



THE AUDIT DEVELOPMENT PROGRAMME

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* Reference to one gender includes the other.

1. KEY TERMS

The following key terms will, unless expressly otherwise stated or inconsistent with the context in which they appear, have the following meanings:

- i. **Academic programme:** The academic programme develops the core competence of a student to apply the concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner to a standard that provides a foundation appropriate for further professional development.
- ii. **Accredited Professional Body:** Refers to a professional body of professional accountants that has achieved accreditation status with the IRBA in terms of the published Accreditation Model (2005).
- iii. **Accreditation Model:** Refers to a document that sets out the standards and indicators that must be complied with in order to achieve institutional and programme accreditation with the IRBA.
- iv. **Competence:** Describes knowledge, skills and attitudes that collectively account for the ability to perform activities to the level expected within a specified profession.
- v. **Core assessment programme:** The core assessment programme assesses the core competence of a candidate to apply the concepts and principles of a defined technical body of knowledge, skills and professional values in an integrated and analytical manner appropriate for further professional development.
- vi. **Candidate RA:** Refers to a professional accountant who has completed recognised programmes of education, training and assessment through an IRBA accredited professional body and has entered into an agreement with an RA firm to undertake the ADP.
- vii. **Education programme:** The education programme develops the professional competence of students to apply integrated knowledge, skills and professional values appropriate to the practice of a Registered Auditor and to enable the students to continue to learn and adapt to change throughout their professional life.
- viii. **Engagement Partner:** The partner or other individuals in the firm who are responsible for the audit engagement and its performance, and for the auditor's report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.
- ix. **Training programme:** The training programme develops professional competence through practical experience gained in a Registered Auditor firm. Development of professional competence in training complements that gained through the Education Programme.
- x. **Professional accountant:** A professional accountant refers to a person who has completed recognised programmes of education, training and assessment, through an accredited professional body, which gives direct access to the Audit Development Programme (ADP).
- xi. **Professional competence:** In order to demonstrate professional competence, a candidate RA must successfully perform all of the capabilities, technical and non-technical; appropriate to a standard that provides a foundation appropriate for further development of specialist competence within a new learning context.

- xii. **Audit Development Programme (ADP):** A period of work experience undertaken by a qualified professional accountant that is relevant to the work of a Registered Auditor. The work experience enables the individual's development of professional competence in the workplace and provides a means whereby individuals can demonstrate the achievement of professional competence in a Registered Auditor firm.
- xiii. **Registered Auditor (RA):** Means an individual registered as an auditor with the IRBA
- xiv. **Registered audit firm/firm:** Means a firm of Registered Auditors registered with the IRBA

2. INTRODUCTION

The Audit Development Programme (ADP) is the joint responsibility of the IRBA and the RA firms. It builds on the competence of a professional accountant and focuses on the competence required for a specialist role within the field of professional accountancy; that of an RA. The ADP develops candidate RAs for the role of engagement partner. The term engagement partner is clearly defined by the International Standards on Auditing (ISA 220) and is understood by RA firms and refers to the individual held responsible by the Independent Regulatory Board for Auditors (IRBA) and other stakeholders within the profession for the quality of an audit.

This document sets out the ADP requirements for professional accountants wishing to register as an RA with the IRBA.

Only professional accountants who have qualified through the recognised programmes of a professional body accredited by the IRBA (Accreditation Model 2007) will have their professional experience recognised by the IRBA.

2.1 Recognition of professional experience

In order to qualify for registration as a candidate RA, an individual must have:

- Successfully completed the following programmes recognised by the IRBA through an accredited professional body:
 - A recognised academic programme;
 - A recognised core assessment programme;
 - A recognised training programme; and
 - A recognised professional assessment programme
- Successfully completed a professional accounting qualification through a professional body accredited by the IRBA.

3. DEVELOPMENT OF SPECIALIST COMPETENCE

Once a candidate RA has successfully progressed through the competence standards and levels required to register as a professional accountant with an accredited professional body, they have demonstrated the professional competence required to commence specialisation as an RA. The ADP

provides a context wherein the consolidated capabilities developed in the training programme can be refined in a more complex learning environment.

