

SAICA TRAINING PROGRAMME

IMPLEMENTATION GUIDE

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INTRODUCTION

The purpose of this guide is to provide training offices with additional guidance, ideas and potential examples for the implementation of the SAICA Training Programme and to clarify the interpretation of the individual competencies contained in the basic skill set of a newly-qualified member of SAICA.

The document does **not** contain an exhaustive list of all activities that would satisfy each competency, nor does it document all possible scenarios. It has been designed to assist in designing customised programmes and to provide practical suggestions for different training environments. Professional judgment should be applied by the training office when considering individual activities and their link to the training outcomes.

This guide acts as a supplementary set of guidelines for current and prospective training offices and trainees to assist with the successful implementation of the SAICA Training Programme.

This guide provides examples of typical activities that can be performed in training offices in four contexts:

- External audit and the Auditor-General South Africa (public practice);
- Commerce and industry;
- Public sector (all elements of national, provincial and local government as well as State-Owned Entities); and
- Consulting/Advisory.

Wherever possible examples have been combined across contexts to provide for simplicity of use of the document and to avoid any misunderstanding/confusion between contexts. Examples have also been purposely kept brief to allow for a wider application of each example (the more generic the example the wider its applicability). Technical jargon has also been kept to a minimum in the examples.

The guide has been laid out as follows:

- Compulsory skills: each compulsory skill competency has been laid out on a single page with examples for each context.
- Elective skills: each elective skill competency has been laid out on a single page with examples for each context.
- Residual skills: each residual skill competency has been laid out on a single page with examples for each context.

The document does not contain examples of the professional/pervasive skills; these are individual to each organisation and so the prospective training officer should apply his/her mind in determining the most appropriate tasks in order to demonstrate competence of the professional/pervasive skills.

We trust that you will find this guide of use. As it is a “living document” we look forward to your feedback and suggested additions/deletions of tasks and examples.

APPLICATION OF THIS GUIDE

TRAINEE ACCOUNTANTS

Every trainee completes a mandatory period of practical experience in a SAICA accredited Training Office. These training offices provide teach trainees an opportunity to apply formal learning in real work situations under the supervision of experienced CAs(SA). It is in the SAICA Training Office that trainees develop and enhance their professional abilities and judgement, learn to apply SAICA values and ethics, and gain a sense of “belonging” to the profession.

This guide should be used by trainee accountants to assist them in developing and demonstrating the technical and professional skills required in terms of assessment. Developing and demonstrating both technical and professional skills forms part of the SAICA’s training requirements for becoming a chartered accountant.

Trainee accountants should note that the document does **not** provide an exhaustive list of examples/tasks; it also does **not** provide a checklist against which the training office may be monitored/assessed. It provides a guide to allow the trainee accountant to better understand what may be expected of him/her and what he/she may expect from the training office.

TRAINING OFFICERS

The Implementation Guide provides training officers with guidelines and suggestions for providing trainee accountants with exposure to the practical training requirements prescribed in SAICA’s competency framework. These guidelines and suggestions will enable training officers to effectively implement and facilitate the learning process for trainee accountants, design effective training programmes and consider the use of innovative alternatives for gaps in practical training experiences.

This guide should be used by training officers to assist them in designing and developing a Training Programme with the compulsory, technical and professional skills required in terms of SAICA’s assessment process for trainee accountants. Developing and demonstrating compulsory, technical and professional skills forms part of the SAICA’s training requirements for becoming a member of SAICA.

BACKGROUND

STRUCTURE OF THE TRAINING PROGRAMME

The SAICA Training Programme is based on the seven areas of competence as defined by the SAICA competency framework:

1. Accounting and External Reporting;
2. Auditing and Assurance;
3. Financial Management;
4. Management Decision-Making and Control;
5. Pervasive Professional Skills (including Professional Conduct Values);
6. Risk Management and Governance; and
7. Taxation

The first underlying principle of the Training Programme is that all trainee accountants should receive practical experience in all seven areas during their training contract. This will ensure a well-rounded professional accountant who at least has basic practical experience in the fundamentals of business. This will also ensure consistency in the quality of the training experience across training offices.

The second underlying principle of the Training Programme is that all trainees should attain advanced experience in certain skills. Accounting and External Reporting as well as the Pervasive Professional Skills are considered to be fundamental to a member of SAICA and have been defined as compulsory skills for trainee accountants. It should therefore be interpreted that it is compulsory for trainee accountants to attain these skills at an advanced level. An advanced level implies a significant amount of time in developing skills, and application of concepts in complex situations and environments. This can be interpreted in different ways, dependent on the context of the training office, and this guide seeks to provide examples and clarity on the interpretation of advanced experience.

The third underlying principle relates to the flexibility that training offices have to provide advanced experience outside of the compulsory skill areas. The training programme requires that training offices provide advanced experience in at least one of the remaining five skill areas. The selected area of advanced experience is referred to as the “elective” module and the programme requires only one elective. A training office may, however, provide multiple electives dependent on the business model, context and business need. This provides flexibility and recognition of the training office business environment, but also ensures that trainees receive advanced experience in at least three of the seven learning areas.

The remaining four skill areas that are not “compulsory” or selected as an “elective”, default to the basic experience requirement or “residual” learning area. The practical skill requirements for these areas are far less onerous and can be attained in simple environments.

HOW TO USE THIS GUIDE

This guide is focused on providing a small number of practical examples and potential activities that may be appropriate in attaining the required level of experience in the compulsory, elective and residual skills areas.

The examples used are neither exhaustive nor prescriptive; they represent potential activities only. The document has been organised to provide solutions in different training office contexts, namely public practice, commerce and industry, the public sector and consulting/advisory. In some instances, the provided examples are common across all contexts indicating that the activity could apply in any/all training office environments. It is important that training officers and trainee accountants apply professional judgment in ascertaining whether a specific task or activity constitutes a direct link to the required practical skill and also when determining the appropriate level of complexity to satisfy “advanced” experience. This will need to be interpreted based on the facts of the situation and in relation to all external and internal factors. This guide attempts to clarify some of the more common or likely scenarios.

It is suggested that trainees use this guide as a precursor to their rotation to a division, new audit engagement or as part of their ongoing self-monitoring of learning development in order to align their expectations to the level of skill they need to attain.

Training officers and other stakeholders may wish to use this guide to assist in designing a learning plan over a training period to ensure coverage of all practical skills.

Compulsory skills are documented so as to provide examples of activities that will align to the skills required in an advanced context for training offices in public practice, commerce and industry, the public sector and consulting/advisory.

The elective skills have been written with practical examples that are relevant for the context (where in some instances the contexts may be common). For example, it is assumed training offices in public practice will select audit as their elective. The remaining elective areas assume a training office in commerce and industry, the public sector or a consulting/advisory house. Where a public practice training office selects an elective other than auditing/assurance the assumption is that the client base is a non-audit client base (e.g. for financial management the tasks relate to compilation or accounting advisory services). In these instances, audit/assurance is considered a residual skill and not an elective skill.

The residual skills in the final section of this document contain, in a table format, examples of how the skill areas can be attained as a possible by-product of a chosen elective for all four contexts, namely training offices in public practice, commerce and industry, the public sector and consulting/advisory.

THE COMPULSORY SKILLS

ACCOUNTING AND EXTERNAL REPORTING

Competency to be achieved

AE(C)1 Selects appropriate accounting frameworks and policies

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
AE(C)1.1	Based on the entity's financial reporting needs and the stakeholders identified, evaluates the appropriateness of the accounting framework	Planning: ISA 315, 510, 710, 800 When planning the audit/review/compilation, considers the various frameworks, for example: <ul style="list-style-type: none"> • IFRS • IFRS for SME's • GRAP Documents in the working papers whether the accounting framework is appropriate for the type of company and / or frameworks prescribed by legislation (e.g. PFMA, Attorneys' Act etc.)	Planning: It is anticipated that trainees will be members of the team engaged with the audit team (where an audit is required). Where an audit is not required it is anticipated the trainee will be an integral part of the team producing the financial statements. While preparing for the audit/review/compilation/year-end financial statement process (where no audit is required) documents, for sharing with the audit team/internal use, the accounting framework for the Group/Entity/Department/SOC along with a justification therefor. Options include: <ul style="list-style-type: none"> • IFRS • IFRS for SME's • GRAP The document forms part of the planning process and should be updated annually.		
AE(C)1.2	Evaluates accounting policies in accordance with the appropriate accounting framework	Planning and Fieldwork: ISA 330, 710 Selects, evaluates and reports on the accounting policy for each component of the AFS. Considers the following: <ul style="list-style-type: none"> • Consistency to prior year • Appropriateness in terms of the specific accounting framework selected • Changes in the accounting policy from previous years 	Planning and Fieldwork (if audited) or Planning and Compilation (if no audit): It is anticipated that trainees will be members of the team engaged with the audit team (where an audit is required). Where an audit is not required it is anticipated the trainee will be an integral part of the team producing the financial statements. While preparing for the audit/review/compilation/year-end financial statement process (where no audit is required) documents, for sharing with the audit team/internal use, a report on accounting policies OR Prepares a report on the accounting treatment of new transactions, indicating what the Group/Entity/Department/SOC current accounting policies are (if any) and whether they fairly present the specifics of the new financial transaction. If not, recommends amended or new accounting policies		

Competency to be achieved	
AE(C)2	Accounts for or evaluates the entity's transactions, including non-routine transactions

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
AE(C)2.1	Evaluates or accounts for routine transactions, for example sales, cost of sales, operating expenses, etc.	Planning and Fieldwork: ISA 230 <ul style="list-style-type: none"> For all routine transactions, documents and evaluates if transactions were accounted for completely and accurately. Evaluates routine transactions through: <ul style="list-style-type: none"> Understanding and evaluating the control environment, risk assessment process and monitoring of controls Understanding and evaluating information systems and system descriptions Understanding and evaluating entity's significant business processes and relevant control activities Performs tests of detail and/or substantive analytical procedures in respect of routine transactions 	Compilation: Prepares monthly management accounts/reporting packs/flash reports for Group/Entity/Department/SOC which includes routine transactions, e.g. monthly accruals, operating expenses, sales, etc. OR As part of preparing monthly management accounts/reporting packs/flash reports for Group/Entity/Department/SOC – <ul style="list-style-type: none"> processes routine month-end journals performs reconciliations on balance sheet accounts to confirm that external/internal information agrees and that the general ledger agrees with supporting documentation. 		

