competency area refers to activities to track and monitor performance and includes organisational performance based on key performance indicators, performance evaluation and reward structures including offering incentives	Related competencies in the 2016 framework
C6.1 Performance based on key performance indicators (KPI)	MD(E)1 Identifies and evaluates the entity's/business unit's key performance indicators MD(R)1 Identifies and evaluates an entity's/business unit's key performance indicators
a) Advise on the organisation's performance management framework, appraisal methodology and measures used to offer incentives	MD(E)1.1 Identifies the financial and non-financial performance indicators that are key to the entity/business unit, including any industry-specific benchmarks
b) Assess financial and non-financial key performance indicators (KPI) in business appraisal and evaluate the appropriateness thereof in reaching business objectives and creating value for stakeholders	MD(E)1.2 Evaluates performance measurement methods for key performance indicators. MD(R)1.1 - Identifies financial and non-financial performance indicators that are key to the entity/business unit/audit engagement, including any industry-specific benchmarks
c) Assess the appropriateness of non-financial KPIs to evaluate the entity's effectiveness and efficiency	

d) Critique the appropriateness and coherence of KPIs used for the different capitals	MD(R)1.2 - Evaluates performance measurement methods for key performance indicators
C6.2 Performance evaluation	FM(E)1 Evaluates the entity's financial situation FM(E)2 Monitors cash flow AE(C)4 Interprets financial statements FM(R)1 Evaluates the entity's financial situation FM(R)2 Monitors cash flow
a) Interpret and analyse management information taking cognisance of the organisation's business objectives and external and internal environment (e.g., competitive, economic, social, political and internal factors (culture, incentives))	
b) Perform financial analysis using appropriate techniques (e.g., financial ratio, discounted cash flow, value at risk), evaluate assumptions, interpret the results, benchmark and draw conclusions as to the organisation's present and forecast financial situation	FM(E)1.1 Evaluates the entity's/business unit's financial position, for example, using financial analysis, ratio analysis, trend analysis and/or cash flow analysis, etc. FM(E)2.1 Prepares or evaluates a cash flow forecast for an entity/business unit FM(E)2.2 Identifies when there may be a cash shortfall and recommends possible action plans AE(C)4.1 Calculates performance, efficiency (activity), solvency and liquidity ratios from the financial statements AE(C)4.2 Based on the ratios calculated in AE(C)4.1, evaluates the performance, efficiency (activity), solvency and liquidity ratios from the financial statements FM(R)1.1 Evaluates the entity's/business unit's/engagement client's financial position, for example using financial analysis, ratio analysis, trend analysis and/or cash flow analysis, etc. FM(R)2.1 Prepares or evaluates a cash flow forecast for an entity/business unit/engagement client

		FM(R)2.2 Identifies when there may be a cash shortfall and recommends possible action plans
c)	Use an integrated performance management system based on the six capitals to evaluate their contribution to creating value for stakeholders	
d)	Use data analytics to analyse and interpret management, financial and non-financial information (evaluate risk and opportunities, key causes of business variance, and areas of strength or concern in performance) to advise on potential improvement	
e)	Evaluate the impact of the above interpretations and analyses on costs, delivery of products/services and KPIs, to inform decision-making on performance management and appraisal	FM(E)1.2 Recommends improvements to the performance of the entity/business unit, based on the analysis performed
C6.3	Reward structures and offering incentives	MD(E)1 Identifies and evaluates the entity's/business unit's key performance indicators MD(R)1 Identifies and evaluates an entity's/business unit's key performance indicators
a)	Assess the effectiveness and appropriateness of the organisation's appraisal methodology with reference to reward structures and measures used to offer incentives, to inform decision-making thereon	MD(E)1.1 Identifies the financial and non-financial performance indicators that are key to the entity/business unit, including any industry-specific benchmarks MD(E)1.2 Evaluates performance measurement methods for key performance indicators. MD(R)1.1 - Identifies financial and non-financial performance indicators that are key to the entity/business unit/audit engagement, including any industry-specific benchmarks MD(R)1.2 - Evaluates performance measurement methods for key performance indicators
b)	Identify whether the organisation's performance management drives value creation for stakeholders, to inform decision-making	

