



# **Competency Framework**

**Competencies of a Chartered Accountant (SA)  
at entry point to the profession**

**COMPETENCY FRAMEWORK SUMMARY**

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# ACKNOWLEDGEMENTS

This Competency Framework is based on the UFE Candidates' Competency Map (Map) of the Canadian Institute of Chartered Accountants (CICA). The Map has been developed over many years, through a rigorous process and is widely acknowledged as an outstanding example of a competency framework for the Chartered Accounting profession.

The globalisation of business and harmonisation of professional standards has enabled Chartered Accounting bodies throughout the world to strengthen relationships in a variety of ways, amongst others by formalisation of reciprocity agreements based on an understanding of competencies of CA's entering the profession. The articulation of competencies through documents such as the CICA Map and SAICA Competency Framework provide not only valuable guidance for educators, candidates and employers but also a foundation for co-operation between professional bodies.

SAICA acknowledges the generosity of CICA in allowing its Map to form the basis for the development of the SAICA Competency Framework. Thanks is also due to Jylan Khalil (Director: CA Admission) of CICA for guidance in preparing the SAICA Framework.

# INTRODUCTION

In the past the South African Institute of Chartered Accountants (SAICA) has relied on a knowledge-based syllabus to inform its education and assessment programmes. The training programme has been informed by the identification of outcomes in the form of core experience requirements. These approaches lacked consistency and resulted in the education and training programmes not complementing each other fully.

The decision to develop a competency framework in no way suggests that the identification of outcomes is inappropriate, but rather is a recognition that it is appropriate to identify the competencies which a Chartered Accountant (SA) should possess when entering the profession. Once identified, these competencies can be used to inform and detail the education and training programmes. It is the identification of high level competencies which will inform the education, assessment and training programmes and enable appropriate content, emphases and teaching and learning strategies to be developed.

## **Purpose of the Competency Framework**

The Competency Framework identifies and describes the professional competencies (knowledge, skills and attributes) that a CA(SA) should demonstrate at **entry point** to the profession (i.e. on completion of the required education, training and assessment, at which point a person is eligible to register as a member of SAICA in order to use the CA(SA) designation).

The Competency Framework provides a reference point for current and prospective CAs, employers and the public which enables a clear understanding of the foundational competencies with which a CA(SA) embarks upon a career.

The Competency Framework provides the base upon which the education, training and assessment programmes of SAICA are developed and delivered. The application of the Competency Framework to the education and training programmes is detailed in the following documents:

- **The Education Programme – Application of the Competency Framework.**  
This document provides detailed information which enables teaching and learning programmes (academic and professional programmes) to be designed **and** which enables the appropriate assessment of core (Part I) and professional (Part II) competencies.
- **The Training Programme – Application of the Competency Framework.**  
This document provides detailed information which enables the training programme to be designed so as to contribute to the achievement of the competencies for CAs. It assists training officers by providing details of how these competencies should be assessed in the workplace.

The Competency Framework should be read in conjunction with these documents in order to gain a comprehensive understanding of the competencies which a CA(SA) possesses on entry to the profession and of the education, training and assessment programmes which support the acquisition of these competencies.

## **The Chartered Accountant (SA): At entry point to the profession**

SAICA is widely regarded as the pre-eminent professional accounting body in South Africa and the CA(SA) as the top professional accounting designation. The reputation of the CA(SA) is excellent beyond the borders of South Africa and ranks with the most highly regarded worldwide. SAICA is accredited by the Independent Regulatory Board for Auditors (IRBA) which enables registration as a Registered Auditor (RA) for those SAICA members with the appropriate auditing training.

SAICA's objective is to retain and cement the pre-eminence of its qualification. In attending to this objective SAICA has identified '**leadership**' as one of the fundamental attributes of a CA(SA). SAICA believes that a CA(SA) should be capable of being a leader in any environment in which the CA functions.

SAICA's vision of the CA(SA) as a leader has important implications for the competencies included in the Competency Framework. **A CA(SA) is a leader with a very specific background in professional accountancy.** This implies that, on entering the profession, a CA(SA) should have the full range of technical competencies of a professional accountant and also those which will enable the development of leadership qualities.

Leadership ability is unlikely to result only from the pre-qualification programmes of education and training. It is vital, however, that pre-qualification programmes equip the candidate with competencies which, when complemented by post-qualification experience and development, ensure the growth and acquisition of leadership ability. Thus the Competency Framework focuses on those pre-qualification competencies which provide a foundation for the acquisition of leadership ability after entry to the profession.

It is recognised that growth and acquisition of competencies after entry to the profession (post-qualification) are not limited to leadership ability but are likely to occur in many spheres of competence. Competence will be developed in areas which relate to the particular field in which the CA(SA) is generally active after entering the profession. In order for these competencies to be effectively and appropriately developed it is of utmost importance that the CA(SA) has the fundamental competencies which foster **life-long learning**. These fundamental competencies are primarily developed during the pre-qualification period and therefore the Competency Framework comprehensively addresses the attitude to life-long learning and related competencies.