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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.	Planning and Fieldwork: ISA 315, 240 Evaluates and documents in the working papers non-routine transactions. Tests journal entries Accounts for non-routine transactions when compilation engagements are performed. Examples of non-routine transactions could include: <ul style="list-style-type: none"> • Impairments • Change in accounting policies/estimates • Fair value adjustments • Revaluations • Consolidations • Forex • Deferred tax • Provisions • Profit/loss on disposals • Post-retirement benefits • Share-based payments Business combinations	Compilation: Prepares monthly management accounts/reporting packs/flash reports for Group/Entity/Department/SOC which includes non-routine transactions, e.g. investment accounting/financial instrument accounting/provisions accounting. OR As part of preparing monthly management accounts/reporting packs/flash reports for Group/Entity/Department/SOC – <ul style="list-style-type: none"> • processes routine month-end journals • performs reconciliations on balance sheet accounts to confirm that external/internal information agrees and that the general ledger agrees with supporting documentation. OR Executes or oversees and documents the accounting treatment of non-routine transactions, e.g. half-year or year-end valuations of assets, business units, investments, intangibles, etc. OR Documents and accounts for the management and accounting of the Group's/Entity's/Department's/SOC's management of liquidity, capital and/or working capital.		
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.	Fieldwork: ISA 230 Documents audit work performed on reconciliations prepared by management and evaluates any reconciling items against supporting documentation. Prepares reconciliations where responsible for accounting work	Compilation: In the finance department of the Group/Entity/Department/SOC and in the process of preparing monthly management accounts/production of half-year or year-end accounts/financial statements performs reconciliations on accounts (include which accounts) to confirm that information contained in the management accounts/financial statements agrees with the general ledger and/or supporting documentation.		

Competency to be achieved	
AE(C)3	Prepares or evaluates financial statements and accompanying notes

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
AE(C)3.1	Prepares or evaluates financial statements in accordance with the identified accounting framework	Completion: ISA 330, 710, 720 Evaluates the classification and allocation of line items in the AFS as part of the audit Cross-references the audit lead schedules to the trial balance, the financial statements and notes to the AFS Completes disclosure checklists Evaluates and responds to queries and comments made by the technical department/audit partner who reviewed the AFS Drafts financial statements in compilation engagements (ISRS 4410)	Compilation: Extracts financial information from the accounting package to draft elements/parts of the financial statements/Integrated Report for the Group/Entity/Department/SOC in accordance with the selected accounting framework. Responsible for reconciling elements/disclosures from the underlying general ledger to the amounts in the financial statements/Integrated Report.		
AE(C)3.2	Prepares or evaluates notes to the financial statements in accordance with the identified accounting frameworks	Completion: ISA 330, 710, 720 Evaluates the notes in the AFS by cross-referencing it to working papers and supporting documentation Uses disclosure checklists to evaluate presentation and disclosure in the AFS Evaluates and responds to queries and comments made by the technical department who reviewed the AFS Prepares the notes as part of compilation engagements (ISRS 4410)	Compilation: Extracts financial information from the accounting package to draft notes in support of elements/parts of the financial statements/Integrated Report of the Group/Entity/Department/SOC in accordance with the selected accounting framework. Responsible for reconciling amounts contained in the notes from the underlying general ledger to the amounts in the financial statements/Integrated Report.		
AE(C)3.3	Prepares or evaluates the non-	Conclusion:	Compilation:		

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
	financial information in the annual financial statements, for example Directors' Report, Corporate Governance Report, Sustainability Report, Integrated Report, etc.	ISA 720 Evaluates the information presented in these Reviews the consistency of non-financial to information contained in the AFS Prepares or evaluates non-financial information as part of the compilation engagement	Extracts non-financial information from various sources to draft non-financial reports (CEO Report, CFO Report, Sustainability Report, Directors' Report) for inclusion in the financial statements/Integrated Report of the Group/Entity/Department/SOC. Responsible for reconciling disclosures contained in the non-financial reports from the underlying systems to the disclosures in the financial statements/Integrated Report.		

Competency to be achieved	
AE(C)4	Interprets financial statements

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
AE(C)4.1	Calculates performance, efficiency (activity), solvency and liquidity ratios from the financial statements	Planning and Completion: ISA 315, 520 Performs risk assessment analytical procedures during the planning phase of the audit (e.g. calculating various ratios) Performs overall conclusion analytical procedures during finalisation of the audit (e.g. calculating various ratios)	Compilation: Extracts data from various sources and calculates ratios for inclusion in the financial statements/Integrated Report of the Group/Entity/Department/SOC. Responsible for reconciling ratio analysis contained in the financial statements/Integrated Report to underlying data sources.		
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	Refer to above – evaluates and concludes on the calculations/ findings in the planning phase as part of risk assessment procedures and in the finalisation stage.	Compilation: Utilising ratios calculated above (AE(C)4.1) drafts commentary on performance for inclusion in the financial statements/Integrated Report (CEO Report, CFO Report, Sustainability Report, Directors' Report) of the Group/Entity/Department/SOC.		

ELECTIVE SKILLS

AUDITING AND ASSURANCE

Competency to be achieved

AA(E)1 Performs pre-engagement activities

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)1.1	Evaluates the nature, scope, standards and legislation applicable to a particular engagement	<p>Planning phase ISA 210 par 9-12 Prepares working papers for review by the manager / partner considering the nature scope and timing of the engagement taking into account the most effective audit approach to be followed (for example reliance on internal controls vs substantive analytical procedures and / or test of details). Assesses the regulatory environment of the entity which may include a review of:</p> <ul style="list-style-type: none"> • Accounting policies and industry specific practices • Regulatory framework • Legislation • Government policies • Environmental requirements <p>Examples:</p> <ul style="list-style-type: none"> • Collection of information from the prior audit file, reading applicable legislation governing the entity or the sector (Construction industry development regulations), going through accounting standards that might be specifically applicable to the entity (e.g. IAS 11 for Construction Contracts) • Considering the founding act of a specific engagement e.g. Income Tax Act/ Road Accident Fund Act/ South African Maritime Safety Act / Municipal Finance Management Act (MFMA)

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)1.2	Identifies the factors to be considered in accepting or continuing with an engagement	<p>Pre-engagement activities ISA 210 (par 6-21) ISA 220 (par 12-13) Considers for example the following factors and document for review by the manager / partner:</p> <ul style="list-style-type: none"> • Independence requirements • Nature of the client • Dependency and/ or undue pressure on audit fees • Risks (Inherent and business) associated with the client • Laws and regulations that could have an impact on audit • Financial information and performance (past, present and going concern) of the client • Overall control environment and level of controls in place • Ethics and integrity of the client • Management's expertise, skills and depth • Auditing issues experienced in the past • Complexity of accounting transactions and errors noted • Reliance on others <p>Examples:</p> <ul style="list-style-type: none"> • Perform and document a risk assessment of the engagement • Inspect the prior year audit report and management report • Consider developments internal as well as external to the client and determine whether the engagement should be continued based on appropriate justification <p>Considers and documents the political sensitivity of a public sector engagement</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>Pre-engagement activities ISA 210 Drafts or tailors or evaluates the training office's standard engagement letter to meet the assignment's requirements and the audit firm's risk and quality standards. Identifies and ensures that relevant information is documented in the engagement letter, i.e. applicable legislation.</p>

Competency to be achieved	
AA(E)2	Obtains an understanding of the entity and its environment, including internal control

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)2.1	Obtains a qualitative understanding of the entity and its environment and documents this information in an appropriate format	<p>Planning phase</p> <p>ISA 315</p> <p>Prepares a working paper for review by a manager or engagement leader demonstrating understanding of the entity by considering among others the following:</p> <ul style="list-style-type: none"> • Industry and market conditions • Regulatory environment • Competitive environment • Macro- economic conditions <p>Obtains an understanding of internal factors for example:</p> <ul style="list-style-type: none"> • The nature of business operations • Organisational design • Value creating activities • Financing and investment activities • Financial Reporting and legislative environment • Corporate strategy, goals and objectives • Financial performance and related business risks <p>The above knowledge can be obtained through:</p> <ul style="list-style-type: none"> • Discussions with management • Analytical procedures • Inspection of activities • Research
AA(E)2.2	Identifies and documents the major classes of transactions and balances for an engagement entity	<p>Planning phase</p> <p>ISA 315 par 18</p> <p>Through inspection of the financial records identifies the major classes of transactions and balances by assessing the materiality of each class of transactions or balances.</p> <p>Identifies the major classes of transactions and balances in the trial balance with reference to materiality.</p> <p>Finalisation – evaluates whether sufficient and appropriate audit evidence was obtained for all material balances and transactions</p>

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)2.3	Obtains an understanding of and documents the entity's internal control	<p>Planning phase ISA 315 par 12-18 Obtains and documents an understanding of the:</p> <ul style="list-style-type: none"> • Control environment • Information systems, related business processes, financial reporting and communication • Control activities • Monitoring of controls • Risk assessment processes <p>Examples:</p> <ul style="list-style-type: none"> • Performing of system description and walkthrough testing • Documenting the entity's system of internal control in a manner that is clear and concise and in a way that indicates detailed understanding of actual process

Competency to be achieved	
AA(E)3	Evaluates the risk of material misstatement

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
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	Planning phase ISA 315 par 14-24 Documents an evaluation of the following: <ul style="list-style-type: none"> • Review of entity-prepared documentation evidencing the control activities (i.e. policies and procedures, narratives, flowcharts, mapping diagrams, contracts, etc.) • Discussions with the control owner to identify control activities to evaluate effectiveness and entity's review processes • Assess whether identified controls will be included in the audit testing strategy • Discuss suggested improvements with manager / client and where applicable include in report to management • Identify weaknesses, risks involved and recommend, in verbal and written format, realistic and implementable improvements to identified weakness in the design of the internal control system
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)	Planning phase ISA 315 par 25-30 and A118-A121 Documents risks which are inherent to the entity and environment including but not limited to fraud risk, going concern, related parties and evaluate the risk of material misstatement at overall financial statement level.
AA(E)3.3	Evaluates the risk of material misstatement at the assertion level for classes of transactions, account balances and disclosures	Planning phase ISA 315 par 25-30 A129-A143 Documents and evaluates the risk of material misstatement per assertion for transactions, account balances and disclosures. For each assertion component (completeness, validity, and accuracy), rate the risk, documents the reason for risk selected and using the risk level in determining sample size.