C7	FINANCIALLY TROUBLED BUSINESS	
This competency area refers to an organisation that struggles to pay its debts and includes the assessment of under-performance and strategies to overcome under-performance.		Related competencies in the 2016 framework
C7.1	Assessment of under-performance	
a) Assess the underperformance by doing a preliminary analysis of:		
(i) The severity of the situation		
(ii) The causes of financial difficulty		
(iii) The potential for the success or failure of proposed recovery plans and suggest an appropriate course of action		
(iv) Identify the possible courses of action to rectify the situation (exclude formal business rescue, insolvency process)		
C7.2	Strategies to overcome under-performance	
a) Describe implications of business rescue in terms of relevant laws (e.g., Companies Act, 2008) and regulations		
b) Identify and explain strategies to overcome underperformance (e.g., consolidation, retrenchments, business rescue, winding up)		
c) Perform a preliminary analysis of –		
(i) the severity of the situation		
(ii) the causes of financial difficulty		
(iii) the potential for the success or failure of proposed recovery plans and suggests an appropriate course of action		
d) Identify the possible courses of action to rectify the situation		

C8	TAX LAW IMPLICATIONS	
This competency area refers to the tax implications relating to financing decisions, investment decisions, financially troubled businesses and reward structures.		Related competencies in the 2016 framework
C8.1	Tax implications for selected aspects of decision-making	TX(E)1 Evaluates tax payers' tax profile TX(E)2 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for individuals TX(E)3 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for legal entities TX(E)5 Makes recommendations on specific tax transactions
a)	Identify the tax implications that can arise from a change in control or ownership structure and calculate the tax implications of financing and investment decisions	TX(E)1.1 Identifies the information required for the analysis of an entity's tax profile, for example the form of the entity, taxpayer's residency and liability for tax, exposure to taxation associated with various forms of income and organisational structure, etc.
b)	Explain and calculate the taxation implications of returns to investors for the business and the investor	TX(E)2.3 Identifies when capital gains tax (CGT) is applicable and calculates or reviews the CGT payable on qualifying transactions
c)	Identify and calculate the tax implications of transactions between connected persons	
d)	Explain and calculate the tax implications for possible courses of action for a financially troubled business for both the business and other stakeholders	
e)	Advise on the tax consequences of different compensation structures and remuneration packages from the perspective of both the employer and the employee	TX(E)1.2 Evaluates the tax implications of different taxpayers' structures for example cash salary vs. fringe benefits, shares, loans or dividends, trusts, partners, companies, etc.

f) Explain the impact of international expansion, both inward and outward, on the SA tax liability and calculate the tax implications of international transactions	TX(E)5.1 Makes recommendations concerning tax transactions, taking into consideration applicable legislation, including, but not limited to, anti-avoidance legislation
g) Calculate the normal tax implications of foreign exchange transactions, gains and losses	
h) Calculate the capital gains tax implications on the acquisition and disposal of foreign currency assets	TX(E)2.3 and 3.3 Identifies when capital gains tax (CGT) is applicable and calculates or reviews the CGT payable on qualifying transactions

