

CA(SA) TRAINING PROGRAMME

PRESCRIBED COMPETENCIES

Effective 1 January 2010

(Revised August 2012)

COMPULSORY SKILLS

ACCOUNTING AND EXTERNAL REPORTING

Entities recognise, measure and report on their performance. The reports generated are for a variety of users and can be financial or non-financial in nature. Examples include divisional financial statements (internal), balanced scorecard reporting (internal), general-purpose financial statements (external) and components of the Management Discussion and Analysis contained in the annual report (external). Entities report information to their various stakeholders in order to meet their stewardship requirements and to fulfil stakeholders' needs.

The primary role in this competency area will be as part of a team that is competent in understanding an entity's reporting requirements and the importance of providing relevant, accurate and complete information in meeting the entity's reporting requirements. The team has a thorough knowledge of generally accepted accounting practice, their application in IFRS and a thorough understanding of when and how to apply them.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | Tasks to be performed | |
|--|-----------------------|---|
| AE(C)1 Selects appropriate accounting frameworks and policies | AE(C)1.1 | Based on the entity's financial reporting needs and the stakeholders identified, decides on the appropriate accounting framework |
| | AE(C)1.2 | Selects or evaluates accounting policies within the appropriate accounting framework that most fairly present the financial situation |
| | AE(C)1.3 | Develops or evaluates accounting policies in accordance with the accounting framework |
| AE(C)2 Accounts for the entity's transactions, including non-routine transactions | AE(C)2.1 | Analyses and calculates, or evaluates the accounting for routine transactions, for example sales, cost of sales, operating expenses, etc. |
| | AE(C)2.2 | Analyses and calculates, or evaluates the accounting for non-routine transactions, for example mergers and acquisitions, divestitures, provisions etc. |
| | AE(C)2.3 | Performs or evaluates reconciliations of financial information (e.g. bank reconciliations, accounts payable reconciliation, general ledger control account reconciliations, reconciliations between management accounts and the general ledger, etc.) |
| AE(C)3 Prepares or evaluates financial statements and accompanying notes | AE(C)3.1 | Prepares or evaluates financial statements in accordance with the identified accounting framework |
| | AE(C)3.2 | Prepares or evaluates notes to the financial statements in accordance with the identified accounting frameworks |
| | AE(C)3.3 | Prepares or evaluates the non-financial information in the annual financial statements, e.g. Directors' Report, Corporate Governance Report, Sustainability Report |
| AE(C)4 Interprets financial statements | AE(C)4.1 | Calculates profitability, efficiency (activity), solvency and liquidity ratios from the financial statements |
| | AE(C)4.2 | Based on the ratios calculated in AE(C)4.1, analyses and explains the financial performance of the business, and provides recommendations from analysis |

BUSINESS ETHICS

Whether recently qualified or highly experienced, all CAs are required to uphold ethical principles and conduct themselves professionally. Acting with integrity, through adherence to these values, is fundamental to the profession's commitment to excellence and the public interest. Integrity means acting ethically and honestly, carrying out all work with an objective frame of mind and maintaining independence, both in fact and in appearance, when involved with independent services. Integrity also means that CAs raise and address issues regarding stewardship — that is, the discharge by management of its stewardship responsibilities to those who have provided resources to an entity. CAs monitor whether management is being accountable and honest in addressing issues of stewardship and when making decisions or reporting information. It is this strong commitment to integrity in everything that CAs do that earns them their reputation for trustworthiness, and the confidence of clients, employers and the public at large. As a result, clients and employers seek to involve CAs in the most significant financial and business decisions that they face.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | Tasks to be performed |
|--|---|
| BE(C) Acts ethically and in accordance with the rules of professional conduct | BE(C)1 Displays honesty and integrity |
| | BE(C)2 Carries out work with a desire to exercise due care |
| | BE(C)3 Maintains objectivity and independence |
| | BE(C)4 Avoids conflict of interest |
| | BE(C)5 Protects the confidentiality of information |
| | BE(C)6 Maintains and enhances the profession's reputation |
| | BE(C)7 Adheres to the rules of professional conduct, including the SAICA Code of Professional Conduct |
| | BE(C)8 Identifies and adequately responds to potential ethical dilemmas |
| | BE(C)9 Applies ethical principles to business activities, business decisions and policy development |