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)3.4	Evaluates the risk of material misstatement due to fraud	<p>ISA 240 (par 25-27)</p> <p>Considers, documents and evaluates the following conditions that could give an indication of fraud.</p> <ul style="list-style-type: none"> • An incentive or pressure to commit fraud (must meet budget to get a bonus, meet expectations of stakeholders) • A perceived opportunity to commit fraud (weak control environment / internal controls and no monitoring) • An ability to rationalize the fraudulent action (attitude that everybody is committing fraud) <p>Evidence can be obtained through discussions with management, those charged with governance, internal audit and other staff in the organization and should be documented and evaluated.</p> <p>Considers, documents and evaluates the following areas to evaluate risks of misstatement due to fraud (not all inclusive list):</p> <ul style="list-style-type: none"> • Revenue recognition • Management override of controls • Accounting estimates, provisions and judgments by management • Journal entries • Transactions outside the normal course of business
AA(E)3.5	Evaluates the risk of material misstatement due to non-compliance with laws and regulations	<p>Planning phase</p> <p>ISA 250</p> <p>Documents and evaluates the laws and regulations that could have a direct and indirect impact on risk of material misstatement due to non-compliance.</p> <p>Documents and evaluates management's processes to identify non-compliance to laws and regulations.</p>
AA(E)3.6	Identifies and evaluates the significant risks that could result in material misstatement	<p>Planning phase</p> <p>ISA 315 27-29</p> <p>Documents and evaluates significant risks that could result in material misstatement by considering the nature of the following matters (not all inclusive list).</p> <p>Example:</p> <ul style="list-style-type: none"> • Risk is related to recent significant economic, accounting or other developments and, therefore requires specific attention? • The complexity of transactions • Significant transactions with related parties • The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty • Significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual <p>For the above, evaluates the design of the entity's related controls and determines whether they were implemented.</p>

Competency to be achieved	
AA(E)4	Calculates and justifies planning materiality

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)4.1	Identifies and evaluates the factors that affect overall (planning) and performance planning materiality	<p>Planning ISA 320 (par 10-11) Identifies and evaluates the factors that affect overall (planning) and performance materiality Prepares working paper for review evidencing the auditor's judgments with regards to determining the appropriate benchmark, chosen percentages applied and factors considered.</p> <p>Examples of indicators and factors: <i>Qualitative indicators</i></p> <ul style="list-style-type: none"> • The control environment • Integrity of management • Statutory requirements • Problems incurred during prior year audits • Structure of entity and how financed • Volatility of the benchmark selected • Nature and industry in which client operates
AA(E)4.2	Calculates a justifiable level of overall (planning) and performance planning materiality for an engagement	<p>Planning phase ISA 320 Refer to the AA(E)4.1</p> <ul style="list-style-type: none"> • Documents the calculation of planning materiality, including factors have been considered in arriving at an appropriate basis for calculating planning materiality • Documents and calculates planning materiality in instances where different planning materiality for different classes of transactions/ account balances/ disclosures are appropriate. These different materiality levels are appropriately calculated and supported.

Competency to be achieved		
AA(E)5 Designs or selects effective and efficient procedures		
Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
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	Fieldwork/gathering evidence ISA 330 par 8-11 Designs or selects relevant tests of internal controls (automated and manual) and document rationale for sample sizes and methods of selection of the sample to be tested. Sample selection – documents the reasons for sample size as well as the method of selection (use approved sampling methodology)
AA(E)5.2	Designs or selects appropriate substantive tests of detail, including the determination of sample sizes and methods of selection	Fieldwork/gathering evidence ISA 500, 530 Designs or selects relevant substantive tests of detail and document rationale for sample sizes and methods of selection of the sample to be tested. Examples <ul style="list-style-type: none"> • Designs, selects and documents suitable substantive tests of detail that meet the objective of testing • Designs, selects and documents suitable substantive tests of detail that address risks identified • Determines and selects the sample size and sample selection based on the firms' methodology
AA(E)5.3	Designs or selects appropriate substantive analytical review procedures	Fieldwork / gathering evidence ISA 520 and ISA 330 Assesses the reliability of the underlying data used in the analytical procedures Develops an independent expectation of amounts, ratios etc. Calculates differences and documents the acceptability of the variance and / or further investigation and corroboration that is required for material differences Evaluates and concludes on procedures performed
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.	Planning and fieldwork/gathering evidence Refer ISA 600, 610, 620 Assesses and documents the need, timing, nature and extent of work to be performed by others Assesses and documents the competence, objectivity and independence of others Evaluates the adequacy of the work performed by others
AA(E)5.5	Evaluates the need to use computer assisted audit techniques to gather suitable audit evidence	ISA 330 The requirement of the task is self- explanatory

Competency to be achieved	
AA(E)6	Executes the audit plan and documents and evaluates results

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)6.1	Performs the planned tests of internal control and identifies situations where follow-up/extended work is required	Fieldwork/Gathering evidence ISA 330, 500 Documents the nature of extended work performed for example when: <ul style="list-style-type: none"> • Internal controls were not functioning as planned • Additional significant risks were identified • Misstatements were identified • Changes made to materiality
AA(E)6.2	Performs the planned substantive tests of detail and identifies situations where follow-up/extended work is required	ISA 330, 500 Documents the nature of extended work performed for example when: <ul style="list-style-type: none"> • Internal controls were not functioning as planned • Additional significant risks were identified • Misstatements were identified • Changes made to materiality
AA(E)6.3	Performs the planned substantive analytical review procedures and identifies situations where follow-up/extended work is required	ISA520 Documents the nature of extended work performed for example when: <ul style="list-style-type: none"> • Internal controls were not functioning as planned • Additional significant risks were identified • Misstatements were identified • Changes made to materiality
AA(E)6.4	Evaluates whether the procedure meets the stated objective	ISA 500 Considers if the audit evidence is sufficient, reliable and applicable to the class of transactions and determines whether the assertions were addressed with the procedure performed.
AA(E)6.5	Recommends modifications to the audit plan, where necessary, in response to the results of procedures performed	ISA330 and ISA 500 Considers if additional control and/or substantive procedures are required and discusses with manager/ engagement leader.

Competency to be achieved	
AA(E)7	Completes the engagement

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)7.1	Evaluates the impact of identified misstatements against final materiality (quantitative and/or qualitative) and evaluates the need for additional work	Completion ISA 450 (par 10-13) Drafts a summary of unadjusted errors for review by the engagement leader Evaluates whether sufficient and appropriate audit evidence has been obtained with reference to final materiality to support the audit opinion
AA(E)7.2	Performs a subsequent events review to identify potential adjusting subsequent events	Completion ISA 560 The requirement of the task is self-explanatory
AA(E)7.3	Evaluates the appropriateness of the going concern assumption	Completion ISA 570 Evaluates management's assessment of the appropriateness of the going concern assumption Evaluates the auditors' assessment of the appropriateness of the going concern assumption
AA(E)7.4	Evaluates the management representation letter and recommends modifications, where applicable	Completion ISA 580 par 9-12 Representation letter should include (but not limited to): <ul style="list-style-type: none"> • Management's responsibilities • Preparation of financial statements • All relevant information and access as agreed in the terms of the audit engagement was given to auditor • All transactions have been recorded and are reflected in the financial statements Drafts or tailors or evaluates the training office's standard management representation letter to meet the requirements of the assignment and the risk and quality standards of the firm.

Competency to be achieved	
AA(E)8	Prepares information for meetings with stakeholders

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
AA(E)8.1	Prepares the report to management on findings arising from the engagement	Completion ISA 260 (par 14-17) Matters to be included in report to management (but not limited to): <ul style="list-style-type: none"> • Responsibilities of the auditor in relation to the financial statement audit • Overview of the scope and timing of the audit • Significant findings in the audit • Auditor independence

Competency to be achieved	
AA(E)9	Evaluates potential reportable irregularities

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task
		External Audit & AGSA
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	Completion ISA 250 par 18-28 Refer to Section 45 of the Auditing Profession Act

FINANCIAL MANAGEMENT

Competency to be achieved

FM(E)1 Evaluates the entity's financial situation

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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.	<p>For compilation clients:</p> <p>Analyses and interprets financial statements. Calculates the relevant ratios in terms of profitability, liquidity, activity and solvency Identifies trends and makes appropriate comparisons Reports on identified issues with recommendations for actions</p> <p>OR</p> <p>In determining on whether to take on a new client –</p> <ul style="list-style-type: none"> analyses the financial position of the client or the organisation analyses the balance sheet and income statement (ratios) of the client or the organisation, including cash flow against budgets and industry norms 	<p>Extracts data from various sources and calculates financial position of the Group/Entity/Department</p> <p>OR</p> <p>Produces monthly/quarterly/annual management accounts/flash results/financial statements containing key performance metrics. Includes commentary on performance relative to budgets/forecasts/market conditions</p>	<p>In determining on whether to provide finance to a client or award a tender, analyses the financial position of the client or the organisation submitting the tender including cash flow against budgets and industry and lending norm</p> <p>OR</p> <p>Extracts data from various sources and calculates financial position of the Group/Entity/Department</p> <p>OR</p> <p>Produces monthly/quarterly/annual management accounts/flash results/financial statements containing key performance metrics. Includes commentary on performance relative to budgets/forecasts/market conditions</p>	<p>In determining on whether to take on a new client –</p> <ul style="list-style-type: none"> analyses the financial position of the client or the organisation analyses the balance sheet and income statement (ratios) of the client or the organisation, including cash flow against budgets and industry norms <p>OR</p> <p>Analyses and interprets financial statements. Calculates the relevant ratios in terms of profitability, liquidity, activity and solvency Identifies trends and makes appropriate comparisons Reports on identified issues with recommendations for actions</p>
FM(E)1.2	Recommends improvements to the performance of the group/entity/business unit, based on the analysis performed	Drafts a report/memo/e-mail containing recommendations for improvement in performance based on the analysis completed above (FM(E)1.1).			