Technical accounting competencies, if elevated from the purely technical to directing and leading at the strategic level, enable the CA to develop and exercise leadership with a unique perspective. The elevation of technical competencies to a level applicable at the strategic level requires that technical disciplines be taught and assessed with this objective in mind. These competencies are fully addressed in the Competency Framework but it is in the application documents (The Education Programme – Application of the Competency Framework; The Training Programme – Application of the Competency Framework; see above) that the matter of teaching and assessment are directly addressed.

It will be clear from the above that SAICA's vision of a leader implies that the CA(SA) also possesses the business and entrepreneurial skills which make effective leadership in the business context possible. Business and entrepreneurial skills are not addressed as a separate category of competencies in the Competency Framework because these skills are an application of technical (specific competencies) and pervasive competencies, provided that they are appropriately taught and assessed.

The business and entrepreneurial skills which make effective leadership in the business context possible, are unlikely to result only from the pre-qualification programmes of education and training. It is, however, the intention that the pre-qualification programmes equip the candidate with competencies which, when complemented by post-qualification experience and development, ensure the growth and acquisition of entrepreneurial ability. Thus the Competency Framework focuses on those pre-qualification competencies which provide a foundation for the acquisition of business leadership and entrepreneurial ability after entry to the profession.

The technical ability of a CA is elevated to the strategic and executive level by locating this ability within a sound understanding of the economic and competitive environment within which an entity operates, the competitive positioning of the entity within that environment and a thorough understanding of the entity's operational, organisational, governance and reporting structures.

The CA has a unique perspective within this context: the ability to identify and evaluate potential strategies for the entity with an understanding of the financial implications for the value of an entity, while simultaneously identifying and evaluating risk factors as well as evaluating the ability of the entity to implement the course of action given the resource and control structure of the entity. Financial literacy which enables understanding of transactions is pervasive.

SAICA acknowledges and embraces the role which its members play in the audit profession in South Africa. In developing its vision of the CA as a “leader” it is not intended that this role be in any way diminished. The Competency Framework has been structured to include competencies specifically related to the audit function so as to ensure a seamless path to registration as an auditor for CAs.

### **Becoming a CA(SA): Qualification process**

The education and training of a CA(SA) is competency based. It focuses on ensuring that the CA(SA) on qualification (entry to the profession), has the necessary level of underlying knowledge and the practical skills and experience to apply that knowledge effectively. It is a process that integrates the following:

<b>Formal competency-based academic education</b>	Acquired through accredited academic education programmes delivered by universities (a three-year undergraduate degree followed by a one-year postgraduate programme known by SAICA as the Certificate in the Theory of Accountancy (CTA))
<b>A standard setting examination (Part I)</b>	This ensures that all candidates have the requisite level of core technical competence before embarking on the professional education programme
<b>Formal competency-based professional education</b>	Acquired through accredited professional education programmes delivered by universities and other providers
<b>A professional examination (Part II)</b>	This assesses professional competence before entry to the profession
<b>Practical experience</b>	This is acquired through a training contract of at least three years with a registered training office

Candidates must complete all components of education, practical experience and assessment successfully to earn the CA(SA) designation (enter the profession).

### Competencies of a CA(SA)

The Competency Framework encapsulates the competencies (broad range of knowledge, skills and attributes) of a CA(SA) at entry point to the profession. These competencies have reference to the CA(SA) as a leader with a professional accounting background (see above) and include –

- pervasive qualities and skills which are fully integrated with
- specific competencies.



Qualification as a CA(SA) is not solely related to competence. It is also the culmination of education, training and assessment processes aimed at assessing the combination of intellect,

aptitude and the ability to respond to demanding situations. Intellectual ability and the ability to apply oneself are as important as competence (pervasive, specific) as it is these abilities which contribute to the ability of the CA(SA) to be a life-long learner and to respond to a fast-changing environment. It is these abilities which enable the CA(SA) to be successful in a wide range of demanding work environments.

The education, training and assessment programmes play two vitally important roles:

- Enable the acquisition of competence (Competency Framework); and
- Selection of those with a combination of high intellectual and application ability.

SAICA recognises that its designation is elite in that it requires high levels of competence, intellectual ability and the ability to apply oneself professionally. While SAICA acknowledges the demanding nature of its designation, it strives to ensure that there is access to the qualification process for all.

### **The Competency Framework: Some implications for the education and assessment programmes**

The Competency Framework is a high level description of competencies which a CA(SA) should possess on entry to the profession. It provides the base upon which programmes of education, training and assessment are developed (see the section on Purpose of the Competency Framework). While the Framework itself is not intended to provide direct guidance to educators, trainers and assessors (this will be done through the documents identified above – see the section on Purpose of the Competency Framework) it is considered appropriate to explore some philosophical underpinnings of the approach to competency and consequent implications for education and assessment.

The theory and the practice underpinning the Competency Framework rest upon some of the core ideas of the American pragmatist philosopher, John Dewey. Dewey is acknowledged as one of the greatest educational philosophers of the 20th century and he had a particular interest in education which grounded theory in practice.

Dewey understood knowledge as developing and growing through “experiment” or discovery. Modern ways of gaining knowledge, he argued, combine theory and practice in that we learn secure knowledge (theory) in the course of focused practical experimentation. Grounding theory in practical reality ensures that it always embodies what is most fit for purpose and that when circumstances change the theory will change.

