

The Southern African Institute of Government Auditors

COBOKS

**COMMON BODY OF
KNOWLEDGE & SKILLS
FOR REGISTERED
GOVERNMENT AUDITORS**

2008



The Southern African Institute of Government Auditors

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2008

The curriculum for the professional
education and development of
Registered Government
Auditors in South Africa

COBOKS
COMMON BODY OF
KNOWLEDGE & SKILLS

EXECUTIVE SUMMARY

This model outcome-based curriculum was developed by the Southern African Institute of Government Auditors to provide the South African community with a description of the technical subject areas that a candidate must master to become a Registered Government Auditor (RGA).

The Common Body of Knowledge and Skills (COBOKS) combines a number of both cognitive as well as technical skill requirements which are acquired through various phases of professional development. The model adopted acknowledges that the candidate develops the necessary knowledge and skills by passing through various institutions of learning and gains experience at various levels. The requirements are therefore flexible enough to allow for diversity, mobility and numerous entry points. All requirements are harmonised to meet global and national requirements.

The COBOKS serves as a guide not only to RGA candidates, but also to tertiary and other training institutions as well as training offices who recruit and educate prospective RGAs.

The Southern African Institute of Government Auditors recognises the Registered Government Auditor (RGA) as the highest level of professional qualification with regard to government auditing. The RGA is also recognised by the Auditor-General as a professional qualification.

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ADVANCING AUDITING AND ACCOUNTABILITY

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PART ONE

OVERVIEW AND STRUCTURE DEFINITION & ACRONYMS

THE PRACTICAL ROUTE TO BECOMING A RGA PROCEDURE FOR APPLICATION TO WRITE THE RGA-QE PROCEDURE FOR APPLICATION TO REGISTER AS RGA

OVERVIEW AND STRUCTURE

The Common Body of Knowledge and Skills (COBOKS) sets out the professional educational requirements of Registered Government Auditors (RGAs).

It provides a description of the technical subject areas that a RGA candidate must master in order to qualify for registration as Registered Government Auditor. The Common Body of Knowledge and Skills serves as a guide not only to RGA candidates, but also to tertiary and other training institutions as well as training offices who recruit and educate prospective RGAs.

The COBOKS is developed by taking into account global accounting curriculum benchmarks and guidelines which have been set by:

- the International Organisation of Supreme Audit Institutions (INTOSAI)
- the International Federation of Accountants (IFAC)
- the United Nations UNCTAD Secretariat
- other international accounting and auditing institutes.

It also incorporates specific national (South African) requirements as applicable to:

- the Auditor-General in South Africa
- the South African Qualifications Authority
- tertiary institutions
- the accreditation criteria by the Independent Regulatory Board for Auditors.

The qualification requirements combine a number of both cognitive as well as technical skill levels which are acquired through various phases of professional development. COBOKS acknowledges that the candidate develops the necessary knowledge and skills by passing through various institutions of learning and gains experience at various levels. The requirements are therefore flexible enough to allow for diversity, mobility and numerous entry points.

The Southern African Institute of Government Auditors recognises the Registered Government Auditor as the highest level of professional qualification with regard to public sector audit. The relevant qualification “government auditing” is registered with SAQA on level 7). In this regard SAIGA’s COBOKS qualifies as “specialised learning” (SAQA terminology).

The Auditor-General has also recognised the RGA as a professional qualification.

Throughout their careers, RGAs will engage in continued professional development (CPD) which may result in considerably *higher* knowledge and skill levels unique to a specific environment which demands these specialised skills. This is a common phenomenon amongst professionals. COBOKS therefore specifies the *minimum* entry requirements.

The seven components of the above system, profiling the Common Body of Knowledge and Skills are:

- I GENERAL KNOWLEDGE AND SKILLS**
- II THE DETAILED SPECIALISED CURRICULUM**
- III GOVERNMENT AUDITING EXPERIENCE**
- IV THE GOVERNMENT AUDITING SPECIALISM PROGRAMME**
- V THE QUALIFYING EXAMINATION**
- VI CERTIFICATION**
- VII CONTINUED PROFESSIONAL DEVELOPMENT**

The detailed curriculum which is examined through the Qualifying Examination, profiles a specialised professional:

- the government auditor.