Competency to be achieved	
FM(E)2	Monitors cash flow

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
FM(E)2.1	Prepares or evaluates a cash flow forecast for an group/entity/business unit	<p>For compilation clients: Extracts data from various sources and prepares cash flow forecast of the Group/Entity/Department OR Produces monthly/ quarterly/ annual management accounts/flash results/financial statements containing key performance metrics. Includes commentary on performance relative to budgets/forecasts/market conditions OR Daily/Monthly Cash Flow Forecasts are performed/calculated before to determine if there are excess funds which can be invested in fixed deposits or other interest bearing facilities OR Daily/Monthly Cash Flow Forecasts are performed/calculated before to determine if there are excess funds which can be invested in fixed deposits or other interest bearing facilities</p>	<p>Extracts data from various sources and prepares cash flow forecast of the Group/Entity/Department OR Produces monthly/ quarterly/ annual management accounts/flash results/financial statements containing key performance metrics. Includes commentary on performance relative to budgets/forecasts/market conditions OR Daily/Monthly Cash Flow Forecasts are performed/calculated before payments are made to suppliers or borrowers of funds OR Daily/Monthly Cash Flow Forecasts are performed/calculated before to determine if there are excess funds which can be invested in fixed deposits or other interest bearing facilities</p>	<p>In determining on whether to provide finance to a client or award a tender analyses the cash position of the client or the organisation submitting the tender including cash flow against budgets and industry and lending norms OR Based on historical information on the sales growth, budgets prepared by management, current sales contracts, projected inflation rates from research dept., industry information as well as macro-economic indicators. Prepare cash flow forecast of the business OR Cash Management: Daily Cash Flow Forecasts are performed/calculated before payments are made to suppliers or borrowers</p>	<p>For compilation clients: Extracts data from various sources and prepares cash flow forecast of the Group/Entity/Department OR Produces monthly/ quarterly /annual management accounts/flash results/financial statements containing key performance metrics. Includes commentary on performance relative to budgets/forecasts/market conditions OR Daily/Monthly Cash Flow Forecasts are performed/calculated before to determine if there are excess funds which can be invested in fixed deposits or other interest bearing facilities For other clients: Pre-engagement activities In considering factors, and documenting these, for review include consideration of the potential clients' sustainability. This should include cash flow projections based on income statement, balance sheet and other available information sources</p>

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
FM(E)2.2	Identifies when there may be a cash shortfall and recommends possible action plans	<p>Using the cash flow forecast (obtained or prepared) investigates:</p> <ul style="list-style-type: none"> • excess funds which can be invested in fixed deposits or other interest bearing facilities, • how the shortfall can be replenished <p>Document recommendations in memo/report/e-mail</p> <p style="text-align: center;">OR</p> <p>From the forecast scrutinise the working capital (Debtors, Creditors and inventory) and determine if they are adequate to provide the required cash flow of the business. Determine if overdraft facilities are available to the company and their limits. Document recommendations in memo/report/e-mail</p> <p style="text-align: center;">OR</p> <p>In the Due Diligence process: Cash shortfalls are identified on the financial model and financial instruments are factored into the agreement to ensure that the funding requirements are met where a client has exceeded its bank overdraft limits. For high risk clients the lending organization may request that the client invest cash into the business to plug in the shortfall</p> <p style="text-align: center;">OR</p> <p>In the client acceptance process identifies concerns with regards the sustainability of the business and taking on the client. Documents observations, findings and recommendations in memo/report/e-mail</p>			

Competency to be achieved	
FM(E)3	Evaluates the entity's working capital

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	<p>For compilation clients: Perform a ratio analysis specific to the working capital variables of the business unit over a comparable period. Investigate reasons as to the movements of each component and document how improvements to the working capital may be made per component</p> <p>OR</p> <p>In the finance department (group reporting) and/or in the process of preparing daily/monthly/quarterly/annual management accounts the trainees will be required to analyse the working capital requirements of the organisation/business unit comparing to company policy and industry norms. Make recommendations when there are discrepancies or variances in memo/report/e-mail</p>	<p>Perform a ratio analysis specific to the working capital variables of the group/entity/business unit over a comparable period. Investigate reasons as to the movements of each component and document how improvements to the working capital may be made per component</p> <p>OR</p> <p>In the finance department (group reporting) and/or in the process of preparing daily/monthly/quarterly/annual management accounts the trainees will be required to analyse the working capital requirements of the organisation/business unit comparing to company policy and industry norms. Make recommendations when there are discrepancies or variances in memo/report/e-mail</p>	State owned enterprise e.g. SAA, Eskom, Telkom, Transnet, Denel etc. will need to monitor their inventory levels and ensure that they have sufficient funds to pay suppliers. As part of the daily/monthly/quarterly/annual management accounts analyse the working capital requirements of the entity (debtors, creditors, inventory). Develop a set of recommendations to improve working capital management and document in memo/report/e-mail	Critically analyse the clients' working capital (debtors, creditors, inventory) in order to understand the client's strong and weak points. Develop a set of recommendations to improve working capital management and document in memo/report/e-mail

Competency to be achieved	
FM(E)4	Identifies and evaluates sources of funds

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
FM(E)4.1	Evaluates an entity's/business unit's funding needs	For compilation clients: Obtain cash flow forecasts and possible capital investment ventures from management. Investigate capital requirements to meet these ventures/business expansion plans. Document the funds required in memo/report/e-mail	Based on the analysis in FM(E)3.1 together with business strategy and plans review and comment in memo/report/e-mail on the group/entity/business unit's medium- and long-term funding needs	As part of the application for funding process, and based on the requirements of the entity per its business plan and their balance sheet, an analysis is undertaken to determine the client's existing funding structure and its additional funding needs	Obtain cash flow forecasts for capital investment ventures from management. Investigate capital requirements to meet these ventures/business expansion plans. Document the funds required in memo/report/e-mail
FM(E)4.2	Evaluates sources of funding to meet the entity's/business unit's funding needs	Based on FM(E)4.1 above, investigate and consider and the most appropriate funding options/s for the group/entity/business unit (e.g. loan, equity, corporate bond, overdraft, foreign exchange contracts, interest rate swap, etc.). Document recommendations in memo/report/e-mail OR Based on FM(E)4.1 above, prepare a funding plan considering all available funding options (e.g. loan, equity, corporate bond, overdraft, foreign exchange contracts, interest rate swap, etc.) and taking into account the risk of each option. Document recommendations in memo/report/e-mail			
FM(E)4.3	Evaluates the need for the use of financial instruments in managing an entity's/business unit's funding needs	Completed as part of FM(E)4.2 above			

Competency to be achieved	
FM(E)5	Evaluates business plans, financial proposals or growth strategies

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
FM(E)5.1	Evaluates a business plan or financial proposal	<p>For compilation clients: Develop and document own view of the capital cost for a project/asset acquisition/business unit/growth strategy based on industry benchmarks/norms and the project/business unit's past performance (if available). Assess the assumptions (revenue and costs) for reasonableness relating to the business case, current economic climate at a macro and industry level, existence of markets, etc. Review benchmark indicators such as the IRR, NPV and payback period calculations. Document in memo/report/e-mail</p> <p>OR</p> <p>Evaluate the business/financial proposal provided by a client to determine whether to award finance (credit review). Document findings, including own opinion on the proposal, evaluation of assumptions made, benchmark indicator calculations, etc. in a memo/report/e-mail for the credit committee/decision-maker to consider</p>	<p>Develop and document own view of the capital cost for a project/asset acquisition/business unit/growth strategy based on industry benchmarks/norms and the project/business unit's past performance (if available). Assess the assumptions (revenue and costs) for reasonableness relating to the business case, current economic climate at a macro and industry level, existence of markets, etc. Review benchmark indicators such as the IRR, NPV and payback period calculations. Document in memo/report/e-mail</p> <p>OR</p> <p>Evaluate the business/financial proposal provided by a client to determine whether to award finance (credit review). Document findings, including own opinion on the proposal, evaluation of assumptions made, benchmark indicator calculations, etc. in a memo/report/e-mail for the credit committee/decision-maker to consider</p>	<p>Develop and document own view of the capital cost for a project/asset acquisition/business unit/growth strategy based on industry benchmarks/norms and the project/business unit's past performance (if available). Assess the assumptions (revenue and costs) for reasonableness relating to the business case, current economic climate at a macro and industry level, existence of markets, etc. Review benchmark indicators such as the IRR, NPV and payback period calculations. Document in memo/report/e-mail</p> <p>OR</p> <p>Evaluate the business/financial proposal provided by a client to determine whether to award finance (credit review). Document findings, including own opinion on the proposal, evaluation of assumptions made, benchmark indicator calculations, etc. in a memo/report/e-mail for the credit committee/decision-maker to consider</p>	<p>Develop and document own view of the capital cost for a project/asset acquisition/business unit/growth strategy based on industry benchmarks/norms and the project/business unit's past performance (if available). Assess the assumptions (revenue and costs) for reasonableness relating to the business case, current economic climate at a macro and industry level, existence of markets, etc. Review benchmark indicators such as the IRR, NPV and payback period calculations. Document in memo/report/e-mail</p>