MANAGEMENT AND LEADERSHIP

Wide-ranging professional skills make up those qualities that the CA brings to any task. These skills encompass the creation, analysis, evaluation, and synthesis of information and ideas; problem-solving and decision-making skills; communication and management skills, and proficiency in technology. They are vital to the professional success of CAs.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | Tasks to be performed |
|---|---|
| ML(C) Demonstrates an ability to manage and lead | ML(C)1 Keeps abreast of global and local economic events through reading and interpreting the financial and business press |
| | ML(C)2 Identifies critical factors in the economic, social, legislative, regulatory and political environment that impacts on business and financial decisions of an entity |
| | ML(C)3 Identifies the factors which impact an entity's financial strategies |
| | ML(C)4 Applies project management techniques, such as developing milestones, managing resources, meeting deadlines, etc. |
| | ML(C)5 Leads effective meetings |
| | ML(C)6 Respects deadlines, manages time and organizes tasks logically |
| | ML(C)7 Delegates tasks effectively |
| | ML(C)8 Manages and supervises others effectively |
| | ML(C)9 Works effectively with colleagues and clients from diverse backgrounds and cultures |
| | ML(C)10 Collaborates with colleagues and works effectively as a team member |
| | ML(C)11 Resolves conflict and negotiates appropriate solutions |

PERSONAL ATTRIBUTES

The profession's commitment to be leaders in enhancing decision-making and improving organisational performance requires CAs to foster individual characteristics that are vital to fulfilling this commitment. Thus, CAs take responsibility for maintaining their own professional competence by maintaining awareness of new developments and for managing their own careers. They know their own limitations, and use professional judgment in deciding when to involve specialists and other professionals. They demonstrate leadership, exercise initiative, and strive constantly to add value; they are innovators, and they are adaptable. These individual attributes manifest themselves in all of the CA's professional undertakings and at all stages of his or her career.

In addition to these attributes CAs should have a combination of intellectual ability and ability to apply themselves which together with other competencies enables there to be life-long learning. It is recognised that CAs work in demanding situations and that intellectual and application ability should be of a level which enables life-long learning to occur in this context.

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| Competency to be achieved | Tasks to be performed | |
|--|-----------------------|--|
| PA(C) Maintains awareness of new developments, exercises initiative, communicated effectively and strives constantly to add value | PA(C)1 | Responds and adapts to change |
| | PA(C)2 | Identifies problems, conducts research, evaluates evidence and makes appropriate decisions |
| | PA(C)3 | Asks appropriate and probing questions to obtain required information |
| | PA(C)4 | Communicates effectively in written format |
| | PA(C)5 | Communicates effectively in verbal format |
| | PA(C)6 | Takes responsibility for own development |

INFORMATION TECHNOLOGY

As the Information and Information Technology competencies have become an integral part of virtually every task undertaken by CA candidates, they fall into the unique category of competencies that are of a pervasive nature but also contain elements of underlying knowledge related to their development, giving them the characteristics of a specific competency. There are many competencies that refer to "information", "processes" or "systems" where, although not explicit in the description, information technology is a consideration. When reviewing all the competencies in the Training Programme, trainees and training officers must keep in mind that both manual and automated systems are contemplated.

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| Competency to be achieved | Tasks to be performed | |
|---|-----------------------|--|
| IT(C) Uses IT as a means of working more efficiently and effectively | IT(C)1 | Effectively uses IT applications including spreadsheets, word processing, presentation and e-mail |
| | IT(C)2 | Effectively uses the internet as a source of information |
| | IT(C)3 | Applies procedures and controls to ensure integrity and security of personal IT resources, e.g. password protection, backup procedures, anti-virus measures, etc |
| | IT(C)4 | Assesses IT risks and how they are managed |

ELECTIVE SKILLS

AUDITING & ASSURANCE

Assurance engagements involve a practitioner expressing "... a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria" (IAASB's Assurance Framework).