The combination of the above requirements profile a unique professional in South Africa:

- the Registered Government Auditor (RGA).

Through the certification process, all Registered Government Auditors become members of the Southern African Institute of Government Auditors.

This document records the approach, philosophy, procedures and requirements which have to be followed to become a Registered Government Auditor.

DEFINITIONS & ACRONYMS

| | |
|-------------------|--|
| Outcomes | Outcomes means the contextually demonstrated end products of the learning process |
| Critical outcomes | Critical outcomes means those generic outcomes which inform all teaching and learning |
| Specific outcomes | Specific outcomes means contextually demonstrated knowledge, skills and values, which support critical outcomes |
| A-G | Auditor-General (previously know as the Office of the Auditor-General) |
| COBOKS | Common Body of Knowledge and Skills (for Registered Government Auditors) |
| Council | The Council of SAIGA |
| EB | The Examination Board (of SAIGA) |
| EXCO | Executive Committee (of SAIGA) |
| ETC | Education & Training Committee (of SAIGA) |
| GAAP | Generally Accepted Accounting Practices |
| GAE | Government Auditing Experience |
| GAMAP | Generally Accepted Municipal Accounting Practices |
| GASP | Government Auditing Specialism Programme |
| GRAP | Generally Recognised Accounting Practices |
| IAS | International Accounting Standards |
| IFAC | International Federation of Accountants |
| IRBA | Independent Regulatory Board for Auditors (the statutory body that succeeded the Public Accountants' and Auditors' Board [PAAB]) |
| INSTITUTE | The Southern African Institute of Government Auditors |
| INTOSAI | International Organisation of Supreme Audit Institutions |
| MFMA | Municipal Finance Management Act |
| NQF | National Qualifications Framework |
| PAA | Public Audit Act |
| PAM | Public Audit Manual (of the Auditor-General) |
| PFMA | Public Finance Management Act |
| PFM Ac | Public Finance Management Academy |
| RGA | Registered Government Auditor |
| RGA-QE | Qualifying Examination for Registered Government Auditors |
| SAI | Supreme Audit Institution |
| SAIGA | Southern African Institute of Government Auditors |
| SAQA | South African Qualifications Authority |

THE PRACTICAL ROUTE TO QUALIFY AS A REGISTERED GOVERNMENT AUDITOR

The RGA entry requirements can be broken-down into the following four phases:

- I **Formal education at a tertiary institution**
- II **Government auditing experience**
- III **The Government Auditing Specialism Programme**
- IV **The Qualifying Examination for Registered Government Auditors.**

I **Formal education at a tertiary institution**

The prospective RGA will have to obtain a qualification complying with certain minimum requirements as later set out in more detail. The philosophy followed is that a *four year business orientated degree / diploma* (as specified) will provide the general and basic knowledge and skills needed to function in an interdependent economy. These basic skills and supportive subject content are not defined in this curriculum. All tertiary institutions engage in extensive and on-going curriculum research to ensure that their formal programmes are market orientated and meet the needs of all major role players in the economy.

Whilst certain differences and nuances may occur, as far as curriculum content of the various tertiary institutions is concerned, COBOKS rather focuses on *minimum* knowledge and skills levels which complement core knowledge and skills unique to the RGA.

The registration requirements are:

Four year training program* at a registered** tertiary institution.
Minimum required subjects which have to be passed successfully are:

- Financial Accounting (three full years)
- Auditing (two full years) – excluding *internal* auditing
- Management Accounting (two full years)
- Taxation (one full year)
- Computer Information Systems (one full year)
- Commercial Law (one full year)
- Statistics (one full year).

Note: the Institute acknowledges that tertiary institutions may use different names for the above generic subjects.