The task of prescribing specific competencies in a dynamic situation for diverse circumstances will never be exactly or permanently achievable. However, it is clearly both possible and desirable to set clear standards of competency within the Accounting profession, including specific levels within which these competencies should be practiced, as a standard guide for both universities and professional training providers. If at the same time all stakeholders can be made aware that there is leeway to adjust these standards where necessary, through processes set out within the Framework, then both strong central guidance and appropriate professional judgement can play an ongoing role.

The need to acquire, within the seven-year qualification period, the highest levels of subject-specific knowledge for which South African CAs are well known, while at the same time introducing additional competencies, such as leadership, entrepreneurship, business strategy skills and ethical awareness into the curriculum, may on the surface appear to demand some

sacrifice of technical excellence. Educationally, however, this need not be the case and indeed, if appropriately taught and assessed, the new requirement will materially advance the students' mastery of technical competencies. Students make sense of knowledge when they discover it in relation to a practical, relevant problem and when the first contact with new material involves some trial and error, “with something to *do* rather than to *learn*” and requiring independent thought and noting of connections. Dewey's approach leads logically to requiring students to consider the wider significance and implications of new knowledge in relation to current contexts and to prepare them for ethical decision making in leadership positions.

The nature of accounting knowledge is essentially context bound. Unlike pure mathematics or theoretical physics, every aspect of the discipline of Accountancy is grounded in the real world of current business practice. Knowledge is easier to learn and more interesting if it links to a student's personal experience and/or to current issues. Therefore if students are taught each new topic within the real-life context of its application, they will grasp its significance from the start and learn the essential technical competencies more readily. If all assessment is couched in terms that require both technical expertise *and* an understanding of the significance of the solutions arrived at, students will learn from the start to think like business people. The complexities of difficult ethical and financial decisions, of risk versus reward, of social responsibility versus shareholder satisfaction, and of starting or managing an enterprise in different business climates, require argument and debate which will only be resolvable through demonstration of a high level of technical expertise as the basis of sound argument and eventual decision making.

### **Level of proficiency: Circumstances in which competency is demonstrated**

The Competency Framework identifies the competencies which a CA should demonstrate at entry point to the profession but does not identify the proficiency levels at which competencies should be demonstrated. A proficiency level is dependant, *inter alia*, upon the circumstances in which the competency is demonstrated (e.g. listed multi-national, private company). The circumstances in which competency is demonstrated will be those determined within the education programme and those which pertain in the training programme.

Levels of proficiency and circumstances in which competence is demonstrated are therefore not defined in the Competency Framework but are comprehensively addressed in the following documents:

- The Education Programme – Application of the Competency Framework
- The Training Programme – Application of the Competency Framework.

### **The Competency Framework: Ongoing evaluation**

SAICA acknowledges that the Competency Framework document will be subjected to ongoing evaluation as to its form and also its content.

It is the intention that the Competency Framework be used as the basis for development of programmes of education and training. In this process of application, experience is likely to result in the need for adaptation of the Framework. Likewise a fast-changing business, social and political environment may require re-evaluation of the Framework from time to time.

When changes to the Competency Framework are made, full details of the changes and reasons for the changes will be documented and communicated.

# Definitions

This document uses a number of terms in ways specific to the CA profession. Understanding their special “CA” sense is essential for understanding The Competency Framework.

**Competence:** The broad range of knowledge, skills, attitudes and behaviour that together account for the ability to deliver a specified professional service. Competence also involves adoption of a professional role that values accountability to the public and leadership in professional practice, the public sector, the corporate sector and education.

**Competency:** The particular tasks that CAs perform while applying, or bringing to bear, the pervasive qualities and skills that are characteristic of CAs to the level of proficiency defined as appropriate by the profession.

Proficiency levels that are assigned to the competencies in this document set out what should be reasonably expected of the entry-level CA candidate.

**Pervasive qualities and skills:** The professional qualities and skills that all CAs are expected to bring to all tasks — the “how” of a CA’s work. The Competency Framework identifies pervasive qualities in three categories: IA – Ethical Behaviour and Professionalism, IB – Personal Attributes and IC – Professional Skills. They are defined as follows:

**IA – Ethical Behaviour and Professionalism:** The CA profession is committed to maintaining the confidence of clients, employers and the public through an overriding commitment to integrity in all professional tasks. Thus, all CAs are expected at all times to abide by the highest standards of integrity; they must be, and must be seen to be, carrying out all assignments objectively and independently, in accordance with the ethical values outlined in detail in Section I of The Competency Framework.

**IB – Personal Attributes:** CAs are expected to develop a number of personal qualities that shape the way they conduct themselves as professionals. These qualities or attributes are outlined in Section II of The Competency Framework.

**IC – Professional Skills:** CAs are also expected to develop a wide range of professional skills that, while not unique to the CA profession, are critical to its successful practice. These skills are outlined in Section III of The Competency Framework.

**The integration of information and Information Technology:** The competencies related to the role technology and information plays in strategy, decision making, processing and reporting of information that candidates are expected to develop are an integral part of virtually all the tasks undertaken by CAs. These competencies are included in the specific competency areas.

**Specific Competencies:** The competencies that CA candidates are expected to develop – the “what” of a CA’s work. These competencies are grouped into six main categories or sections:

**II – Strategy, Risk Management and Governance:** Competencies related to the development and evaluation of an entity’s ability to make decisions and maximise its organisational performance, including its governance, strategies, policies and resources.