The primary role in this competency area will be as part of a team undertaking assurance engagements in public practice. That team has expertise in assessing an entity's assurance needs and in performing those services. The team enhances the degree of reliance that shareholders, audit committees, boards of directors and other governing bodies can place on financial information and reporting processes.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | Tasks to be performed | |
|---|-----------------------|--|
| AA(E)1 Performs pre-engagement activities | AA(E)1.1 | Identifies, for review and input by others, the nature, scope, standards and legislation applicable to a particular engagement |
| | AA(E)1.2 | Evaluates, for review and input by others, the overall risk in accepting an engagement |
| | AA(E)1.3 | Drafts an appropriate engagement letter for a new engagement or outlines the appropriate content for such a letter |
| AA(E)2 Obtains an understanding of the entity and its environment | AA(E)2.1 | Obtains a qualitative understanding of the entity and its environment and documents this information in an appropriate format |
| | AA(E)2.2 | Obtains an understanding of and documents the entity's information system and key internal controls (including IT controls) |
| | AA(E)2.3 | Identifies and documents the major classes of transactions and balances for an engagement entity |
| AA(E)3 Identifies and evaluates the risk of material misstatement | AA(E)3.1 | Evaluates and documents the adequacy of the design of control activities in the prevention or detection of material misstatement, and suggests improvements where appropriate |
| | AA(E)3.2 | Evaluates and documents the risk of material misstatement at an overall financial statement level |
| | AA(E)3.3 | Evaluates and documents the risk of material misstatement at the account balance level by assertion |
| | AA(E)3.4 | Evaluates and documents the risk of fraud |
| | AA(E)3.5 | Identifies and documents the significant risks that could result in material misstatement |
| AA(E)4 Calculates and justifies planning materiality | AA(E)4.1 | Identifies and documents the factors that affect planning materiality |
| | AA(E)4.2 | Calculates and documents a justifiable level of planning materiality for an engagement |
| AA(E)5 Designs effective and efficient procedures | AA(E)5.1 | Identifies and documents appropriate tests of internal control (including IT internal controls, where appropriate), including the determination of sample sizes and methods of selection |
| | AA(E)5.2 | Identifies and documents appropriate substantive tests of detail, including the determination of sample sizes and methods of selection |
| | AA(E)5.3 | Identifies and documents appropriate substantive analytical review procedures |
| | AA(E)5.4 | Considers and documents the need for using the work of others in conducting the audit (experts, internal auditors or other auditors) |
| | AA(E)5.5 | Considers and documents the need to use computer assisted audit techniques to gather suitable audit evidence |
| AA(E)6 Executes the work plan, documents and evaluates results | AA(E)6.1 | Performs and documents the planned tests of internal control and identifies situations where follow-up/extended work is required |
| | AA(E)6.2 | Performs and documents the planned substantive tests of detail and identifies situations where follow-up/extended work is required |
| | AA(E)6.3 | Performs and documents the planned substantive analytical review procedures and identifies situations where follow-up/extended work is required |
| | AA(E)6.4 | Draws conclusions on whether the procedure meets the stated objective |
| | AA(E)6.5 | Modifies the audit plan, where necessary, in response to the results of procedures performed |
| AA(E)7 Completes the engagement | AA(E)7.1 | Analyses and discusses the impact of unadjusted errors on the audit report and the need for additional work |
| | AA(E)7.2 | Identifies and adequately documents subsequent events and considers their impact on the audit report |
| AA(E)8 Prepares information for meetings with stakeholders | AA(E)8.1 | Prepares, for review and input by others, the report to management on findings arising from the engagement |
| AA(E)9 Identifies and responds to reportable irregularities | AA(E)9.1 | Identifies and communicates potential unlawful acts or omissions where there may be reason to believe that it may constitute a reportable irregularity |

FINANCIAL MANAGEMENT

Corporate transactions such as mergers acquisitions, and divestitures have become commonplace in our global environment. Entities are frequently faced with financing choices with strategic consequences. Their managers must make capital structure decisions, evaluate short-term and long-term financing needs, and choose appropriate finance tools that are appropriate to the entity's strategic direction and the competitive environment within which it operates.