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
FM(E)5.2	Evaluates the appropriateness and impact of the growth strategies formulated and adopted by the entity	Completed as part of FM(E)5.1 above			

Competency to be achieved	
FM(E)6	Evaluates capital investment decisions

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
FM(E)6.1	Evaluates the opportunities, risks and financial implications associated with the replacement or acquisition of a capital asset	Develop an assessment of the opportunities, risks and financial implications of the capital cost for a project/acquisition based on accepted benchmarks. Evaluate the assumptions used in the business case for reasonableness Review the method of calculation used. Where necessary perform/re-perform calculations to confirm accuracy. Re-perform the IRR, NPV and payback period calculations and assess these for reasonableness given the national/industry/group/entity/business unit's performance. Perform "what if"/sensitivity analysis on the project/acquisition. Document in memo/report/e-mail			
FM(E)6.2	Evaluates financial implications of investment decisions using the appropriate capital budgeting techniques	Completed as part of FM(E)6.1 above			
FM(E)6.3	Evaluates or makes recommendations on the replacement or acquisition of a capital asset	Based on FM(E)6.1 drafts recommendations in memo/report/e-mail on the most appropriate way forward/decision for the project/acquisition			

Competency to be achieved	
FM(E)7	Values a business or business units or components of a business

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	Perform a range of valuation techniques to develop a range of values for the business (FCF, PE ratio, recent sales etc.) including assumptions and comparisons made in determining each valuation (growth rates, discount rates, current norms and benchmarks, risk adjustments made, market conditions, etc.). Identify appropriate internal and external factors that may impact the valuation of the business Identify and quantify risks to the business			
FM(E)7.2	Identifies the critical assumptions and facts that underlie the valuation estimate, including factors affecting the accuracy of the valuation	Completed as part of FM(E)7.1 above			
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	Perform a sensitivity analysis by varying the WACC, sales growth, growth factors, discount rates, etc. Document changes and their impact in memo/report/e-mail			

MANAGEMENT DECISION-MAKING AND CONTROL

Competency to be achieved

MD(E)1 Identifies and evaluates the entity's/business unit's key performance indicators

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
MD(E)1.1	Identifies the financial and non-financial performance indicators that are key to the , including any industry-specific benchmarks	Identify the relevant and key performance indicators for a business/business unit/departments by gaining an understanding of the environment in which the entity operates. Identify which are key financial performance indicators (refer to FM(E)1) and key non-financial performance indicators which could include: <ul style="list-style-type: none"> • Health and Safety statistics e.g. Fatalities • BBBEE rating • Human Resource statistics • Social Media Report • Customer Satisfactory • Surveys • Sustainability • Rating agencies 			
MD(E)1.2	Evaluates performance measurement methods for key performance indicators.	Document in memo/report/e-mail performance achievement versus benchmarks. Identifies root causes of variances to expected performance. Develops recommendations to close performance gaps.			

Competency to be achieved	
MD(E)2	Evaluates the design of the entity's responsibility accounting system

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
MD(E)2.1	Evaluates the key components of the management accounting system of an , including the financial and non-financial reports produced	Evaluate the current management reporting system and tools utilised to monitor performance to determine whether data is captured and displayed in an accurate and timely manner. Determine how the reports are used by interaction with the client. Develop a set of recommendations to ensure management reports are accurate, information is displayed timeously, and these reports allow the client to make effective decisions	<p>An understanding of the management accounting system utilised is key in being able to merge the management accounting figures with the annual financial statements</p> <p>Evaluate the current management reporting system and tools utilised to monitor performance. Evaluate current reports or assist in building reports in Excel to assist management in monitoring financial information. Documenting what was taken into consideration in creating that report</p> <p>OR</p> <p>Ensure that the month-end reporting process and reports are in line with the management accounting system for financial and non-financial information. This will include analysing the financial and non-financial load files to ensure that all the required information has been loaded correctly. Extract reports and data from the system and manipulate data to a presentable format including analysis and graphs. Also understand where to obtain the non-financial information.</p> <p>Understand the roll up and mapping structure into which the numbers are grouped from accounting system to reporting system</p>		Evaluate the current management reporting system and tools utilised to monitor performance to determine whether data is captured and displayed in an accurate and timely manner. Determine how the reports are used by interaction with the client. Develop a set of recommendations to ensure management reports are accurate, information is displayed timeously, and these reports allow the client to make effective decisions

Competency to be achieved	
MD(E)3	Prepares budgets and performs sensitivity analyses

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
MD(E)3.1	Prepares a budget for an group/entity/business unit, with clearly documented assumptions	Prepare a realistic operating budget or forecast (revenue and expense) for a group/entity/business unit/profit centre/cost centre based on identifiable drivers (assumptions) relevant to that entity			
MD(E)3.2	Performs sensitivity analysis on prepared budgets, varying key assumptions to document a range of possible outcomes	Vary the assumptions documented in MD(E)3.1, e.g. inflation, growth rates, repo and interest rate, currency fluctuation, sales volumes, head count, municipal increases etc. Document the effect of these changes on the expected budget in memo/report/e-mail			

Competency to be achieved	
MD(E)4	Analyses and interprets budget variances

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
MD(E)4.1	Evaluates the actual performance against budget , and investigates and documents reasons for variances	Perform a comparison between actual versus budget/forecast performance when preparing the management report, determining appropriate thresholds for investigation. Critically analyse and document reasons for material variances in memo/report/e-mail			
MD(E)4.2	Makes recommendations to address variances	Based on the variances identified in MD(E)4.1 identify the causes of the variance and make recommendations to minimise or eliminate the variances going forward			

Competency to be achieved	
MD(E)5	Evaluates the applicability of cost management techniques

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
MD(E)5.1	Evaluates the methods used for allocation of costs in the group/entity/business unit	Evaluates the activity based costing methodology for the organisation and documents these in memo/report-e-mail. Evaluation should include comparison to methods other than those used by the entity.			
MD(E)5.2	Makes recommendations for improved cost control and cost efficiency	Identify gaps that could result in either wastage, theft or fraud. Develop a set of cost-effective recommendations that provide for improvements to cost control and reduce wastage			
MD(E)5.3	Evaluates cost allocation options within or across divisions within the group/entity/business unit, for example the appropriate application of transfer pricing.	Perform an analysis of cost allocation options within or across the group/entity/business unit and determine the most cost effective option for consideration by management. Document these alternative cost allocation methods for the above, making specific recommendations with reasons in memo/report/e-mail			

Competency to be achieved	
MD(E)6	Evaluates relevant information with application to business decisions

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	The financial impact of recommendations is clearly documented (pros and cons) in memo/report/e-mail. Potential changes in IFRS/ law/ regulations/ taxation that may impact recommendations should be clearly identified and documented in the memo/report/e-mail			

TAXATION

Competency to be achieved	
TX(E)1	Evaluates tax payers' tax profile

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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.	Obtains all the necessary information from the entity/client to determine the form of the taxpayer, whether the client was ordinarily resident in South Africa during the year of assessment (apply for example case law, physical presence test, source rules per section 9 of the Income Tax Act), the liability for tax and forms of income. Considers the organisational structure. Considers whether any Double Taxation Agreements apply			
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.	Takes into consideration the information gathered as part of TX(E)1.1 and evaluates the impact on different forms of income, e.g. section 8(1) of the Income Tax Act and the Seventh Schedule pertaining to fringe benefits for individuals			

Competency to be achieved	
TX(E)2	Calculates or evaluates income tax payable and prepares or evaluates income tax returns for individuals

	Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
TX(E)2.1	Calculates or evaluates the income tax payable for an individual , considering: <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. 	Calculate or evaluates the income tax payable for an individual, considering: <ul style="list-style-type: none"> classification and source of income (e.g. salary, investment income, fringe benefits, trading income) exclusion of exempt income (e.g. exempt local and foreign dividends, foreign interest exemption, income from tax-free investments) the deductibility of expenses (e.g. contributions made to retirement annuity funds, medical credits, donations to public benefit organisations) 			
TX(E)2.2	Prepares or evaluates income tax returns	Prepares the income tax return (ITR12) or evaluates the validity and accuracy of the income tax return prepared by someone else. Latter should be populated and submitted via SARS e-filing			
TX(E)2.3	Identifies when capital gains tax (CGT) is applicable and calculates or reviews the CGT payable on qualifying transactions	Determines whether income is of a capital nature by considering the gross income definition in section 1 of the Income Tax Act. Applies the Eighth Schedule to the Income Tax Act to calculate the capital gains tax the taxpayer would be liable for.			