**III – Accounting and External Reporting:** Competencies related to the recording, recognition, measurement and presentation of both financial and non-financial information to external users in a manner that ensures compliance with statements of GAAP (Generally Accepted Accounting Practice)/IFRS (International Financial Reporting Standards) (or alternative standards and principles where necessary).

**IV – Auditing and Assurance:** Competencies related to enhancing the reliability of information, including the validation, testing and the provision of assurance services, including statutory and regulatory audit/assurance requirements, documentation and evaluation of controls.

**V – Financial Management:** Competencies related to the management of financial assets, treasury and assessment of an entity's value.

**VI – Management Decision Making and Control:** Competencies related to the identification of information needs, and to the development and use of decision-making tools in achieving the entity's strategies.

**VII – Taxation:** Competencies related to taxation planning, compliance and reporting for various entities.

# The Pervasive Qualities and Skills

## Pervasive Qualities and Skills — A Vital Relationship

The pervasive qualities and skills in The Competency Framework combine with the specific competencies in a vital relationship which results in competencies that are unique to the CA profession. Together, they combine to produce the technical excellence, integrity, objectivity and commitment to public interest for which the CA profession is known.

**CA candidates are expected to demonstrate the highest level of proficiency, *level X*, for all the pervasive qualities and skills described below.**

## IA-Ethical Behaviour and Professionalism

Ethical Behaviour and Professionalism is the first of three categories of the “Pervasive Qualities and Skills”, i.e. those qualities that a CA brings to any task.

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 in 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.

IA	Ethical Behaviour and Professionalism	
	IA-1	Protects the public interest
	IA-2	Acts competently with honesty and integrity
	IA-3	Carries out work with a desire to exercise due care
	IA-4	Maintains objectivity and independence
	IA-5	Avoids conflict of interest
	IA-6	Protects the confidentiality of information
	IA-7	Maintains and enhances the profession’s reputation
	IA-8	Adheres to the rules of professional conduct

## IB-Personal Attributes

Certain personal or individual attributes make up the second of the three categories of “Pervasive Qualities and Skills,” i.e., those qualities that a CA brings to any task. 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 judgement 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, facilitates and fosters life-long learning to take place. 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.

<b>IB</b>	<b>Personal Attributes</b>	
	IB-1	Self-manages
	IB-2	Demonstrates leadership and initiative
	IB-3	Maintains and demonstrates competence and recognises limits
	IB-4	Strives to add value in an innovative manner
	IB-5	Manages change
	IB-6	Treats others in a professional manner
	IB-7	Understands the national and international environment
	IB-8	Is a life-long learner
	IB-9	Works effectively as a team member
	IB-10	Manages time effectively

### **IC-Professional Skills**

Wide-ranging professional skills make up the third of the three categories of “Pervasive Qualities and Skills,” i.e., those qualities that the CA brings to any task.

These skills are listed and defined below. They 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.

Professional judgement is a required element in the development of these professional skills. As CAs gain real-life experience, their professional skills will grow in breadth and depth.

<b>IC-1</b>	<b>Obtains information</b>	
	IC-1.1	Gathers or develops information and ideas
	IC-1.2	Develops an understanding of the operating environment
	IC-1.3	Identifies the needs of internal and external clients and develops a plan to meet those needs
<b>IC-2</b>	<b>Examines and interprets information and ideas critically</b>	
	IC-2.1	Analyses information or ideas
	IC-2.2	Performs computations
	IC-2.3	Verifies and validates information
	IC-2.4	Evaluates information and ideas
	IC-2.5	Integrates ideas and information from various sources

I - The Pervasive Qualities and Skills

	IC-2.6	Draws conclusions/forms opinions
<b>IC-3</b>	<b>Solves problems and makes decisions</b>	
	IC-3.1	Identifies and diagnoses problems and/or issues
	IC-3.2	Develops solutions
	IC-3.3	Decides / recommends / provides advice
<b>IC-4</b>	<b>Communicates effectively and efficiently</b>	
	IC-4.1	Seeks and shares information, facts and opinions through written and oral discussion
	IC-4.2	Documents in written and graphic form
	IC-4.3	Presents information effectively
<b>IC-5</b>	<b>Manages and supervises</b>	
	IC-5.1	Plans and manages projects
	IC-5.2	Identifies need for internal and external expertise
	IC-5.3	Facilitates decision making
	IC-5.4	Leads effective meetings
	IC-5.5	Supervises
<b>IC-6</b>	<b>Understands how IT impacts a CA's daily functions and routines</b>	
<b>IC-7</b>	<b>Considers basic legal concepts</b>	

# The Integration of Information and Information Technology

The Competency Framework is a highly integrated document even though the competencies are presented in various groupings (Sections I to IX). Some competencies are of a pervasive nature but also contain elements of underlying knowledge related to their development, giving them the characteristics of a specific competency. As the Information and Information Technology competencies have become an integral part of virtually every task undertaken by CA candidates, they fall into this unique category. There are many competencies in the Framework that refer to “information”, “processes” or “systems” where, although not explicit in the description, information technology (IT) is a consideration. When reviewing all the competencies in the Framework, candidates must keep in mind that both manual and automated systems are contemplated. Those Framework competencies that are predominantly IT-related have been listed here to assist candidates in identifying them. However, these competencies are actually part of Sections I to IX.