The primary role in this competency area will be as part of a team of external advisors or employed as a member of a management team. As part of the team, a CA assists in converting the entity's strategies into specific financial objectives and then fulfilling those objectives. The team evaluates the entity's financing needs, investment decisions and analyses operating performance.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | | Tasks to be performed | |
|---------------------------|---|-----------------------|--|
| FM(E)1 | Analyses the entity's financial situation | FM(E)1.1 | Evaluates and documents the entity's/business unit's financial position (for example, using financial analysis, ratio analysis, trend analysis and/or cash flow analysis) |
| | | FM(E)1.2 | Documents, for review and input by others, recommendations for improving the performance of the entity/business unit, based on the analysis performed. |
| FM(E)2 | Monitors cash flow | FM(E)2.1 | Prepares or evaluates a cash flow forecast for an entity/business unit |
| | | FM(E)2.2 | Identifies when there may be a cash shortfall or excess funds and documents, for review and input by others, possible action plans |
| FM(E)3 | Analyses the entity's working capital | FM(E)3.1 | Analyses and documents the entity's/business unit's current working capital position or components of it (for example, inventory, accounts receivable or payable management) and documents recommendations for improvement |
| | | FM(E)3.2 | Recommends, for review and input by others, improvements to working capital management |
| FM(E)4 | Identifies and evaluates sources of funds | FM(E)4.1 | Analyses and documents an entity's/business unit's funding needs |
| | | FM(E)4.2 | Identifies and evaluates, for input and review by others, sources of funding to meet the entity's/business unit's funding needs |
| | | FM(E)4.3 | Identifies the need for, and evaluates on a preliminary basis, the use of derivatives in managing an entity's/business unit's funding needs |
| FM(E)5 | Develops or analyses business plans or financial proposals | FM(E)5.1 | Analyses and comments on a business plan or financial proposal |
| FM(E)6 | Appraises capital investment decisions | FM(E)6.1 | Documents the opportunities, risks and financial implications associated with the replacement or acquisition of a capital asset |
| | | FM(E)6.2 | Documents the financial implications of the investment decision using the appropriate capital budgeting techniques |
| | | FM(E)6.3 | Documents or presents recommendations on the replacement or acquisition of a capital asset |
| FM(E)7 | Estimates the value of the business | FM(E)7.1 | Calculates a reasonable range of values for a business, using a combination of valuation techniques |
| | | FM(E)7.2 | Identifies the critical assumptions and facts that underlie the valuation estimate including factors affecting the accuracy of the valuation |
| | | FM(E)7.3 | Performs a sensitivity analysis on the assumptions used in the valuation model in order to obtain a reasonable range of possible values |

MANAGEMENT DECISION-MAKING AND CONTROL

It is the responsibility of management to direct and control the entity in the effective, efficient, and ethical pursuit of the entity's strategic objectives. The key attributes of management's information requirements in this regard, is information that is both relevant to, and sufficiently detailed for, management's purposes. The primary role of the CA in this competency area will be as part of a management team that enhances the entity's decision-making performance because team members are competent in translating an entity's strategies into measurable objectives, identifying the information requirements of the business decisions and control mechanisms necessary to pursue those objectives, designing the information systems necessary to generate the required information, and using the information generated to gauge an entity's effectiveness in meeting those objectives.

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| Competency to be achieved | | Tasks to be performed | |
|---------------------------|--|-----------------------|---|
| MD(E)1 | Identifies the entity's/business unit's key performance indicators | MD(E)1.1 | Identifies and documents financial and non-financial performance indicators that are key to the entity/business unit, including any industry-specific benchmarks |
| | | MD(E)1.2 | Critically evaluates and documents the applicability of the performance measurement system to measure the key performance indicators. |
| MD(E)2 | Evaluates the design of the entity's responsibility accounting system | MD(E)2.1 | Critically evaluates and documents the key components of the management accounting system of an entity/business unit, including the financial and non-financial reports produced |
| MD(E)3 | Prepares, analyses and monitors budgets | MD(E)3.1 | Prepares a budget for an entity/business unit, with clearly documented assumptions |
| | | MD(E)3.2 | Performs sensitivity analysis on prepared budgets, varying key assumptions to document a range of possible outcomes |
| MD(E)4 | Analyses and interprets budget variances | MD(E)4.1 | Analyses the actual performance against budget, and documents the findings |
| | | MD(E)4.2 | Investigates and documents reasons for variances |
| | | MD(E)4.3 | Develops, for input and review by others, a plan to address variances |
| MD(E)5 | Considers the applicability of cost management techniques | MD(E)5.1 | Critically analyses the methods used for allocation of costs in the entity/business unit |
| | | MD(E)5.2 | Makes recommendations for improved cost control and cost efficiency |
| | | MD(E)5.3 | Evaluates and documents cost allocation options within or across divisions within the entity/business unit, for example the appropriate application of transfer pricing. |
| MD(E)6 | Identifies relevant information with application to business decisions | MD(E)6.1 | Identifies, documents and makes practical use of financial information that is relevant to pricing decisions, capacity utilisation and the implications of the existence of constraints |