Competency to be achieved	
TX(E)3	Calculates or evaluates income tax payable and prepares or evaluates income tax returns for legal entities

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
TX(E)3.1	<p>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>Determines whether the entity will qualify for special provisions applicable to for example small business entities, a controlled foreign company or a trust. Using the trial balance of the entity identifies accounts that might need further evaluation from a tax perspective. Through discussion with management/client and by reviewing all supporting documents provided by the client identifies all sources of income and apply the gross income definition and relevant case law to determine whether the income is of a capital or revenue nature. Analyses the expenditure the client wishes to deduct per the trial balance according to section 11(a) of the Income Tax Act and other relevant sections of the Act. Consider whether any capital allowances may be claimed.</p>			
TX(E)3.2	Prepares or evaluates income tax returns	Completes the ITR14 for the entity using the information analysed in TX(E)3.1 above. Submit the ITR14 to SARS using e-filing			
TX(E)3.3	Identifies when capital gains tax (CGT) is applicable and calculates or reviews the CGT payable on qualifying transactions	Identifies events that have CGT implications. Applies the Eighth Schedule to the Income Tax Act to calculate the CGT payable or review the calculation done by someone else. Consider so-called deemed disposals dealt with in paragraph 12 of the Eighth Schedule			

Competency to be achieved	
TX(E)4	Calculates other taxes payable and prepares or evaluates appropriate returns

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
TX(E)4.1	Calculates or evaluates withholding tax for example interest or dividend withholding tax	Calculates or reviews the amount of dividends tax that should be withheld from a shareholder and that should be paid over by the so-called withholding agent (being the company itself or regulated intermediary). Considers possible exemptions in terms of section 64F of the Income Tax Act and/or reduced withholding tax rates in terms of Double Taxation Agreements and builds these into the computation			
TX(E)4.2	Identifies when indirect taxes , for example VAT or customs duty, are applicable and calculates or evaluates the indirect tax payable	Identifies whether income earned by the clients qualifies as a supply of goods or services, a zero-rated supply, an exempt supply or a deemed supply for output tax purposes. Considers the validity of invoices used to claim input VAT (section 20 of the VAT Act) as well as apportionment of expenditure between exempt and standard rate supplies. Determines if exported goods are zero rated in terms of the Export Incentive scheme, by inspecting export documentation (per the Customs and Excise Act). Calculates the taxpayer's liability and/or reviews the calculation.			
TX(E)4.3	Prepares or evaluates indirect tax returns	Completes the VAT201 return using the input tax and output tax calculations for specific period			
TX(E)4.4	Prepares or evaluates provisional tax and employees tax (PAYE, SDL and UIF) returns	Prepares or evaluations the employees tax returns (EMP201) and employees tax bi-annual reconciliation (EMP501). Prepares or evaluates a provisional tax return (IRP6), taking into account the taxpayer's estimated taxable income, the basic amount etc.			

Competency to be achieved	
TX(E)5	Makes recommendations on specific tax transactions

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
TX(E)5.1	Makes recommendations concerning tax transactions , taking into consideration applicable legislation, including, but not limited to, anti-avoidance legislation	Identify and document pre-issuance reviews, tax return reviews, transaction-based opinion work, special rulings in Part III of the Act (asset-for-share transactions (section 42), amalgamation transactions (section 44), unbundling transactions (section 46) etc.) and SARS queries and objections. Consider the tax implications in each instance and make recommendations based on the applicable legislation (including anti-avoidance legislation) by way of memo/report/e-mail			

Competency to be achieved	
TX(E)6	Prepares or evaluates information to respond to assessments, file objections and appeals

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
TX(E)6.1	Evaluates the content of assessments and reassessments	Reviews/evaluates the content of an assessment (ITA34) issued by SARS to ensure that it corresponds to the income tax return (ITR14) submitted. This assessment and the cumulative tax liability should be reconciled with the responding entries in the company's financial records. Differences between, for example, the income tax calculation as well as the ITR14 submitted and the ITA34 should be investigated and documented in a memo/report/e-mail in order to identify and understand why they have arisen. The latter should be done in order to act appropriately (i.e. correction in the company's financial records or objection against a dubious assessment) in terms of the Tax Administration Act			
TX(E)6.2	Prepares or evaluates supporting documentation required to initiate an appeal or file a notice of objection	Based on TX(E)6.1 above prepares/evaluates a notice of objection (NOO) or prepares/initiates an appeal (NOA) in terms of the specific rules regarding objection and appeal (e.g. refer Part B of Chapter 9 of the Tax Administration Act) as well as SARS timeframes.			

RISK MANAGEMENT & GOVERNANCE

Competency to be achieved

RM(E)1 Identifies and evaluates the risks pertaining to the financial information system

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	Documents the objectives of the business area and the key business processes including the origin and nature of strategic, operational, compliance and financial risks. Documents the business' risk responses for each of the above elements. Through interception and discussion with key management understands the risk management methodology and the policy of the organisation/business unit. Based on this understanding evaluates and concludes in memo/report/e-mail on the effectiveness of the control environment implemented by the organisation/business unit			
RM(E)1.2	Evaluates the business processes which are susceptible to fraud and, where necessary, documents the systems introduced by the business to mitigate the risk	Based on RM(E)1.1 identifies and documents in memo/report/e-mail those business processes that are susceptible to fraud together with specific reasons why. Identifies and documents in memo/report/e-mail controls/systems implemented to address the fraud risks identified.			

Competency to be achieved

RM(E)2 Evaluates the key internal controls (including IT related controls) implemented in an entity

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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>Based on the understanding obtained through RM(E)1 documents system descriptions (flow chart or text) of the group/entity/business unit's key business processes</p> <p>OR</p> <p>Based on the understanding obtained through RM(E)1 together with existing business process documents performs, and documents, system walk-throughs evaluating the design and operating effectiveness of the controls implemented within the business processes</p> <p>OR</p> <p>Based on the understanding obtained through RM(E)1 together with existing business process documents completes, and documents a detailed risk and control matrix for the group/entity/business unit</p>			

Competency to be achieved	
RM(E)3	Evaluates internal control

Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task			
	External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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			
	Evaluates internal control in the context of an appropriate criteria/recognised framework taking into account the organisation/business unit, its environment and industry along with other pertinent factors. Documents the criteria selection together with reasons therefor in memo/report/e-mail OR Performs, and documents in memo/report/e-mail, system walk-throughs evaluating the design of the internal controls implemented within the business processes using the selected criteria as a design benchmark OR Completes, and documents in memo/report/e-mail a detailed risk and control matrix for the group/entity/business unit evaluating the internal controls' design against the selected criteria/framework			

Competency to be achieved	
RM(E)4	Conducts planning and fieldwork within the scope of internal audit policies

Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task			
	External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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			
	Using RM(E)3.2 designs or selects relevant tests of internal controls (automated and manual) and document rationale for sample sizes and methods of selection of the sample to be tested. Sample selection – documents the reasons for sample size as well as the method of selection (use approved sampling methodology)			
	Documents audit fieldwork that has been completed in accordance with appropriate internal auditing standard and as contained in the audit programme			
	Using RM(E)3.2 designs or selects relevant tests of internal controls (automated and manual) and document rationale for sample sizes and methods of selection of the sample to be tested. Sample selection – documents the reasons for sample size as well as the method of selection (use approved sampling methodology)			
	Considers if the evidence obtained in RM(E)4.2 and RM(E)4.3 is sufficient and reliable. Considers if additional control procedures are required and discusses with manager/direct report.			

Competency to be achieved	
RM(E)5	Documents the results of internal audit procedures performed

	Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	Using RM(E)4.2, RM(E)4.3 and RM(E)4.4 documents clearly the tests of internal control that have been performed, the results thereof and the outcomes of the tests performed. Where issues/findings have arisen documents clearly the detail thereof, including root cause analysis, recommendations for remedial action and discussions held with organisation/business unit management			

Competency to be achieved	
RM(E)6	Evaluates evidence, draws conclusions and issues appropriate reports

	Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
RM(E)6.1	Evaluates the sufficiency and significance of the evidence and/or results of analysis	Considers if the evidence obtained in RM(E)4.2 and RM(E)4.3 is sufficient and reliable. Considers if additional control procedures are required and discusses with manager/direct report			
RM(E)6.2	Identifies and evaluates inconsistencies, unexpected circumstances or findings, or findings that indicate possible fraud, error or illegal acts	Considers if the evidence obtained in RM(E)4.2 and RM(E)4.3 is points towards possible fraud, error or illegal acts. Documents conclusions and rationale in audit working papers and discusses with manager/direct report			
RM(E)6.3	Evaluates the reasonableness of the conclusions on the subject matter, based on the outcome of internal audit procedures	Considers if the evidence obtained in RM(E)4.2 and RM(E)4.3 is sufficient and reliable. Considers if additional control procedures are required and discusses with manager/direct report. Concludes on the results of the audit fieldwork and communicate results to manager/direct report			
RM(E)6.4	Assists in the preparation of the final report with recommendations, management responses and an action plan	Prepares a draft report, for review by the manager/direct report, to the group/entity/business unit's management documenting issues identified, root causes, agreed action plans and management's responses thereto			

Competency to be achieved	
RM(E)7	Assists in the evaluation of an entity's plans for risk management

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	Completed as part of RM(E)2.1 above			

Competency to be achieved	
RM(E)8	Conducts governance reviews in accordance with appropriate governance standards

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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.	Performs a governance audit and documents the composition and structure of the governance structures and evaluates the structure for compliance with relevant legislation, listing requirements, practices, etc. Makes recommendations for improvement through memo/report/e-mail OR Prepares a draft, for inclusion in the Integrated Report, of the governance structure of the entity and its compliance with legislation, listing requirements, good practice, 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	Completed as part of RM(E)8.1 above			
RM(E)8.3	Evaluates the disclosure of corporate governance for an entity/audit engagement	Completed as part of RM(E)8.1 above			

RESIDUAL SKILLS

AUDITING AND ASSURANCE

Note: for Auditing and Assurance as a residual skill it has been assumed that this will **not** apply to training offices in the Assurance and AGSA context.

Competency to be achieved				
AA(R)1	Demonstrates a basic appreciation and awareness of the practical considerations of the external audit function			
Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task		
		Commerce & Industry	Public Sector	Consulting/Advisory
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	Includes trainees as members of the statutory reporting team acting as the communication conduit between the group/entity/business unit and the audit team Reviews the audit engagement letter for the group/entity/business unit on an annual basis making written recommendations based on current legislation/regulation/market practice/etc. Completes a simulation developing appropriate terms of engagement for audit purposes		
AA(R)1.2	Evaluates the impact of identified misstatements on the financial statements in the context of materiality	Through review of the supporting documents from the external auditors: <ul style="list-style-type: none">Read and understand the impact of external auditor findings as well as compile appropriate management responsesDevise the appropriate accounting entries to correct identified misstatements (which accounts should be credited and debited)Understand the impact of auditor findings and their relation to the entity's materiality figures OR Evaluates the misstatements brought to the attention of the business by the external auditors and discusses these with the external audit manager in terms of the impact of the misstatements in relation to their opinion of the reasonability of the financial statements. Documents these discussions for consideration by seniors		
AA(R)1.3	Evaluates the appropriateness of the management representation letter	Through evaluation of the management representation letter the trainee can: <ul style="list-style-type: none">Provide to management, appropriate information to be incorporated into the management representation letterCompile/update/amend the management letter that is required by external auditors – confirm declarations made in the management letter by discussing the content and declarations in the letter with management, prior to issuing it to the external auditors OR Obtain the management representation letter from the external audit manager, include evidence of evaluation such as notes or highlighting sections reviewed in memo/report/e-mail to seniors.		