The strength of the ADP lies in the partnership between the IRBA and RA firms. The ADP provides candidate RAs with the opportunity to specialise as a Registered Auditor (RA) by gaining exposure to a broad range of issues faced by RAs in practice and to develop and enhance their:

- Professional competence and judgement;
- Ethical values; and
- Lifelong learning skills and attitudes

The ADP must provide candidate RAs with increasingly complex work that requires, over time, that the candidate assumes increasing responsibility. Tasks must increase in complexity and level of responsibility as the candidate RA progresses through the ADP. The candidate RA will undertake more responsibility for those aspects of the audit engagement which pose a greater risk to the firm, the client and all other stakeholders. By the end of the ADP, candidate RAs are expected to have acquired and to have demonstrated competence to a level of an entry level RA.

It is anticipated that once audit competence is demonstrated, the RA will continue this process of refinement as new responsibilities are assumed and new contexts give rise to higher orders of capabilities. The programme of Continuing Professional Development (CPD) required of all RAs plays a vital role in this further refinement of capabilities.

The ADP is defined in terms of the context in which audit competence is developed, the duration [time], the depth and breadth of competence [Competence requirements], oversight requirements and registration with the IRBA.

4. CONTEXT REQUIREMENT

After the successful demonstration of professional competence in the training programme and through successful completion of the final test of professional competence required to qualify as a professional accountant, a candidate RA is able to perform the tasks and roles expected of a professional accountant in the field of auditing. This does not however imply that a candidate has the appropriate expertise and experience to undertake a statutory audit and assume all the professional responsibilities of an RA. A period of relevant audit development is required to develop the competence of a professional accountant to a point that is appropriate for an entry level RA. During this period, the capabilities already consolidated in the training programme will be further refined and developed to a point of appropriate audit competence.

Candidate RAs who undertake the ADP to become RAs are required to take responsibility for their own professional development and seek opportunities to progress through defined positions within an RA firm. Such positions will provide opportunity for increasing development of professional

competence and offer assignments of increasing complexity and levels of responsibility. In this context the outcomes to be sought by the candidate RA and the RA firm must include:

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

RA firms that offer candidate RAs the opportunity to develop audit competence must meet the following responsibilities to the IRBA and the candidate RA:

- Provide an environment conducive to the development, enhancement and demonstration of professional competence;
- Ensure that each potential RA is provided sufficient and appropriate support during the ADP;
- Foster commitment to life-long learning and skills development;
- Encourage potential RAs to become involved in work that challenges their skills in a variety of contexts;
- Foster the ethics, values, independence and objectivity appropriate for the RA profession; and
- Offer progress of work to increasing complexity and requiring increasing levels of responsibility and knowledge, skills and expertise.

5. TIME REQUIREMENT

5.1 Minimum term for the development of specialist competence

The IRBA prescribes that a minimum term of professional experience appropriate for the development and demonstration of professional competence of an entry level RA is eighteen (18) months, after qualification as a professional accountant. The IRBA views eighteen months as the minimum amount of time for a candidate RA to develop the required professional competence for registration as an RA. It is likely that only in exceptional circumstances will a candidate RA be able to meet the requirements of the IRBA to an appropriate degree within eighteen months.

5.2 Minimum hours

Within the ADP, candidate RAs must complete a minimum of 1500 billable hours¹ in audit and assurance services. It is acknowledged that, in some cases, completion of the 1500 billable hours may require more than eighteen months. Billable hours provide evidence of the nature of work undertaken and some indication of its quality.

¹ It is not anticipated that a candidate will submit time sheets in support of this requirement. It is acknowledged that often an audit engagement can include other services. The 1500 billable hours should be in direct audit work. The supervisor will confirm the time spent on audit work.

Candidates who wish to register as an auditor, and completed an elective other than audit and assurance, will be required to complete a minimum of 30 months and 2250 billable hours in audit and assurance.

The actual amount of time that a candidate RA may require to achieve an appropriate level of competence will depend on the number of audits conducted, the nature and complexity of the audit engagements, the length of time taken by the RA candidate to acquire the necessary competence and the extent to which the RA firm is able to assign a candidate RA to audit engagements that provide opportunity for development in new areas of competence.