TAXATION

Taxation continues to be a complex area. Entities and individuals are challenged to identify tax-planning opportunities in order to reduce their tax burden while remaining in compliance with laws and regulations. It is essential to stay abreast of new rules and regulations to ensure optimal tax structuring and compliance.

The primary role in this competency area will be as part of a team of external advisors, or as a member of a corporate. That team provides guidance on appropriate taxation strategies. A CA contributes to the team by being competent in identifying the entity or individual's compliance and reporting requirements, and in developing and implementing the entity or individual's tax-planning strategies.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | Tasks to be performed | |
|--|-----------------------|--|
| TX(E)1 Understands the entity's tax profile | TX(E)1.1 | Identifies and documents 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 organizational structure, etc. |
| | TX(E)1.2 | Analyses the tax implications of different business vehicles. |
| TX(E)2 Documents compliance and filing requirements for different taxes | TX(E)2.1 | Documents the filing requirements and deadlines for individuals, corporations and trusts |
| | TX(E)2.2 | Documents standard processes to ensure all tax deadlines are met, including the timely analysis of assessments and reassessments and the consequences of failing to meet those deadlines |
| | TX(E)2.3 | Documents the filing requirements and deadlines in relation to employees' tax returns (PAYE, UIF and SDL), provisional tax returns and VAT returns |
| TX(E)3 Calculates income tax payable & prepares income tax return for an individual | TX(E)3.1 | Collects and calculates the information needed to file the tax return 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) • 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) |
| | TX(E)3.2 | Prepares the income tax return |
| TX(E)4 Calculates income tax payable & prepares income tax return for a corporation | TX(E)4.1 | Collects and calculates the information needed to file the tax return for a corporation, considering: <ul style="list-style-type: none"> • type of corporation (for example, private, public, small business corporation, employment, foreign) • inclusion and classification of income (for example, active business income, income from property, capital gains, exemptions) • deductibility of expenses (for example, capital allowances, assessed losses and special allowances) • tax deductions and credits (for example, small business deduction, general tax reduction) |
| | TX(E)4.2 | Prepares the Income Tax return |
| | TX(E)4.3 | Calculates secondary tax on companies or equivalent shareholder tax |
| TX(E)5 Calculates other taxes payable & prepares appropriate returns | TX(E)5.1 | Identifies when capital gains tax (CGT) is applicable and calculates the CGT tax payable on qualifying transactions |
| | TX(E)5.2 | Records indirect taxes (VAT) for transactions in accordance with relevant legislation |
| | TX(E)5.3 | Prepares the indirect tax (VAT) return |
| | TX(E)5.4 | Calculates other taxes in terms of relevant legislation including provisional tax, employees tax (PAYE), SDL and UIF |
| | TX(E)5.5 | Prepares appropriate returns, electronic or otherwise, for other taxes including provisional tax, employees tax (PAYE), SDL and UIF |
| TX(E)6 Discloses all tax information and computations correctly in the financial statements of an entity | TX(E)6.1 | Discloses all relevant tax information and amounts in the financial statements of an entity in accordance with guidance provided by the relevant accounting standards |
| | TX(E)6.2 | Calculates and correctly discloses deferred tax in an entity's financial statements |

| Competency to be achieved | | Tasks to be performed | |
|---------------------------|---|-----------------------|---|
| TX(E)7 | Identifies and makes recommendations on specific tax-planning opportunities | TX(E)7.1 | Identifies and makes recommendations concerning tax planning opportunities, for example retirement planning, estate duty planning, the use of trusts or the structuring of corporate transactions |
| TX(E)8 | Prepares information to respond to assessments, file objections and appeals | TX(E)8.1 | Analyses the content of assessments and reassessments to gain an understanding of the issues |
| | | TX(E)8.2 | Prepares responding materials required by regulation to file a notice of objection or initiate an appeal. |