OUTPUTS LEADING TO OUTCOMES

D. REPORTING ON VALUE CREATION

D1	PERFORMANCE MEASUREMENT FOR EXTERNAL USERS OF GENERAL PURPOSE FINANCIAL STATEMENTS	
This competency area refers to analysing and reporting information regarding the performance of the performance of general purpose organisations and includes financial reporting in accordance with IFRS and other reporting frameworks as well as integrating financial and non-financial reporting.		Related competencies in the 2016 framework
D1.1	Financial reporting: in accordance with International Financial Reporting Standards (IFRS)	AE(C)3 Prepares or evaluates financial statements and accompanying notes
Prepare, analyse and evaluate general purpose financial statements in accordance with IFRS for an entity, which could be a for-profit entity, an SME, a public sector entity or a not-for-profit entity		AE(C)3.1 Prepares or evaluates financial statements in accordance with the identified accounting framework
D1.2	Financial reporting: in accordance with other frameworks	AE(C)1 Evaluates appropriate accounting frameworks and policies
Identify the reporting framework (other than IFRS), which could be relevant to the reporting entity and such entity's users		AE(C)1.1 Based on the entity's financial reporting needs and the stakeholders identified, evaluates the appropriateness of the accounting framework
D1.3	Integrating financial and non-financial information	AE(C)1 Evaluates appropriate accounting frameworks and policies AE(C)3 Prepares or evaluates financial statements and accompanying notes
a) Assess the appropriateness of disclosures of non-financial information in relation to general purpose financial statements, prepared in accordance with D1.1 and D1.2		AE(C)1.2 Evaluates accounting policies in accordance with the appropriate accounting framework AE(C)3.2 Prepares or evaluates notes to the financial statements in accordance with the identified accounting frameworks

<p>b) In relation to integrated reporting:</p> <ul style="list-style-type: none"> (i) Analyse relevant financial and non-financial information to identify relevant analytical comparisons (e.g. sales to emissions) (ii) Display integrated thinking to evaluate value creation in the short, medium and long term by taking cognisance of the organization's strategy, governance, performance and prospects in the context of its external environment (iii) Integrate information and data to assess the relationships between the different capitals used in the organisation's integrated report and how these are used to create sustainable value for stakeholders 	<p>AE(C)3.3 Prepares or evaluates the non-financial information in the annual financial statements, for example Directors' Report, Corporate Governance Report, Sustainability Report, Integrated Report, etc.</p>
<p>c) In relation with the SDGs: Understand that the International <IR> framework can be used as a basis for adopting SDG disclosure recommendations</p>	

E. TAX GOVERNANCE AND COMPLIANCE

E1	TAX GOVERNANCE	
<p>This competency area refers to tax rules and regulations and includes the tax landscape in South Africa, the interpretation of tax legislation, the application of tax legislation to calculate the tax obligation and the application of tax legislation to comply with administrative provisions.</p>		Related competencies in the 2016 framework
E1.1	Tax landscape in South Africa	
a)	Identify and describe the different role-players influencing the tax landscape in South Africa	
b)	Describe the role and interaction of the different types of taxes in South Africa with reference to the design features used in tax design	
c)	Explain the adherence of the tax system in South Africa, with the underlying principles of a tax system	
E1.2	Interpretation of tax legislation	
a)	Describe the rules applied and process followed in judicial decisions to interpret tax legislation (including primary and secondary sources) and double tax agreements (DTAs)	
b)	Demonstrate the ability to apply the principles of tax interpretation to any new or unfamiliar tax legislation	
E1.3	Application of tax legislation to calculate tax obligation	<p>TX(E)1 Evaluates tax payers' tax profile</p> <p>TX(E)2 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for individuals</p>

		<p>TX(E)3 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for legal entities</p> <p>TX(E)4 Calculates other taxes payable and prepares or evaluates appropriate returns</p> <p>TX(E)5 Makes recommendations on specific tax transactions</p> <p>TX(R)1 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for individuals</p> <p>TX(R)2 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for legal entities</p>
a)	Analyse the taxpayer's tax profile	TX(E)1.1 Identifies the information required for the analysis of an entity's tax profile, for example the form of the entity, taxpayer's residency and liability for tax, exposure to taxation associated with various forms of income and organisational structure, etc.
b)	Analyse the transaction or event, identify the profile of the interacting parties and identify and explain taxes and anti-avoidance provisions of possible application	TX(E)5.1 Makes recommendations concerning tax transactions, taking into consideration applicable legislation, including, but not limited to, anti-avoidance legislation
c)	Apply the relevant law to the facts, determine the tax position and compute the tax payable (VAT or normal tax) for individuals and companies	<p>TX(E)2.1 Calculates or evaluates the income tax payable for an individual, considering:</p> <ul style="list-style-type: none"> • inclusion and classification of income from different sources, for example, employment including fringe benefits and lump sum benefits, property, business, capital gain/loss, other income, etc. • exclusion of exempt income • deductibility of expenses, for example, contributions to pension or retirement funds, income protection policies, assets used for trade purposes, legal fees and study at home, etc. <p>TX(E)3.1 Calculates or evaluates the income tax payable for a legal entity, considering:</p>