Competency to be achieved			
AA(R)2	Prepares information requested by the external auditors		
Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task		
	Commerce & Industry	Public Sector	Consulting/Advisory
AA(R)2.1	Prepares information for, or responds to requests by, the external auditors	Provides relevant, clear and concise information to the external auditors - whether being supporting documentation, verbal or written explanations OR Takes ownership of the "Prepared By Client" list ensuring all required documents are available to the auditors as needed Engages with the auditors during update meetings Documents and follows up action items arising from update meetings OR Provides copy evidence of e-mails sent and received from external auditors with relation to queries or requests responded to by the trainee	

Competency to be achieved			
AA(R)3	Communicates with external audit		
Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task		
	Commerce & Industry	Public Sector	Consulting/Advisory
AA(R)3.1	Communicates effectively with external audit stakeholders, for example identifying issues regarding the audit strategy, describing internal controls and financial systems used, any material issues identified during the course of the audit, etc.	The trainee acts as the communication conduit between Group Finance and the audit team OR The trainee is able to: <ul style="list-style-type: none"> Explain the system of internal control in relation to their area of responsibility Provide to the external auditors verbal and written explanation to matters identified OR The trainee is able to: <ul style="list-style-type: none"> Liaise with external auditors to discuss matters raised, outstanding audit evidence and other administrative matters Attend and participate in the audit planning meetings together with external auditors to discuss audit field work, timing, the need for external / third party confirmations, etc. Attend the governance committee meeting where the final audit report and results are discussed and provide input where necessary (written in the form of management comments to findings or verbally at the meeting, where appropriate) 	

FINANCIAL MANAGEMENT

Competency to be achieved

FM(R)1 Evaluates the entity's financial situation

		Examples of activities to be performed by trainees to demonstrate competence in this task			
	Tasks to be performed	External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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.	<p>The trainee assesses and documents the going concern ability of the client by calculating liquidity and solvency ratios to determine if the client is a going concern</p> <p>Refer also AE(C)4.1 and 4.2</p> <p>OR</p> <p>As part of planning, trainee documents and evaluates trends by comparing prior to current year figures and provides reasonable explanations for variances</p> <p>OR</p> <p>The trainee is able to:</p> <ul style="list-style-type: none"> Calculate relevant ratios from the financial results of the entity and make reasonable conclusions based on the results Provide recommendations where required and appropriate <p>OR</p> <p>Trainee completes predictive analytical review procedures in independent review procedures providing reasonable explanations for variances and changes</p>	<p>Critically analyses the financial performance and position of an entity/ business unit, including forecasts to develop an opinion on its:</p> <ul style="list-style-type: none"> Ability to continue as a going concern Key areas for concern Potential to achieve targets <p>OR</p> <p>In support of the audit completion process the trainee documents/assists the external auditor in assessing and documenting the going concern ability of the group/entity/business unit. This can be achieved by calculating liquidity and solvency ratios to determine if the group/entity/business unit is a going concern</p>		

Competency to be achieved	
FM(R)2	Monitors cash flow

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
FM(R)2.1	Prepares or evaluates a cash flow forecast for a group/entity/business unit/engagement client	Evaluates cash flows that have been prepared by the client as part of audit work performed. E.g. ability to recalculate the arithmetical accuracy of cash flow projections provided by the engagement client as well as evaluate the reasonableness of the assumptions used by management. Compiles reasonable alternative assumptions to client information provided if the cash flows provided by the client are not reasonable OR Considers going concern procedures in audit and independent review – considering whether current ratio is sufficient, considering the client's liquidity, etc.	Extracts data from various sources and evaluates the cash flow forecast of the group/entity/department OR Prepare an independent cash-flow forecast based on independently sourced: <ul style="list-style-type: none"> • Demand and price forecasts based on market conditions • Benchmarked costs adjusted for local conditions and the entity's historic performance • Relevant taxation rules and regulations Relevant regulatory/legal frameworks (e.g., environmental requirements)		Prepare an independent cash-flow forecast based on independently sourced: <ul style="list-style-type: none"> • Demand and price forecasts based on market conditions • Benchmarked costs adjusted for local conditions and the entity's historic performance • Relevant taxation rules and regulations • Relevant regulatory/legal frameworks (e.g., environmental requirements)
FM(R)2.2	Identifies when there may be a cash shortfall and recommends possible action plans	Evaluates cash flows that have been prepared by the client as part of audit work performed. E.g. ability to recalculate the arithmetical accuracy of cash flow projections provided by the engagement client as well as evaluate the reasonableness of the assumptions used by management. Recommends possible and reasonable recommendations in the management report/letter	Using the cash flow forecast from FM(R)2.1 investigates how the shortfall can be replenished. Document recommendations in memo/report/e-mail		Proactively identifies where cash-flows may be negative and develop appropriate recommendations on what is needed to address the shortfall/s

Competency to be achieved	
FM(R)3	Evaluates the entity's working capital

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	<p>The trainee accountant is able to calculate the different ratios that are part of working capital and come to reasonable conclusion relating to those components.</p> <p>OR</p> <p>As part of substantive analytical review procedures during the audit or independent review:</p> <ul style="list-style-type: none"> Calculates the necessary working capital ratios Makes recommendations in the management report/letter from the analysis of the working capital 	<p>Perform a ratio analysis specific to the working capital variables of the group/entity/business unit over a comparable period. Investigate reasons as to the movements of each component and document how improvements to the working capital may be made per component</p> <p>OR</p> <p>Review the management accounts analysing the working capital requirements of the group/entity/business unit. Make recommendations to improve working capital management and document in memo/report/e-mail</p>	<p>State owned enterprises e.g. SAA, Eskom, Telkom, Transnet, Denel etc. will need to monitor their working capital levels and ensure that they have sufficient funds to pay suppliers. Review the management accounts analysing the working capital requirements of the entity (debtors, creditors, inventory). Develop a set of recommendations to improve working capital management and document in memo/report/e-mail</p>	<p>Critically analyse working capital including debtors' days, creditors' days, cash on hand and inventory.</p> <p>Analyse sub-categories of inventory to understand slow moving product and identify the root causes for stock build up (quality issues, soft demand, multiple locations)</p> <p>Based on this develop a set of recommendations to reduce the working capital demands for the entity</p>

Competency to be achieved	
FM(R)4	Evaluates capital investment decisions

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
FM(R)4.1	Evaluates the financial implications of investment decisions using the appropriate capital budgeting techniques	<p>May be simulated</p> <p>OR</p> <p>Develop an assessment of the opportunities, risks and financial implications of the capital cost for a project/acquisition based on accepted benchmarks. Evaluate the assumptions used in the business case for reasonableness Review the method of calculation used. Where necessary perform/re-perform calculations to confirm accuracy.</p> <p>Re-perform the IRR, NPV and payback period calculations and assess these for reasonableness given the national/industry/group/entity/business unit's performance. Perform "what if"/sensitivity analysis on the project/acquisition. Document in memo/report/e-mail</p>			

Competency to be achieved	
FM(R)5	Values a business or business units or components of a business

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	<p>May be simulated OR</p> <p>During the audit (examples) –</p> <ul style="list-style-type: none"> • Impairment testing (e.g. investment in a subsidiary or cash generating units) • Valuation of investment properties • Audit of the valuation completed by external valuator for investment properties • Fair value determination or assessment of non-listed financial instruments • Consolidations – market value determination or assessment of assets acquired <p>OR</p> <p>For non-audit clients (examples) –</p> <ul style="list-style-type: none"> • Performs a range of valuation techniques to determine the valuation of a business where a shareholder wishes to sell his share (succession planning etc.) or sell his business 	<p>May be simulated</p> <p>OR</p> <p>Using a range of valuation techniques develops a range of values for the group/entity/business unit (FCF, PE ratio, recent sales etc.)</p> <p>Identify appropriate internal and external factors that may impact the valuation of the business</p> <p>Identify and quantify the value of synergies that could be achieved if the prospective business is integrated</p> <p>Identify and quantify risks to the business</p>		

MANAGEMENT DECISION-MAKING AND CONTROL

Competency to be achieved

MD(R)1 Identifies and evaluates an entity's/business unit's key performance indicators

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
MD(R)1.1	Identifies the financial and non-financial performance indicators that are key to the entity/business unit, including any industry-specific benchmarks	<p>Completed as part of AA(E)1.1, 1.2, 2.1, 2.2 and 2.3</p> <p>OR</p> <p>The trainee considers other reports required by legislation/ regulatory bodies etc. and whether they are consistent with what has been reported on in the financial statements (e.g. Performing an evaluation of the Directors' Report, report from the Internal Auditors, sustainability report etc. for inconsistencies with the financial statement audit)</p>	<p>Trainees identify performance indicators for a business cycle within the group/entity/business unit. They identify the most important measures for the cycle (e.g. how many invoices should be processed by a capturer per day, percentage of on-time payments, query rate etc.). Benchmarks performance indicators against other companies and possibly a shared services environment</p> <p>OR</p> <p>As part of the trainees' rotation to a group entity/business unit:</p> <ul style="list-style-type: none"> Provide a review report on existing management metrics based on their studies and experience elsewhere Suggest new, or improved, metrics for management of that entity/business unit to implement <p>OR</p> <p>As key members of the statutory reporting team the trainees will be part of the team managing the production of the financial statements and the Integrated Report (IR) (year-end) and half-year results. They will be working producing first drafts of the CEO, CFO, Sustainability and other reports that form part of the IR and include data and commentary on the group/entity's performance</p>		Identifies performance indicators that are most relevant to a business' performance and compares them to industry benchmarks
MD(R)1.2	Evaluates performance measurement methods for key performance indicators	The trainee accountant is able to evaluate the entity's integrated reporting and conclude whether the assertions made in the reporting are reasonable	Completes a cost-savings audit of a group/entity/business unit/business area where the focus is on the KPIs and their applicability/use within the business	Evaluate the method for measuring, evaluating and presenting KPIs for the group/entity/business unit and documents these in report/memo/e-mail (e.g. for a SOC or a client)	