*For ease of reference the Information and Information Technology competencies and related knowledge are listed here, in the same order as the sections into which they have been integrated.*

<b>Competency</b>
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## **IT competencies found in IC-PROFESSIONAL SKILLS**

IC-6	Understands how IT impacts a CA's daily functions and routines
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## **IT competencies found in II-STRATEGY, RISK MANAGEMENT AND GOVERNANCE**

II-1.4	Gains an understanding of the entity's mission, vision and strategies and strategic plan
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II-1.7	Evaluates the adequacy of the entity's IT strategy
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II-1.8	Understands the need for access to information
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II-2.3	Assesses the IT risks and how they are managed
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II-3.1	Understands the importance of governance planning
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## **IT competencies found in III-ACCOUNTING AND EXTERNAL REPORTING**

<b>III-1.2</b>	<b>Develops or evaluates processes to support financial reporting</b>
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<b>III-1.4</b>	<b>Establishes or enhances financial reporting using IT</b>
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<b>III-3.3</b>	<b>Identifies and analyses non-financial reporting needs</b>
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## **IT competencies found in IV-AUDITING AND ASSURANCE**

IV-3.2	Identifies and documents the key internal controls (including IT-related controls) implemented in an entity
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IV-3.4	Evaluates IT-related elements of internal control
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## **IT competencies found in VI-MANAGEMENT DECISION MAKING AND CONTROL**

VI-5.2	Develops and improves appropriate IT infrastructure needed to generate the necessary information
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# The Specific Competencies

## II-Strategy, Risk Management and Governance

Strategy, risk management and governance, considered together as a single broad competency area, ensures that a CA can assist an entity to identify and exploit opportunities while reducing risks (strategic, operational, financial, marketing, legal, environmental, etc.). It involves the development and implementation of strategies that take advantage of identified opportunities while minimising the damage that risks can do to the achievement of organisational goals. In order for the CA to provide business leadership and drive development and growth of the entity, the CA must have a sound understanding of both the economic and competitive environments within which the entity operates, the competitive positioning of the entity within that environment, as well as a thorough understanding of the nature of the entity's operations and organisational, governance and reporting structures. This competency also involves monitoring the entity's progress with regard to its organisational goals and strategy and includes feedback mechanisms that allow stakeholders to contribute to the evolution of the strategy.

It must be emphasised that this competency focuses on equipping the entry level CA with the analytical tools and competencies from which the strategic and organisational insights that underpin the general aptitude for driving, managing and developing a competitive business entity, are generated. Consequently this section comprises three related parts, all of which focus on developing, protecting and implementing the competitive strength of the enterprise.

- The first part addresses the identification of the entity's appropriate competitive strategies.
- The second part flows from the first, and is concerned with identifying, assessing and managing the threats/risks resulting from pursuing the entity's strategies.
- The third part addresses the organisational structures and behaviours appropriate for the effective implementation and management of the entity's strategic plans.

The primary role of the CA in this competency area will be as part of a team of external advisors or employed as a member of a management team or as an individual. Management teams provide audit committees, boards of directors and other governing bodies with expertise and advice to help them discharge their governance, strategic and risk management responsibilities. As part of the management team, a CA contributes to the enhancement of the entity's performance. Management teams take into account the needs of key stakeholders, including shareholders, suppliers, employees and customers, while striving to protect the public interest.

This section identifies the specific CA competencies in Strategy, Risk Management and Governance. However, the importance of integrating them with the pervasive qualities listed in Section I, particularly ethics, when reading each of the specific competencies cannot be overstated. The competencies identified in this section are further developed and applied in the context of the direction and management of the entity's operations, investing activities, acquisitions and financing decisions in Section VI – Management Decision Making and Control, and Section IV – Financial Management.

<b>II-1</b>	<b>Develops, evaluates and manages an entity's strategies</b>	
	II-1.1	Understands the external influences on an entity's strategy development
	II-1.2	Understands the internal influences on an entity's strategy

		development
	II-1.3	Identifies and evaluates opportunities and risks
	II-1.4	Gains an understanding of the entity's mission, vision and strategies and strategic plan
	II-1.5	Evaluates an entity's ability to manage organisational performance in accordance with the entity's strategies
	II-1.6	Evaluates the entity's performance measurement and reporting strategy
	II-1.7	Evaluates the adequacy of the entity's IT strategy
	II-1.8	Understands the need for access to information
<b>II-2</b>	<b>Evaluates an entity's plans for risk management</b>	
	II-2.1	Understands the entity's risk management processes
	II-2.2	Evaluates the entity's risk management programme
	II-2.3	Assesses the IT risks and how they are managed
	II-2.4	Identifies courses of action to help manage risks
<b>II-3</b>	<b>Evaluates an entity's governance model</b>	
	II-3.1	Understands the importance of governance planning
	II-3.2	Evaluates the entity's governance structure
	II-3.3	Understands the leadership processes of the board or other governing body
	II-3.4	Identifies and evaluates the audit committee's role in governance
	II-3.5	Identifies and evaluates the internal audit function's role in governance

### III-Accounting and External Reporting

Entities record the results of transactions (accounting) and measure and report on their performance and financial position. The reports generated for external use can be financial or non-financial in nature. Entities report information to their various stakeholders in order to meet their stewardship requirements and to fulfill 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 statements of generally accepted accounting practice (GAAP), their application in IFRS (International Financial Reporting Standards) and a thorough understanding of when and how to apply them.