	<ul style="list-style-type: none"> • type of legal entity, for example, private, public, small business corporation, foreign, trusts, etc. • inclusion and classification of income, for example, active business income, income from property, capital gains, exemptions, etc. • deductibility of expenses, for example, capital allowances, assessed losses and special allowances, etc. • tax deductions and credits, for example, small business deduction, general tax reduction, etc. <p>TX(R)1.1 Calculates or evaluates the income tax payable for an individual, considering:</p> <ul style="list-style-type: none"> • inclusion and classification of income from different sources, for example, employment including fringe benefits and lump sum benefits, property, business, capital gain/loss, other income, etc. • exclusion of exempt income <p>deductibility of expenses, for example, contributions to pension or retirement funds or medical expenses, income protection policies, assets used for trade purposes, legal fees and study at home, etc.</p> <p>TX(R)2.1 Calculates or evaluates the income tax payable for a legal entity, considering:</p> <ul style="list-style-type: none"> • type of legal entity, for example, private, public, small business corporation, foreign, trusts, etc. • inclusion and classification of income, for example, active business income, income from property, capital gains, exemptions, etc. • deductibility of expenses, for example, capital allowances, assessed losses and special allowances, etc. <p>tax deductions and credits, for example, small business deduction, general tax reduction, etc.</p>
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d) Identify further information required to complete a tax computation or finalise tax advice or the need to obtain specialist advice to ensure compliance with all possible taxes	TX(E)4.1 Calculates or evaluates withholding tax for example interest or dividend withholding tax
E1.4 Application of tax legislation to comply with administrative provisions	<p>TX(E)2 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for individuals</p> <p>TX(E)3 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for legal entities</p> <p>TX(E)4 Calculates other taxes payable and prepares or evaluates appropriate returns</p> <p>TX(E)6 Prepares or evaluates information to respond to assessments, file objections and appeals</p> <p>TX(R)1 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for individuals</p> <p>TX(R)2 Calculates or evaluates income tax payable and prepares or evaluates income tax returns for legal entities</p> <p>TX(R)3 Calculates other taxes payable and prepares or evaluates appropriate returns</p>
a) Identify and describe the different administrative obligations and remedies of a taxpayer	<p>TX(E)2.3 Identifies when capital gains tax (CGT) is applicable and calculates or reviews the CGT payable on qualifying transactions</p> <p>TX(E)3.3 Identifies when capital gains tax (CGT) is applicable and calculates or reviews the CGT payable on qualifying transactions</p> <p>TX(E)4.2 Identifies when indirect taxes, for example VAT or customs duty, are applicable and calculates or evaluates the indirect tax payable</p> <p>TX(E)6.1 Evaluates the content of assessments and reassessments</p> <p>TX(E)6.2 Prepares or evaluates supporting documentation required to initiate an appeal or file a notice of objection</p> <p>TX(R)3.2 Identifies when indirect taxes, for example VAT or customs duty, are applicable and calculates or evaluates the indirect tax payable</p>