Where a candidate RA has demonstrated an appropriate level of competence within eighteen months, a statement by the oversight RA is required that describes the circumstances that enabled the applicant to acquire the necessary competence within such a relatively short period of time.

6. COMPETENCE REQUIREMENTS [ATTACHMENT A]

The Competency Framework [Technical and non-technical] encompasses the competences required of an RA in an audit engagement. It is not envisaged that candidate RAs will be given the opportunity to satisfy each and every aspect of the Competency Framework during each audit engagement. It is also not anticipated that candidate RA will sign off on every competence listed in the framework. The Competency Framework is a reference point for the development of competent RAs. It covers the lifecycle² of an audit engagement and coupled with the requirements set out in Paragraph four, which requires candidate RAs to operate at a senior, managerial level, the framework provides direction for the oversight RA. By assuming more senior roles within the audit team there is an expectation that candidate RAs are sufficiently competent to conduct and manage critical elements of the audit by themselves or with limited supervision. Throughout the duration of the ADP, the entire life cycle of the audit should be covered with the appropriate level of seniority and responsibility being assumed by the candidate RA.

Within the context of the Competence Framework the minimum competence requirements for entry level RAs are those considered necessary to address less complex audits. Development of the competence required to undertake more complex audits is covered by Continuing Professional Development (CPD).

6.1 The role of Continuing Professional Development

Audit engagements may vary in the complexity of accounting and auditing matters, the size of the entity, and the organisational and operational complexity of the entity being audited. Audit engagements of entities within some specific industries or financial environments are ordinarily deemed to be more complex. The competence required for such audit engagements is generally at much higher proficiency levels with greater levels of professional judgement and professional

² Client acceptance/continuance, Audit planning, audit procedures, reporting and report formulation.

scepticism. In such cases the RA would seek appropriate CPD opportunities in order to assume the role of engagement partner for more complex audits. CPD would be dependent on the (a) nature of the entity, (b) the complexity of managing the engagement, and (c) the accounting and auditing issues likely to be encountered.

7. OVERSIGHT REQUIREMENTS

The ADP is designed to complement and run parallel with the internal structures, performance review and evaluation process of the RA firm. The RA firm must ensure that each candidate RA is assigned to a specific professional oversight RA. The professional oversight RA must be an RA who has been registered with the IRBA for a minimum of three years at the outset of the ADP³. The oversight RA should have sufficient seniority in the firm to provide meaningful input into the development of the candidate RAs professional competence.

The professional oversight RA will take on a mentoring and supervision role. The oversight RA will seek to optimise educational experiences and assist in socialising the candidate RA into the profession; they will pass on necessary skills and values and assist in developing the individual's career.

The IRBA appreciates that roles undertaken by a mentor and those undertaken by a supervisor may differ. A mentor seeks to optimise an educational experience and assist in socialising an individual into a profession. The mentor would pass on necessary skills and assist in developing an individual's career. A mentor could also be a supervisor but not necessarily so. A supervisor is usually responsible for ensuring that an individual does his job but a supervisor is not necessarily a mentor.

Although the oversight RA is required to take on both roles, the IRBA recognises that this may not always be possible and that the individual responsible for the supervision role may not be suitable to carry out the mentoring role and vice versa. Therefore, in determining the appropriate individual to perform the oversight role, the RA firm should consider which individual in the organisation will take ultimate responsibility for signing off that the candidate RA is competent to a standard required by the IRBA and the profession. In determining this individual within the firm, there is also recognition that the oversight RA will rely on other people's assessments, feedback and documentation in making his decision and fulfilling his role.

7.1 Responsibilities of the Oversight RA

It is the responsibility of the oversight RA to ensure that the ADP provides the candidate with the quality and range of experience to enhance and develop his professional abilities, skills and values to a level appropriate for registration with the IRBA.

³ The IRBA will consider circumstances for relaxation of this time requirement on a case by case basis.