Competency to be achieved	
MD(R)2	Prepares budgets and performs sensitivity analyses

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
MD(R)2.1	Prepares a budget for an /audit engagement, with clearly documented assumptions	During the planning stages of the audit the trainee prepares a budget for the audit/independent review/compilation engagement	Provides assistance to the business on the budget process and prepares a budget for the group/entity/business unit with clear and documented assumptions		During the planning stages of a client assignment the trainee prepares a budget for the engagement
MD(R)2.2	Performs sensitivity analysis on prepared budgets, varying key assumptions to document a range of possible outcomes	Analyses the above audit budget and considers the impact if certain assumptions are changed. Documents in repot/memo/e-mail	Document and comment on the identified key performance indicators in MD(E)1.1. OR Analyses the above budget and considers the impact if certain assumptions are changed. Documents in repot/memo/e-mail		

Competency to be achieved	
MD(R)3	Analyses and interprets budget variances

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
MD(R)3.1	Documents actual performance against budget, and investigates and documents reasons for variances	After completion of the engagement, compares the budget to the actual WIP posted and documents the reasons for the differences	Produces monthly/quarterly/annual results – which contain key KPIs and metrics – for the group/entity/business unit. Includes narrative comments on performance relative to budgets/forecasts/market OR Completion of monthly/quarterly /annual management accounts which provide more detail and reasons for performance variations when compared to budgets/forecasts/market		Compare actual financial and operational performance against budget and prior year for a client assignment. Document and critically analyse reasons for the variance
MD(R)3.2	Makes recommendations to address variances	Documents recommendations where improvement is needed (to positively influence productivity) in the audit approach, during and after completion of the audit. Considers setting up a “post mortem” meeting with the audit team members after the completion of the audit (Refer to ML(C)3 and ML(C)4 above)	Includes in MD(R)3.1 analysis recommendations to address identified variances through report/memo/e-mail		Identifies the root causes for the variances to budget, and develops a set of recommendations to address these root causes

TAXATION

Competency to be achieved	
TX(R)1	Calculates or evaluates income tax payable and prepares or evaluates income tax returns for individuals

	Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
TX(R)1.1	Calculates or evaluates the income tax payable for an individual, considering: <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 <ul style="list-style-type: none"> 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. 	May be simulated <div style="text-align: right;">OR</div> Calculation of individual's income tax liability <div style="text-align: right;">OR</div> Calculates own individual tax payable or evaluates income tax return compiled by the tax division. Retains evidence for review by tax reviewer and portfolio of evidence			
TX(R)1.2	Prepares or evaluates income tax returns	Once satisfied with the income tax calculation prepared/evaluated for an individual taxpayer (refer TX(R)1.1), trainees should complete the individuals income tax return (e.g. ITR12) or review the return completed by someone else (e.g. the individual self). The result should be an accurately completed return with income tax liability similar to that of the calculation done/evaluated for example in TX(R)1.1 <div style="text-align: right;">OR</div> Submit own individual tax return on SARS e-filing. Print evidence and submit evidence to tax reviewer for review			

Competency to be achieved	
TX(R)2	Calculates or evaluates income tax payable and prepares or evaluates income tax returns for legal entities

	Tasks to be performed	Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
TX(R)2.1	Calculates or evaluates the income tax payable for a legal entity, considering: <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. <ul style="list-style-type: none"> • tax deductions and credits, for example, small business deduction, general tax reduction, etc. 	May be simulated OR Calculating or auditing/reviewing the income tax calculation of a group/entity/business unit client	May be simulated OR Complete tax computations for subsidiaries and other companies in the Group as part of the year-end process, including identify and comment on the tax risks in the business and/or the tax computation and proposals on to deal with/mitigate them. Complete the deferred tax computation, along with notes for the financial statements ensuring that these are accounted for correctly		May be simulated OR Calculating or auditing/reviewing the income tax calculation of a group/entity/business unit client
TX(R)2.2	Prepares or evaluates income tax returns	Once satisfied with the computations in TX(R)2.1: <ul style="list-style-type: none"> • Upload completed and reviews tax computations for group/entity companies into e-filing • Attending to SARS queries • Reviewing SARS' assessment Where necessary attending to/submitting objections to SARS			

Competency to be achieved	
TX(R)3	Calculates other taxes payable and prepares or evaluates appropriate returns

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
TX(R)3.1	Calculates or evaluates withholding tax, for example interest or dividend withholding tax, etc.	As part of the audit process evaluates the client's computations of relevant withholding taxes	Complete and submit compliance returns with respect to appropriate withholding taxes depending on the group/entity's structure/jurisdiction, etc.		May be simulated OR Evaluates the client's computations of relevant withholding taxes
TX(R)3.2	Identifies when indirect taxes, for example VAT or customs duty, are applicable and calculates or evaluates the indirect tax payable	As part of the audit process evaluates the client's computations of indirect taxes, the accrual thereof and payment to SARS	Complete and submit compliance returns with respect to appropriate indirect taxes depending on the group/entity's structure/jurisdiction, etc. having considered what taxes the group/entity is liable for		May be simulated OR Evaluates the client's computations of relevant withholding taxes
TX(R)3.3	Prepares or evaluates indirect tax returns	Once satisfied with the computations in TX(R)3.2: <ul style="list-style-type: none"> • Upload completed and reviews tax computations for group/entity companies into e-filing • Attending to SARS queries • Reviewing SARS' assessment Where necessary attending to/submitting objections to SARS			
TX(R)3.4	Prepares or evaluates employees tax (PAYE, SDL and UIF) returns	May be simulated OR As part of the audit process evaluates the client's computations of employees' tax, the accrual thereof and payment to SARS	Calculating and completing monthly EMP201 returns and bi-annual EMP501 reconciliations		May be simulated OR Evaluates the client's computations of relevant employees' taxes

RISK MANAGEMENT & GOVERNANCE

Competency to be achieved

RM(R)1 Identifies and evaluates the risks pertaining to the financial information system

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	Refer audit section – planning stage – and (EE(E)2.1 and AA(E)3.6 Trainee is able to determine risk facing the entity from operational, financial, regulatory and information system risks (e.g. evaluates and documents changes in the regulatory environment and determines how the changes can affect the client/ engagement)	Gain and document an understanding of the group/entity/business unit they are working in, including the risk universe appropriate to that area. Consider and document potential fraud risk as part of the risk documentation process. Links the risks identified to internal financial controls and assesses the design of these controls. Documents in memo/report/e-mail		Proactively identify risks facing the business from an operational, financial, regulatory and information system perspective Develop a set of mitigating actions that are cost-effective and appropriately mitigate the risks identified
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	Refer AA(E)3.4	As part of RM(R)1.1 above considers and documents potential fraud risk as part of the risk documentation process. Maps fraud risks to internal financial controls (including fraud risk controls)		Identifies gaps in the internal controls that could result in fraud Revises the internal controls policies, procedures etc. in order to close these gaps

Competency to be achieved	
RM(R)2	Identifies the key internal controls (including IT related controls) implemented in an entity

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	Refer AA(E)2.3	As part of RM(R)1.1 above considers and documents the key business processes and maps these to internal financial controls (manual and IT)		Maps out the internal business processes within a group/entity/business unit. Maps out the controls that manage these processes (IT, procedural, manual) Evaluates the effectiveness of these controls

Competency to be achieved	
RM(R)3	Evaluates internal control

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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	Refer AA(E)3.1	Documents evaluation of the adequacy of a control by evaluating criteria (COSO framework) or templates created by the internal audit division that provides guidance on what to consider when evaluating the design of the control (i.e. What assertions the control is mitigating (accuracy / completeness / validity), will it mitigate the risk if working consistently, is there a risk without a mitigating control, etc.)		Maps out the internal business processes within an entity. Compares these processes and controls to best practices (COSO framework) and develops a set of recommendation to strengthen the controls. Quantifies the cost of strengthening the controls

Competency to be achieved	
RM(R)4	Conducts governance reviews in accordance with appropriate governance standards

Tasks to be performed		Examples of activities to be performed by trainees to demonstrate competence in this task			
		External Audit & AGSA	Commerce & Industry	Public Sector	Consulting/Advisory
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.	During the audit determines whether the board composition and the board committees comply with the requirements of the applicable legislation and regulations (Companies Act, MOI, JSE requirements and King Code)	Reviews the group/entity's integrated report and documents the governance structures and the roles of the various boards and committees of the company OR Drafts the group/entity's integrated report (governance report)		Develops appropriate governance processes for new processes/project to ensure appropriate oversight and control by management
RM(R)4.2	Evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices	As part of the audit process evaluates the governance process employed by the group/entity when compared to industry norms/JSE listing requirements/legislation/King Code/etc. Documents findings in audit working papers and includes recommendations for improvement in the management report/letter	Based on RM(R)4.1 evaluates the governance process employed by the group/entity when compared to industry norms/JSE listing requirements/legislation/King Code/etc. Documents findings in report/memo/e-mail		Evaluates the governance process currently employed by the client and identifies. Develops recommendation to improve the governance process and documents these in report/memo/e-mail