b) Prepare VAT and Income Tax returns in compliance with applicable tax filing requirements for individual taxpayers or companies and other incorporated entities undertaking routine tax transactions	TX(E)2.2 Prepares or evaluates income tax returns TX(E)2.3 Prepares or evaluates income tax returns TX(E)4.3 Prepares or evaluates indirect tax returns TX(E)4.4 Prepares or evaluates provisional tax and employees tax (PAYE, SDL and UIF) returns TX(R)1.2 Prepares or evaluates income tax returns TX(R)2.2 Prepares or evaluates income tax returns TX(R)3.3 Prepares or evaluates indirect tax returns TX(R)3.4 Prepares or evaluates employees tax (PAYE, SDL and UIF) returns
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E2	LAWS AND REGULATIONS	
This competency area refers to regulation created by governmental agency which is often implemented in a law and includes compliance with applicable laws and regulations by an organisation.		Related competencies in the 2016 framework
E2.1	Compliance with laws and regulations	AA(E)3 Evaluates the risk of material misstatement
a)	Describe the basic legal concepts and structure of the South African legal system	AA(E)3.5 - Evaluates the risk of material misstatement due to non-compliance with laws and regulations
b)	Identify and describe the implications of applicable laws and regulations on the organisation	
c)	Apply the law of contract and company law to selected case studies	
d)	Identify when to seek assistance from experts/specialists on legal matters to expedite problem-solving, decision-making and/or reaching conclusions	

F. ASSURANCE AND RELATED SERVICES

F1	CONCEPTS AND PRINCIPLES OF ASSURANCE ENGAGEMENTS	
<p>This competency area refers to fundamental assumptions and understandings of assurance services and includes the concept of assurance, the expectation gap, the regulatory environment of assurance engagements, ethical principles of assurance providers and the assurance engagement risk considerations.</p>		Related competencies in the 2016 framework
F1.1	Concepts and principles of assurance engagements	AA(E)1 Performs pre-engagement activities
a)	Advise on an organisation's need for assurance engagements (public interest; distinction between statutory and voluntary audits)	AA(E)1.1 Evaluates the nature, scope, standards and legislation applicable to a particular engagement
b)	Identify all stakeholders involved in an assurance engagement and the impact of their functions and responsibilities	
c)	Contrast the levels of assurance provided to users from a range of assurance and related services reports that are ordinarily provided by a professional services firm	AA(E)1.1 Evaluates the nature, scope, standards and legislation applicable to a particular engagement
F1.2	Expectation gap	
a)	Explain the expectation gap with reference to the implications thereof and identifying ways to overcome this gap	
b)	Explain the role of professional auditors in assurance engagements from a public interest perspective	
F1.3	Regulatory environment of assurance engagements	AA(E)1 Performs pre-engagement activities AA(E)9 Evaluates potential reportable irregularities

a) Outline standard-setting, the structure and use of the IAASB standards and IFAC standards and explain the implications of pending changes in assurance standards (exposure drafts, discussion papers etc.) to future assurance engagements	
b) Apply regulatory requirements (laws, regulations, standards) that define/affect/protect the auditor's rights and duties	AA(E)9.1 Evaluates whether there are potential unlawful acts or omissions and whether or not they may constitute a reportable irregularity and, if appropriate, inform the supervisor of the potential irregularity
c) Apply regulatory requirements (laws, regulations, standards) pertinent to an assurance engagement in the performance of the engagement	
d) Explain the quality control measures applicable to assurance engagements at firm level, engagement level, and for inter-firm inspections and regulatory inspections	AA(E)1.2 - Identifies the factors to be considered in accepting or continuing with an engagement
F1.4 Ethical principles	
Advise, from an ethical perspective, on the conduct and practices of a firm and its staff involved in the rendering of assurance engagements (codes of ethics and other professional and legal requirements)	
F1.5 Assurance engagement risk considerations	AA(E)1 Performs pre-engagement activities AA(R)1 Demonstrates a basic appreciation and awareness of the practical considerations of the external audit function
a) Determine whether all the key elements of an assurance engagement are present and understood before accepting an assurance engagement	AA(E)1.1 Evaluates the nature, scope, standards and legislation applicable to a particular engagement
b) Describe the sources of liability (including professional negligence) arising from an assurance engagement	AA(E)1.2 Identifies the factors to be considered in accepting or continuing with an engagement
c) Consider the following matters before acceptance of an assurance engagement: <ul style="list-style-type: none"> (i) Competency to perform the engagement and the presence of requisite capabilities including time and resources; 	AA(E)1.3 Drafts or evaluates an appropriate engagement letter for an engagement or outlines the appropriate content for such a letter