Professional oversight is necessary to ensure that RA candidates are provided with the opportunity to develop their competence, produce work of a high quality, and undertake work at progressive levels of responsibility. The oversight RA will be responsible⁴ for, inter alia, the following:

- Co-ordination of performance appraisal information and any other relevant information on the candidate's performance and competence.
- Reflection, interpretation and assessment of the candidate's progress using the information referred to in the first bullet.
- Consultation based on the information presented in the performance appraisal reports with both the candidate and the line managers, direct supervisors and any other relevant individual.
- Regular and meaningful feedback on the development the candidate's professional competence.
- A signed testimonial, on completion of the ADP that confirms, amongst other things, that the candidate has developed his professional competence to a level appropriate for registration with the IRBA.

The IRBA recognises that the oversight RA may not necessarily be the direct supervisor of the candidate. It is, however, anticipated that the oversight RA is a senior member of staff who is able to invest the appropriate amount of time and commitment to the responsibilities outlined above.

The responsibility to identify a suitable oversight RA rests with the RA firm. The oversight RA must accept the responsibility outlined above. Once the oversight RA and candidate RA relationship has been mutually agreed upon, the oversight RA and the candidate RA will sign an agreement. The signed agreement must be forwarded to the IRBA for registration⁵. Registration of the ADP protects the oversight RA and candidate RA by formalising the relationship.

In circumstances where a candidate has not registered with the IRBA for the ADP, the candidate must submit certain supporting evidence and an identified oversight RA must sign a testimonial confirming the candidates experience, position and suitability for registration with the IRBA. The IRBA will evaluate such circumstances on a case by case basis and may grant the ADP retrospectively⁶.

8. REGISTRATION WITH THE IRBA

Professional Accountants who wish to become candidate RAs must register with the IRBA as a candidate RA⁷ and continue to register with the IRBA on an annual basis. A candidate RA must be part of an established practice or firm and must have identified an oversight RA. A candidate RA may not be a sole practitioner and may not sign off on any audits.

⁴ It is recognised that, in some cases, responsibility may be shared between a number of different individuals in the firm.

⁵ The agreement will be registered with the IRBA and a nominal fee will apply.

⁶ An exemption fee will apply.

⁷ An annual registration fee will apply.

On registration with the IRBA, the candidate RA and the RA firm must provide details of the following:

- The candidate RAs details and proof of qualification through an IRBA accredited professional body [See registration requirements]
- The name, IRBA number and designation of the oversight RA.
- The nature of work undertaken by the firm; a client list.
- A high level plan from the RA firm outlining how, in relation to the competency framework, the candidate RA will be provided with opportunities to achieve audit specialist competence during the ADP.
- The RA firm must declare on registration any major areas of competence that it will not be able to offer for the development audit competence.

In addition, on an annual basis [annual renewal] the candidate RA, with the assistance of the oversight RA, must submit information on the candidate RA's progress, the nature and quality of work undertaken and any potential or real challenges in meeting the IRBA's competence requirements.

9. ASSESSMENT OF AUDIT COMPETENCE

Regular, constructive performance assessment is an integral element of effective professional development. Learning can be activated through the process of assessment and transferred to the workplace. The ADP is developmental in nature and provides candidates with the opportunity to develop their competence to a level where the experience gained will permit them to take on the responsibilities of an entry level RA.

Once a candidate has completed the ADP, has achieved the 1500 billable hours in audit and the professional oversight RA is satisfied that the candidate has demonstrated competence to a level appropriate for registration with the IRBA, the professional oversight RA will provide a declaration that confirms:

- The candidate has completed the ADP and has demonstrated the competences required of an entry level RA.
- The candidate has completed 1500 billable hours [audit and assurance] during the period of professional experience;
- The position/s held during the period of professional experience; and
- That nothing has come to the professional oversight RA's attention that suggests that the candidate RA is not suitable for registration with the IRBA.

The declaration will be submitted to the IRBA at the point at which the oversight RA is satisfied that the candidate RA has demonstrated an appropriate level of specialist competence for entry into the auditing profession. In addition to the declaration, the candidate RA will submit a portfolio of evidence that supports the oversight RA's contention that the candidate RA is competent.