INTERNAL AUDIT, RISK MANAGEMENT & GOVERNANCE

Internal risk management continues to play a vital role in organisations. Entities need to be aware of risk to their business in order to be able to adequately respond to them. In an era that is moving towards greater transparency in the governance of businesses, there is becoming an even more urgent need for businesses to monitor and manage their governance practices.

The primary role in this competency area will be as part of a team of external advisors, or as a member of a corporate or a public-sector management / internal audit team. That team provides guidance on appropriate risk management and governance strategies. A CA contributes to the team by being competent in identifying internal risk to the entity (including the risks associated with poor governance), and in developing and implementing adequate responses to minimise those risks.

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| Competency to be achieved | Tasks to be performed | |
|---|--|---|
| IR(E)1 Identifies and evaluates the risks pertaining to the financial information system | IR(E)1.1 | Identifies and documents strategic, operational, financial and informational risks, based on an understanding of the environment in which the entity/audit engagement operates, its strategies and management processes |
| IR(E)2 Identifies and documents the key internal controls (including IT related controls) implemented in an entity | IR(E)2.1 | Documents the entity's key business processes and controls (including IT controls) including the control environment, information system, business processes and control activities (for both general and application controls) |
| IR(E)3 Evaluates internal control | IR(E)3.1 IR(E)3.2 IR(E)3.3 IR(E)3.4 | As part of a team, selects suitable criteria or a recognized framework for control evaluation Evaluates internal control in the context of the criteria / recognized framework and suggests improvements where deficiencies are identified Assesses whether existing internal controls are functioning properly or if additional controls are needed, and communicates ideas to a supervisor Tests and documents the functioning of IT controls through the use of audit software or makes appropriate use of IT specialists to test the functioning of the IT related elements of control |
| IR(E)4 Conducts planning and fieldwork within the scope of internal audit policies | IR(E)4.1 IR(E)4.2 IR(E)4.3 IR(E)4.4 | Designs an appropriate audit programme Performs appropriate fieldwork in accordance with the audit programme Applies sampling techniques in accordance with the audit programme 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 |
| IR(E)5 Documents the results of internal audit procedures performed | IR(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 |
| IR(E)6 Evaluates evidence, draws conclusions and issues appropriate reports | IR(E)6.1 IR(E)6.2 IR(E)6.3 IR(E)6.4 | Evaluates the sufficiency and significance of the evidence and/or results of analysis Identifies and evaluates inconsistencies, unexpected circumstances or findings, or findings that indicate possible fraud, error or illegal acts Analyses and decides on the reasonableness of the conclusions on the subject matter, based on the outcome of internal audit procedures Assists in the preparation of the final report with recommendations, management responses and an action plan |
| IR(E)7 Assists in the evaluation of an entity's plans for risk management | IR(E)7.1 | Documents suggested 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 |
| IR(E) Conducts governance reviews in accordance with appropriate governance standards | IR(E)8.1 IR(E)8.2 IR(E)8.3 | Documents and evaluates the components of the entity's/audit engagement's governance structure and its role (i.e. board of directors, audit committee, etc.) Critically evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices, documenting recommendations for improvement Prepares or reviews and makes recommendation regarding the disclosure of corporate governance for an entity/audit engagement |