(ii) Relevant ethical requirements; (iii) Integrity of the client	AA(R)1.1 Evaluates the scope and the appropriateness of the terms of engagement, including the responsibilities of management and the responsibilities of the auditors
d) Describe the key matters which underlie the agreement of scope and terms of an assurance engagement (new and continuous))	

F2	AUDITS OF HISTORICAL FINANCIAL STATEMENTS OF NON-SPECIALISED PROFIT ORIENTATED ENTITIES	
This competency area refers to audits of profit-orientated companies not operating in specialised industries and includes the concepts and principles of audits of historic financial information, performing an audit of historic financial information, reliance on other parties and communicating audit findings relating to non-specialised profit orientated entities.		Related competencies in the 2016 framework
F2.1	Statutory and other requirements for audits of historical financial statements	
By applying F1 in this context, explain and apply the objective of an audit of historical financial statements together with reasonable assurance as outcome, and how it will impact on stakeholders		
F2.2	Perform an audit of historical financial statements	AA(E)1 Performs pre-engagement activities AA(E)2 Obtains an understanding of the entity and its environment, including internal control AA(E)3 Evaluates the risk of material misstatement AA(E)4 Calculates and justifies planning materiality AA(E)5 Designs or selects effective and efficient procedures AA(E)6 Executes the audit plan and documents and evaluates results AA(E)7 Completes the engagement AA(E)8 Prepares information for meetings with stakeholders

a) By applying F1, follow the stages involved in performing an audit:	
(i) Apply pre-engagement activities and identify relevant issues	<p>AA(E)1.1 Evaluates the nature, scope, standards and legislation applicable to a particular engagement</p> <p>AA(E)1.2 Identifies the factors to be considered in accepting or continuing with an engagement</p> <p>AA(E)1.3 Drafts or evaluates an appropriate engagement letter for an engagement or outlines the appropriate content for such a letter</p>
(ii) Plan the audit engagement, taking into account its objectives and the criteria governing the audit opinion	<p>AA(E)2.1 Obtains a qualitative understanding of the entity and its environment and documents this information in an appropriate format</p> <p>AA(E)5.1 Designs or selects appropriate tests of internal control (including IT internal controls, where appropriate), including the determination of sample sizes and methods of selection</p> <p>AA(E)5.2 Designs or selects appropriate substantive tests of detail, including the determination of sample sizes and methods of selection</p> <p>AA(E)5.3 Designs or selects appropriate substantive analytical review procedures</p>
(iii) Evaluate transactional business processes	<p>AA(E)2.2 Identifies and documents the major classes of transactions and balances for an engagement entity</p> <p>AA(E)2.3 Obtains an understanding of and documents the entity's internal control</p> <p>AA(E)3.1 Evaluates the adequacy of the design of control activities in the prevention or detection of material misstatement, and suggests improvements where appropriate</p>
(iv) Assess the entity's risk assessment processes, also taking into account its corporate governance and risk profiles	<p>AA(E)3.4 Evaluates the risk of material misstatement due to fraud</p> <p>AA(E)3.5 Evaluates the risk of material misstatement due to non-compliance with laws and regulations</p>