9.1. The Portfolio of Evidence

The candidate RA will progress through supervisory and managerial roles under the supervision of an RA. Some of these roles may be performed whilst still in the training contract. This progression through increasing levels of responsibility is the usual path by which a candidate RA prepares to assume the role of an RA. Once registered RAs continue to develop and enhance their competence through leading or serving on audit engagements and through professional development.

The documentation included in the portfolio should provide evidence of the following:

- The candidate RA has progressed through the ranks of the firm and has taken on roles of increased responsibility and accountability.
- The candidate RA has developed his technical competence, professional skills and values in all aspects of the audit life cycle.

The following documentation may be used:

- A copy of the candidate RA's performance appraisals.
- An overview of the number of audits a candidate RA has undertaken.
 - The nature of such audits in terms of industry, operations and reporting requirements.
 - The level of responsibility and accountability assumed on the audit. .
- Any other supporting documentation that verifies the development of competence.

10. THE THREE YEAR RULE

The final approval of a candidate RA to register with the IRBA does not require the candidate RA to register with the IRBA immediately. As is consistent with the current rule, the candidate RA will have three years from "sign off" to register. After three years the IRBA's "Three Year Rule" will apply. This rule states that if three years have lapsed between approval for registration and actual registration, the IRBA will review the candidate RA's CV and CPD activities. Should the candidate RA's CPD be up to date and include at least 40% audit and assurance and the candidate RA currently working in public practice [in audit and assurance] then the candidate RA may be registered immediately. However, if the candidate RA was out of public practice and has not completed at least 40% of their CPD in audit and assurance, then they may be required to undertake a proficiency assessment.

11. FINAL ASSESSMENT OF AUDIT COMPETENCE

The final assessment of whether a candidate RA has met the requirements to register with the IRBA as an RA is the responsibility of the IRBA. Once a candidate has completed the ADP and has demonstrated appropriate competence to the satisfaction of the oversight RA, the candidate RA must submit a portfolio of evidence to the IRBA for review. The IRBA is ultimately responsible for making the final decision with regards to a candidate's eligibility to register with the IRBA as an RA. In this regard the IRBA retains the right to request an interview with the candidate RA and the oversight RA, if necessary, to ascertain if the required competence has been achieved [if this cannot be ascertained through the portfolio of evidence].

12. INSPECTIONS

Inspections are performed in terms of Section 47 of the Auditing Profession Act, 2005. Functions of the IRBA include promoting the integrity of the auditing profession through conducting inspections. Not all RAs will conduct audits of “public interest entities” and may therefore not be subject to a firm or engagement reviews. However, once an RA registers with the IRBA, Inspections will schedule an “introductory visit” within 12 months from registration. The purpose of the introductory visit is to educate, assist and provide guidance to new RAs. The introductory visit also provides the IRBA with additional assurance that the RA is aware of and fully compliant with the IRBA’s requirements to practice and remain professionally competent.

The introductory visit will offer Inspections the opportunity to:

- Ensure that the RA’s offices are professional in presentation;
- View the RAs client list;
- Ensure that the RA is aware of and familiar with the IRBA’s Inspections and registration requirements;
- Ensure that the RA is aware of and compliant with the IRBA’s CPD policy;
- Ensure that the RA is aware of and compliant with any new regulations and Acts;
- Ensure that the RA is aware of and familiar with the IRBA’s Code of Conduct; and
- Provide an opportunity for the RA to gain information from the IRBA

If the outcome of the introductory visit is such that there is concern about the RA’s ability to practice the IRBA may take necessary steps, including scheduling a formal inspection.

13. CLOSING COMMENTS

The IRBA views the ADP as the joint responsibility of the IRBA and the auditing profession. The knowledge, skills and values required to operate as an RA and within an engagement team are progressively developed through increased levels of responsibility, accountability and complexity of audits.

The IRBA’s requirement that candidate RAs develop through the acquisition of appropriate competence serves a number of purposes. First, the public interest and the credibility of the audit profession are enhanced when only those who meet the audit profession’s requirements become RAs. Second, the IRBA has a responsibility to protect the public through ensuring that all RAs have the competence expected of them by the public, employers and clients. Third, RAs have an ethical obligation to maintain competence to ensure that clients, employers and relevant stakeholders receive competent, professional service.