This section identifies the specific CA competencies in Accounting and External Reporting. However, the importance of integrating the pervasive qualities listed in Section I, particularly ethics, when reading each of the specific competencies cannot be overstated.

<b>III-1</b>	<b>Analyses financial reporting needs and establishes the necessary systems</b>	
	III-1.1	Analyses financial reporting needs
	III-1.2	Evaluates reporting processes to support financial reporting
	III-1.3	Develops reliable information
	III-1.4	Establishes or enhances financial reporting using IT
<b>III-2</b>	<b>Conducts external financial reporting</b>	
	III-2.1	Identifies the appropriate basis of accounting
	III-2.2	Develops or evaluates accounting policies in accordance with statements of GAAP/IFRS
	III-2.3	Accounts for the entity's routine transactions
	III-2.4	Accounts for the entity's non-routine transactions
	III-2.5	Prepares financial statements using the identified basis of accounting
	III-2.6	Prepares or evaluates financial statement note disclosure
	III-2.7	Explains the financial statement results and balances to stakeholders
	III-2.8	Maintains awareness of proposed financial reporting standards changes
	III-2.9	Explains the need to use reporting frameworks other than IFRS in appropriate circumstances
<b>III-3</b>	<b>Conducts specialised reporting</b>	
	III-3.1	Identifies and analyses specific reporting obligations
	III-3.2	Identifies regulatory and other filing requirements
	III-3.3	Identifies and analyses non-financial reporting needs
	III-3.4	Conducts external and internal non-financial reporting

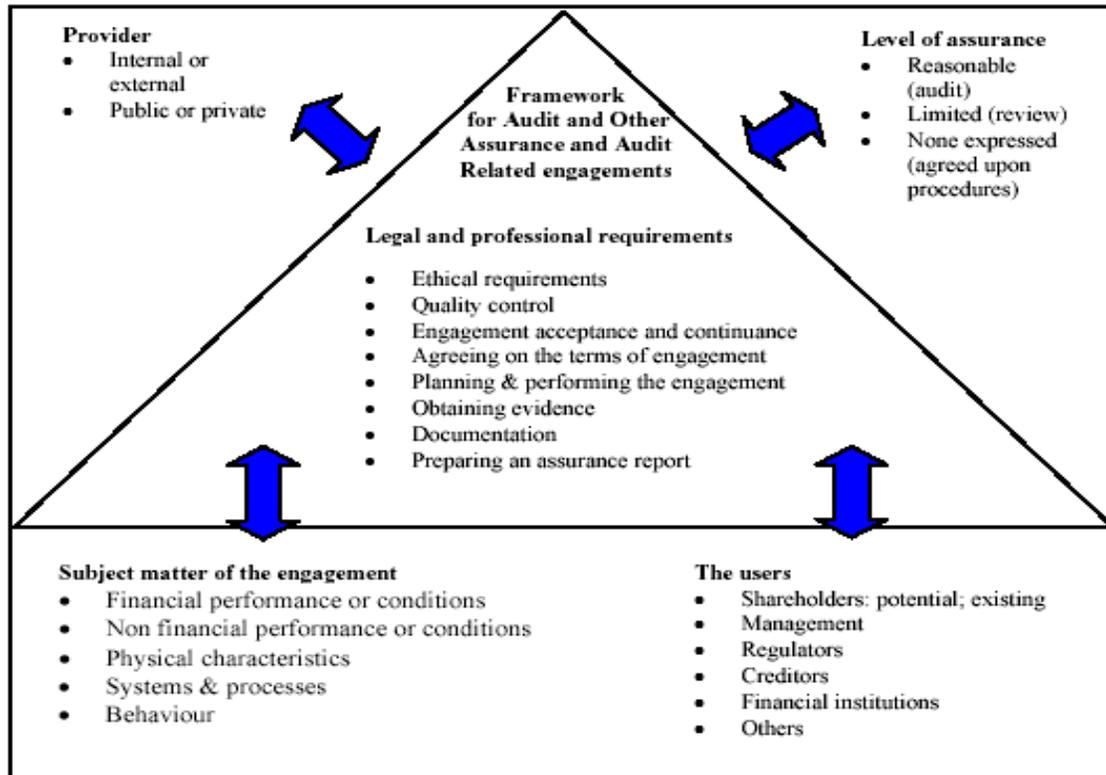
## IV-Auditing and Assurance

In assurance engagements a practitioner expresses “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 Assurance Framework). The statutory audit of annual financial statements is perhaps the best known assurance engagement in South Africa. Entities and the public at large look to the external audit of financial statements, statutory or otherwise, to validate the information and to attest to the reliability of the information gathering and reporting processes. Although the audit of financial statements in South Africa may only be performed by Registered Auditors, it is recognised that many of them will also have qualified as CAs. There are also many other types of assurance activities that CAs may perform.