	AA(E)3.6 Identifies and evaluates the significant risks that could result in material misstatement
(v) Determine materiality for the audit engagement	AA(E)4.1 Identifies and evaluates the factors that affect planning materiality AA(E)4.2 Calculates a justifiable level of planning materiality for an engagement
(vi) Assess the risks of material misstatement at the financial statement level and at the assertion level for different classes of transactions, including related disclosures, and account balances with their disclosures	AA(E)3.2 Evaluates the risk of material misstatement at an overall financial statement level (including an evaluation of the appropriateness of the going concern assumption) AA(E)3.3 Evaluates the risk of material misstatement at the assertion level for classes of transactions, account balances and disclosures
(vii) Formulate a suitable audit strategy and audit approach	AA(E)6.1 Performs the planned tests of internal control and identifies situations where follow-up/extended work is required AA(E)6.2 Performs the planned substantive tests of detail and identifies situations where follow-up/extended work is required AA(E)6.3 Performs the planned substantive analytical review procedures and identifies situations where follow-up/extended work is required
(viii) Formulate appropriate further audit procedures based on the identified risks of material misstatement	AA(E)6.4 Evaluates whether the procedure meets the stated objective AA(E)6.5 Recommends modifications to the audit plan, where necessary, in response to the results of procedures performed
(ix) Assess the evidence and results of the analysis and procedures	AA(E)7.1 Evaluates the impact of identified misstatements against final materiality (quantitative and/or qualitative) and evaluates the need for additional work AA(E)7.2 Performs a subsequent events review to identify potential adjusting subsequent events AA(E)7.3 Evaluates the appropriateness of the going concern assumption AA(E)7.4 Evaluates the management representation letter and recommends modifications, where applicable

(x) Document the work performed and its results	<p>AA(E)6.1 Performs the planned tests of internal control and identifies situations where follow-up/extended work is required</p> <p>AA(E)6.2 Performs the planned substantive tests of detail and identifies situations where follow-up/extended work is required</p> <p>AA(E)6.3 Performs the planned substantive analytical review procedures and identifies situations where follow-up/extended work is required</p>
(xi) Draw draft conclusions	AA(E)8.1 - Prepares the report to management on findings arising from the engagement
b) Based on all of the above, formulate a draft audit opinion	
c) Apply F2.2 (a) and (b) to the audit of a group of companies where all companies in the group have the same independent auditor	
F2.3 Reliance on other parties	AA(E)5 Designs or selects effective and efficient procedures
a) Identify the possibility of, and need to, rely on other parties (internal auditors, internal and external experts)	<p>AA(E)5.4 Evaluates the need for using the work of others in conducting the audit, for example experts, internal auditors or component auditors, etc.</p> <p>AA(E)5.5 Evaluates the need to use computer assisted audit techniques to gather suitable audit evidence</p>
b) Describe suitable procedures to ensure audit quality is maintained when relying on the work performed by other parties	AA(E)5.4 Evaluates the need for using the work of others in conducting the audit, for example experts, internal auditors or component auditors, etc.
F2.4 Communicate audit findings	AA(E)8 Prepares information for meetings with stakeholders
a) Communicate matters to be reported to management and those charged with governance	AA(E)8.1 Prepares the report to management on findings arising from the engagement
b) Prepare an appropriate auditor's final report	

F3	AUDITS OF HISTORICAL FINANCIAL STATEMENTS OF PUBLIC SECTOR ENTITIES
<p>This competency area refers to audits of public sector entities and includes the concepts and principles of audits of historic financial information, performing an audit of historic financial information, reliance on other parties and communicating audit findings relating to public sector entities.</p>	
Describe how F2 (where appropriate) will apply for similar transactions and events	

F4	AUDITS OF HISTORICAL FINANCIAL STATEMENTS OF OTHER NOT-FOR-PROFIT ENTITIES
<p>This competency area refers to audits of other non-profit orientated entities and includes the concepts and principles of audits of historic financial information, performing an audit of historic financial information, reliance on other parties and communicating audit findings relating to not for profit entities.</p>	
Describe how F2 (where appropriate) will apply for similar transactions and events	