RESIDUAL SKILLS

AUDITING & ASSURANCE

Whilst an entry-level CA may have no intention of practicing as a Registered Auditor, it is recognised that certain competencies in Auditing and Assurance are essential to all entry-level CAs, albeit at different levels of proficiency. The skills below relate to a basic appreciation and awareness of the practical considerations of the external audit function by CAs engaged in activities outside public practice. During their role as part of a management team or as an external advisor or as part of a public sector management team, it is important that they understand and are able to evaluate and test internal controls. It is also important that they are able to communicate effectively with the external auditors.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | Tasks to be performed |
|---|--|
| AA(R)1 Evaluates internal control | AA(R)1.1 Obtains an understanding of and documents an entity's/business unit's information system and key internal controls (including IT controls) |
| | AA(R)1.2 Evaluates and documents the adequacy of the design of control activities in the prevention or detection of material misstatement, and suggests improvements where appropriate |
| | AA(R)1.3 Identifies and documents appropriate tests of internal control (including IT internal controls, where appropriate), including the determination of sample sizes and methods of selection |
| | AA(R)1.4 Performs and documents the planned tests of internal control and identifies issues where follow-up/extended work is required |
| | AA(R)1.5 Draws conclusions on whether the procedure meets the stated objectives |
| AA(R)2 Communicates with External Audit | AA(R)2.1 Communicates effectively with external audit stakeholders, for example preparing information requested, discussing audit findings and issues raised, describing internal controls and financial systems used |

FINANCIAL MANAGEMENT

Corporate transactions such as mergers, acquisitions, and divestitures have become commonplace in our global environment. Entities are frequently faced with financing choices with strategic consequences. Their managers must make capital structure decisions, evaluate short-term and long-term financing needs, and choose appropriate finance tools that are appropriate to the entity's strategic direction and the competitive environment within which it operates.

The primary role in this competency area will be as part of a team of external advisors or employed as a member of a management team. As part of the team, a CA assists in converting the entity's strategies into specific financial objectives and then fulfilling those objectives. The team evaluates the entity's financing needs and recommends appropriate financing tools.

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| Competency to be achieved | Tasks to be performed |
|--|--|
| FM(R)1 Analyses the entity's financial situation | FM(R)1.1 Analyses and documents 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) |
| FM(R)2 Monitors cash flow | FM(R)2.1 Prepares or reviews a cash flow forecast for an entity/business unit/engagement client |
| | FM(R)2.2 Identifies when there may be a cash shortfall or excess funds and documents, for review and input by others, possible action plans |
| FM(R)3 Analyses the entity's working capital | FM(R)3.1 Analyses and documents the entity's/business unit's current working capital position or components of it (for example, inventory, accounts receivable or payable management) and documents recommendations for improvement |
| FM(R)4 Appraises capital investment decisions | FM(R)4.1 Documents the financial implications of an investment decision using the appropriate capital budgeting techniques |
| FM(R)5 Estimates the value of the business | FM(R)5.1 Calculates a reasonable range of values for a business, using a combination of valuation techniques |

MANAGEMENT DECISION-MAKING

It is the responsibility of management to direct and control the entity in the effective, efficient, and ethical pursuit of the entity's strategic objectives. The key attributes of management's information requirements in this regard, is information that is both relevant to, and sufficiently detailed for, management's purposes.

The primary role of the CA in this competency area will be as part of a management team that enhances the entity's decision-making performance because team members are competent in translating an entity's strategies into measurable objectives, identifying the information requirements of the business decisions and control mechanisms necessary to pursue those objectives, designing the information systems necessary to generate the required information, and using the information generated to gauge an entity's effectiveness in meeting those objectives.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | | Tasks to be performed | |
|---------------------------|---|-----------------------|---|
| MD(R)1 | Identifies the entity's/business unit's key performance indicators | MD(R)1.1 | Identifies and documents financial and non-financial performance indicators that are key to the entity/business unit/audit engagement, including any industry-specific benchmarks |
| | | MD(R)1.2 | Critically evaluates and documents the applicability of the performance measurement system to measure the key performance indicators. |
| MD(R)2 | Prepares, analyses and monitors budgets | MD(R)2.1 | Prepares a budget for an entity/business unit/audit engagement, with clearly documented assumptions |
| | | MD(R)2.2 | Performs sensitivity analysis on prepared budgets, varying key assumptions to document a range of possible outcomes |
| MD(R)3 | Analyses and interprets budget variances | MD(R)3.1 | Analyses the actual performance against budget, and documents the findings |
| | | MD(R)3.2 | Investigates and documents reasons for variances |
| | | MD(R)3.3 | Develops, for input and review by others, a plan to address variances |

TAXATION

Taxation continues to be a complex area. Entities and individuals are challenged to identify tax-planning opportunities in order to reduce their tax burden while remaining in compliance with laws and regulations. They must stay abreast of new rules and regulations to ensure that their strategies are achieved.