The assurance engagement will vary with the following factors:

- The provider of the engagement.
  - Is it an internal or external provider?
  - Is it a public or private provider?
- The level of assurance required.
  - Is a reasonable level of assurance required (as in a typical financial statement audit)?
  - Is a limited level of assurance required (as in a review of financial statements)?
  - Is the level of assurance not expressed but is it simply the provision of some agreed upon procedures and the reporting of findings and conclusions?
- The subject of the engagement. Does it relate to –
  - financial performance or conditions
  - non-financial performance or conditions
  - physical characteristics
  - systems and processes
  - behaviour?
- The users of the subject matter of the engagement. Who are the users and how will the subject matter of the engagement be used? Are the users –
  - shareholders,
  - management,
  - regulators,
  - creditors,
  - financial institutions, or
  - others?

The four outer areas of the triangle illustrate that the appropriate approach for an audit or other assurance or related engagement depends on the context in which the engagement is carried out.



Although a CA may have no intention of practicing as a Registered Auditor, it is recognised that the specific competencies in Auditing and Assurance are essential to all CAs, albeit at different levels of proficiency. For example, the competency of being able to assess the risk of material misstatement at the overall and assertion levels in an entity’s financial statements will contribute to the ability of the CA, as the preparer, to achieve fair presentation of the financial statements (i.e. the CA will in the capacity of the preparer be able to identify and respond to those assertions that are at risk). Although a CA who is not a Registered Auditor will not be required to “establish the terms of the engagement” or “draft a report upon the completion of an engagement”, s/he will nonetheless need to have a thorough understanding of, amongst others, the purpose and content of these processes as a member of a body charged with governance when interacting with Registered Auditors. The competencies described in this section will also be of use to those CAs required to perform internal audit work.

A CA will be expected to undertake the following assurance and other engagements at the proficiency levels specified in the accompanying document entitled Guidance for Programmes of Education.

- Audit of a complete set of general purpose financial statements
- Perform special purpose audit engagements (in terms of ISA 800)
- Reviews financial statements and other interim financial information
- Performs assurance engagements other than audits or reviews of historical financial statements
- Performs agreed-upon procedures on financial information
- Compiles financial information

In performing the engagement, it may be necessary to place reliance on the work of others (e.g. another auditor, internal auditor or expert). The primary role in this competency area will be to perform 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.

This section identifies the specific CA competencies in Auditing and Assurance. However, the importance of integrating the pervasive qualities listed in Section I, particularly ethics, when reading each of the specific competencies cannot be overemphasised.

<b>IV-1</b>	<b>Analyses, evaluates and advises on assurance needs</b>	
<b>IV-2</b>	<b>Provides assurance services</b>	
	IV-2.1	Identifies and considers issues related to accepting an engagement
	IV-2.2	Establishes the terms of the engagement
	IV-2.3	Identifies and assesses the implications of key risks on the performance of the engagement
	IV-2.4	Determines which rules, standards or policies to apply to the subject matter being evaluated
	IV-2.5	Develops materiality guidelines to inform the direction and extent of assurance work, based on the scope and expectations of the engagement
	IV-2.6	Designs effective and efficient procedures based on the engagement's scope and the assessed risk of material misstatement
	IV-2.7	Executes the work plan
	IV-2.8	Documents the results of procedures performed
	IV-2.9	Evaluates the evidence and draws conclusions
	IV-2.10	Drafts the report upon completion of the engagement
	IV-2.11	Prepares information for meetings with stakeholders
<b>IV-3</b>	<b>Provides control-related services</b>	
	IV-3.1	Identifies and evaluates the risks pertaining to the financial information system
	IV-3.2	Identifies and documents the key internal controls (including IT-related controls) implemented in an entity
	IV-3.3	Evaluates internal control
	IV-3.4	Evaluates IT-related elements of internal control
<b>IV-4</b>	<b>Designs, implements and manages the quality control system in the firm</b>	
<b>IV-5</b>	<b>Identifies and responds to reportable irregularities</b>	

## V-Financial Management

Corporate transactions such as mergers, acquisitions, and divestitures have become commonplace in our global environment. Entities are frequently faced with financing choices which have strategic consequences. Their managers must make capital structure decisions, evaluate short-term and long-term financing needs, and choose 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.

Candidates are not expected to deal with any industry specific risks, or legal or regulatory requirements relating to either the raising of finance, or application or investment of funds. Although candidates are not expected to deal with specialised legal and regulatory requirements or financial or business risk specific to specialised industries, they may be expected to deal with general financing, and financing and business risk issues in a specialised company.

This section identifies the specific CA competencies in Financial Management. However, this section does not stand in isolation from the specific competencies listed in Sections II, III, IV, VI and VII. In particular, this section develops and applies the specific competencies identified in Section II–Strategy, Risk Management and Governance, and should be read and understood in the context of that section. Further, the importance of integrating the pervasive qualities listed in Section I, particularly ethics, when reading each of the specific competencies cannot be overstated.