F5	OTHER ASSURANCE SERVICES	
This competency area refers to non-assurance related services and includes related services engagements, the compilation of financial statements, agreed upon procedures engagements, forensic audit, internal audit and due diligence engagements		Related competencies in the 2016 framework
F5.1	Assurance engagements on other non-financial information	RM(E)4 Conducts planning and fieldwork within the scope of internal audit policies RM(E)5 Documents the results of internal audit procedures performed RM(E)6 Evaluates evidence, draws conclusions and issues appropriate reports
a) Describe the external auditor's role in an organisation's combined assurance process		
b) Describe how F2 should be adapted to perform an assurance engagement on other non-financial information		RM(E)4.1 Designs an appropriate audit programme RM(E)4.2 Performs appropriate fieldwork in accordance with the audit programme RM(E)4.3 Applies sampling techniques in accordance with the audit programme RM(E)4.4 Analyses test results to determine if additional work is required, or if no further testing is necessary, to conclude on the effectiveness of the control environment RM(E)5.1 Creates internal audit documentation that provides a clear link to significant findings or issues that arose during the engagement, and that contains sufficient information to support the nature, timing and extent of procedures performed and the results of those procedures. RM(E)6.1 Evaluates the sufficiency and significance of the evidence and/or results of analysis

		<p>RM(E)6.2 Identifies and evaluates inconsistencies, unexpected circumstances or findings, or findings that indicate possible fraud, error or illegal acts</p> <p>RM(E)6.3 Evaluates the reasonableness of the conclusions on the subject matter, based on the outcome of internal audit procedures</p> <p>RM(E)6.4 Assists in the preparation of the final report with recommendations, management responses and an action plan</p>
F5.2	Review engagements	<p>RM(E)8 Conducts governance reviews in accordance with appropriate governance standards</p> <p>RM(R)4 Conducts governance reviews in accordance with appropriate governance standards</p>
Adapt F2 in as far as it is relevant to review engagements		<p>RM(E)8.1 Evaluates the components of the entity's/audit engagement's governance structure and its role, for example board of directors, audit committee, etc.</p> <p>RM(E)8.2 Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices, documenting recommendations for improvement</p> <p>RM(E)8.3 Evaluates the disclosure of corporate governance for an entity/audit engagement</p> <p>RM(R)4.1 Documents the components of the entity's/audit engagement's governance structure and its role, for example board of directors, audit committee, etc.</p> <p>RM(R)4.2 Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices</p>

F6	OTHER RELATED SERVICES	
This competency area refers to non-assurance related services and includes related services engagements, the compilation of financial statements, agreed upon procedures engagements, internal audit and due diligence engagements.		Related competencies in the 2016 framework
F6.1	Related services engagement	
a) Explain an organisation's need for related services (e.g., agreed upon procedures, compilation of financial statements) and other services (e.g., due diligence, accounting services associated with prospectuses, expert services)		
b) Describe statutory, professional and ethical issues related to the undertaking of the other related services (e.g., codes of ethics, IAASB framework and other regulatory requirements (national and international))		
c) Adapt F2 above in relation to other related services		
F6.2	Compilation of financial statements	
Within the context of F6.1 describe the characteristics of a compilation engagement and the related considerations and adapt F2 in as far as it is relevant to a compilation engagement.		
F6.3	Agreed upon procedures engagements	
Within the context of F6.1 describe the characteristics of an agreed upon procedures engagement and the related considerations and adapt F2 in as far as it is relevant to an agreed upon procedures engagement.		
F6.4	Forensic audit	
Describe the differences between a forensic audit and an audit of historical financial statements		

F6.5	Internal audit (including value-for-money and performance audits)	RM(E)8 Conducts governance reviews in accordance with appropriate governance standards RM(R)4 Conducts governance reviews in accordance with appropriate governance standards
	Describe the characteristics of an internal audit engagement (including value-for-money and performance audits) and the related considerations	RM(E)8.1 Evaluates the components of the entity's/audit engagement's governance structure and its role, for example board of directors, audit committee, etc. RM(E)8.2 Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices, documenting recommendations for improvement RM(E)8.3 Evaluates the disclosure of corporate governance for an entity/audit engagement RM(R)4.1 Documents the components of the entity's/audit engagement's governance structure and its role, for example board of directors, audit committee, etc. RM(R)4.2 Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices
F6.6	Due diligence engagements	
	Within the context of F6.1 describe the characteristics of a due diligence engagement and the related considerations	