The primary role in this competency area will be as part of a team of external auditors, external advisors, or as a member of a corporate. A CA contributes to the team by being competent in identifying the entity's compliance and reporting requirements and by being able to prepare or evaluate taxation calculations and disclosure

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | Tasks to be performed | |
|--|-----------------------|--|
| TX(R)1 Calculates income tax payable & prepares income tax return for an individual | TX(R)1.1 | Collects and calculates the information needed to file the tax return 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) • 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) |
| | TX(R)1.2 | Prepares the income tax return |
| TX(R)2 Calculates income tax payable & prepares income tax return for a corporation | TX(R)2.1 | Collects and calculates the information needed to file the tax return for a corporation, considering: <ul style="list-style-type: none"> • type of corporation (for example, private, public, small business corporation, employment, foreign) • inclusion and classification of income (for example, active business income, income from property, capital gains, exemptions) • deductibility of expenses (for example, capital allowances, assessed losses and special allowances) • tax deductions and credits (for example, small business deduction, general tax reduction) |
| | TX(R)2.2 | Prepares the Income Tax return |
| | TX(R)2.3 | Calculates secondary tax on companies or equivalent shareholder tax |
| TX(R)3 Calculates other taxes payable & prepares appropriate returns | TX(R)3.1 | Calculates the appropriate CGT tax payable on qualifying transactions |
| | TX(R)3.2 | Records indirect taxes (VAT) for transactions in accordance with relevant legislation |
| | TX(R)3.3 | Prepares the indirect tax (VAT) return |
| TX(R)4 Discloses all tax information and computations correctly in the financial statements | TX(R)4.1 | Discloses all relevant tax information and amounts in the financial statements of an entity in accordance with guidance provided by the relevant accounting standards |
| | TX(R)4.2 | Calculates and correctly discloses deferred tax in an entity's financial statements |

INTERNAL AUDIT, RISK MANAGEMENT & GOVERNANCE

Internal risk management plays a vital role in organisations. Entities need to be aware of risk to their business in order to be able to adequately respond to them. In an era that is moving towards greater transparency in the governance of businesses, there is becoming an even more urgent need for businesses to monitor and manage their governance practices.

The primary role in this competency area will be as part of a team of external auditors, external advisors, or as a member of a corporate or a public-sector management / internal audit team. That team provides guidance on, or evaluates, risk management and governance strategies. A CA contributes to the team by being competent in identifying risk to the entity (including the risks associated with poor governance), and in developing and implementing adequate responses to minimise those risks.

Trainees are required to perform the prescribed tasks to a level 4 proficiency, i.e. they should be capable of performing the task with no intervention

| Competency to be achieved | | Tasks to be performed | |
|---------------------------|---|-----------------------|--|
| IR(R)1 | Identifies and evaluates the risks pertaining to the financial information system | IR(R)1.1 | Identifies and documents strategic, operational, financial and informational risks, based on an understanding of the environment in which the entity/audit engagement operates, its strategies and management processes |
| | | IR(R)1.2 | Assesses the impact of findings on the work to be performed |
| IR(R)2 | Identifies and documents the key internal controls (including it related controls) implemented in an entity | IR(R)2.1 | Documents the entity's key business processes and key controls (including IT controls) including the control environment, information system, business processes and control activities (general and application controls) |
| IR(R)3 | Evaluates internal control | IR(R)3.1 | Evaluates internal control in the context of the criteria / recognized framework and suggests improvements where deficiencies are identified |
| | | IR(R)3.2 | Assesses whether existing internal controls are functioning properly or if additional controls are needed and communicates ideas to supervisor |
| IR(R)4 | Conducts governance reviews in accordance with appropriate governance standards | IR(R)4.1 | Documents the components of the entity's/audit engagement's governance structure and its role (i.e. board of directors, audit committee, etc.) |
| | | IR(R)4.2 | Critically evaluates the corporate governance practices of an entity/audit engagement in relation to relevant legislation and practices, documenting recommendations for improvement |