<b>V-1</b>	<b>Establishes or evaluates overall financial goals</b>	
	V-1.1	Establishes or evaluates financial objectives
	V-1.2	Evaluates the legal form and structure of the entity
	V-1.3	Identifies ways in which ownership can change
<b>V-2</b>	<b>Analyses the value of a business</b>	
	V-2.1	Analyses the entity's financial situation
	V-2.2	Estimates the value of the business
	V-2.3	Analyses and evaluates a proposed merger, acquisition or divestiture
<b>V-3</b>	<b>Plans and monitors an entity's financing</b>	
	V-3.1	Monitors cash flow
	V-3.2	Analyses the entity's working capital
	V-3.3	Identifies and evaluates sources of funds
	V-3.4	Evaluates the dividend decision
	V-3.5	Analyses the entity's cost of capital and capital structure
	V-3.6	Evaluates the use of derivatives
<b>V-4</b>	<b>Develops or analyses business plans and financial proposals</b>	

<b>V-5</b>	<b>Appraises capital investment opportunities</b>	
	V-5.1	Evaluates the investment decision
	V-5.2	Evaluates the alternative of asset specific finance
	V-5.3	Considers relevant structural and governance issues
<b>V-6</b>	<b>Identifies or advises a financially troubled business</b>	

## VI-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.

Candidates are not expected to deal with any industry-specific risks relating to specialised industries, or legal or regulatory requirements relating to any aspect of operations or reporting, or accountability structures. Although candidates are not expected to deal with specialised legal and regulatory requirements or accountability structures or business risk specific to specialised industries, they may be expected to deal with general issues in a specialised company.

This section identifies the specific CA competencies in Management Decision Making and Control. However, this section does not stand in isolation from the specific competencies listed in Sections II, III, IV, V and VII. In particular, this section develops and applies the specific competencies identified in Section IV–Strategy, Risk Management and Governance, and should be read and understood in the context of that section. Further, the importance of integrating the pervasive qualities listed in Section I, particularly ethics, when reading each of the specific competencies cannot be overstated.

<b>VI-1</b>	<b>Identifies and analyses factors influencing the financial performance of an entity</b>	
	VI-1.1	Identifies management's information needs and the entity's key performance indicators
	VI-1.2	Evaluates the design of the entity's responsibility accounting system
	VI-1.3	Analyses the financial performance of an entity and makes and/or evaluates recommendations for improvement
<b>VI-2</b>	<b>Manages an entity's budgeting process and control system</b>	
	VI-2.1	Designs, prepares, analyses and monitors financial budgets
	VI-2.2	Analyses and interprets budget variances
	VI-2.3	Considers the applicability of a standard costing system and performs detailed variance analysis
	VI-2.4	Considers the applicability of cost management techniques
<b>VI-3</b>	<b>Evaluates internal cost allocation and transfer-pricing options</b>	
	VI-3.1	Evaluates transfer-pricing options between operational divisions
	VI-3.2	Evaluates cost-allocation options for service departments
<b>VI-4</b>	<b>Analyses financial and other data to provide information for</b>	

	<b>decision making</b>	
	VI-4.1	Identifies and evaluates financial information relevant to business decisions
	VI-4.2	Identifies and analyses elements of business decisions subject to uncertainty, volatility and inaccuracy
	VI-4.3	Identifies and relates the significance of the qualitative factors that impact the decision
<b>VI-5</b>	<b>Identifies, develops and improves appropriate costing systems in order to meet the information requirements of the entity's control and decision-making processes</b>	
	VI-5.1	Identifies appropriate costing systems, and determines the appropriate assignment of costs to cost objects
	VI-5.2	Develops and improves appropriate IT infrastructure needed to generate the necessary information

## VII-Taxation

Taxation of an entity continues to be a complex area. Entities 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 advisors, or employed as a member of a corporate or a public sector management team. That team provides guidance on appropriate taxation strategies. A CA contributes to the team by being competent in identifying the entity's compliance and reporting requirements, and in developing and implementing the entity's tax planning strategies.

This section identifies the specific CA competencies in Taxation. However, the importance of integrating the pervasive qualities listed in Section I, particularly ethics, when reading each of the specific competencies cannot be overstated.

<b>VII-1</b>	<b>Analyses the entity's tax profile and identifies general tax issues</b>	
	VII-1.1	Understands the entity's tax profile
	VII-1.2	Identifies and advises on compliance and filing requirements
	VII-1.3	Describes other types of filing requirements
<b>VII-2</b>	<b>Prepares and files necessary returns in accordance with legal requirements</b>	
	VII-2.1	Calculates income taxes payable for an individual
	VII-2.2	Calculates other income subject to tax for an individual
	VII-2.3	Calculates taxes payable for a company
	VII-2.4	Calculates other taxes payable for a company
	VII-2.5	Calculates value added tax payable to a vendor
<b>VII-3</b>	<b>Practices effective tax planning to optimise after-tax returns</b>	
	VII-3.1	Identifies, analyses and advises on specific tax planning opportunities for individuals
	VII-3.2	Identifies, analyses and advises on specific tax planning opportunities for shareholders of closely-held companies
	VII-3.3	Identifies, analyses and advises on financial and estate planning opportunities for individuals and families
	VII-3.4	Analyses tax consequences for non-residents
	VII-3.5	Identifies, analyses and advises on tax consequences or planning opportunities associated with certain corporate transactions
	VII-3.6	Analyses tax consequences of other corporate restructuring transactions
<b>VII-4</b>	<b>Prepares information to respond to assessments, file objections and appeals</b>	