* The philosophy that SAIGA follows in this regard is that the qualifying candidate has *more* than merely a three year degree or diploma and is therefore more matured from an educational point of view. A basic BCom, BCompt or BCom (Accounting) candidate may meet the subject requirements, but not the four year programme requirement. SAIGA visualizes the three-year learner to have completed another year or longer at a tertiary institution. For example: A BCom (three years) plus any additional graduate or post graduate degree or diploma or post graduate diploma from a tertiary institution. Designations or qualifications conferred by professional bodies do not qualify. A four year BTech degree will also suffice, but not a BCom degree that the student completed over a four-year period (extended programmes) is not sufficient.

** Registration refers to registration with the Department of Education.

II Government auditing experience (GAE)

The prospective RGA must gain his/her practical experience in the public sector and in an government auditing environment. This specifically defined (public sector) auditing experience is referred to as government auditing experience (GAE). Taking into account the mandate which the Auditor-General is given by the *Public Audit Act*, a large portion of the RGA's government auditing experience has to be certified by the Auditor-General. The Auditor-General therefore acts as certification authority with regard to the government auditing experience requirement.

COBOKS requires that a candidate complete at least *four years* of government auditing experience. Of these four years, a minimum of three years have to be gained whilst working for or with the Auditor-General.

The fourth year of practical experience can be gained by working in auditing / accounting related fields in the wider public sector, including government departments, local authorities, public entities, governmental contract work or internal audit in the public sector. If the fourth year is not served in the Auditor-General, the prospective candidate has to submit documentary proof of employment and experience in the public sector to the satisfaction of the Institute's EXCO.

Candidates who are not employed by the Auditor-General, but work for private audit firms who assist the Auditor-General in public audit work (contract work), can also meet this requirement, provided that the Auditor-General certifies their public audit work record as correct. The four years

(or part thereof required) need not be served in succession, but can be acquired over a maximum period of ten years.

A prospective RGA candidate will receive a full year's practical (government auditing) experience recognition for every three years the candidate has worked in a generic audit environment (private sector audit firms).

Therefore, candidates who have completed their trainee accountants' contracts with the South African Institute of Chartered Accountants (articles), will receive one year GAE credit. A prerequisite for this recognition is that the candidate will complete the Government Auditing Specialism Programme (GASP).

Registered Auditors (RAs):

SAIGA recognises the positive practical experience effect that the assumption of higher responsibility in an auditing capacity has. Based on this recognition, a Registered Auditor (RA) registered with the Independent Regulatory Board for Auditors (IRBA) is deemed to have fulfilled SAIGA's government auditing experience requirements if:

- the RA is currently (at time of application to write the RGA-QE) registered with the IRBA.
- the RA can prove registration with the IRBA for a period of at least two years.
- the RA submits a record of government auditing and public sector experience to the satisfaction of SAIGA's EXCO.

III The Government Auditing Specialism Programme (GASP)

The Government Auditing Specialism Programme (GASP) is a formal requirement to become a RGA and is incorporated in the COBOKS for RGAs since 2008. All candidates, also those who meet all the RGA qualification and subject requirements, are compelled to enroll for GASP.

GASP is presented by SAIGA in the period from March to August, preceding the September RGA-QE.

Prospective RGA-QE candidates can contact the SAIGA Secretariat to enroll with GASP.

Before a candidate can enroll for GASP, he/she has to register with SAIGA as a trainee auditor.

The Government Auditing Specialism Programme forms the core of the RGA competencies development. GASP is designed to address certain shortcomings in the academic programmes of tertiary institutions. Although these academic programmes are currently used to meet the RGA subject requirements (particularly the subjects of Accounting and Auditing), they do not include the public sector topics that form the basis on which the government auditor's competencies are applied, for example:

- The *PFMA*
- The *Treasury Regulations*
- The *MFMA*
- GRAP
- GAMAP
- National Treasury's Guide on How to Prepare Annual Financial Statements for Government Departments
- The *Public Audit Act*
- Performance auditing
- Forensic auditing
- Auditing of performance information.

These specialist public sector topics are now in a mature stage of development and through GASP, RGA-candidates receive the necessary specialist knowledge required to be a competent government auditor.

By following the Government Auditing Specialism Programme candidates receive more intensive exposure to and training in public sector / government auditing specialist topics.

GASP is based on the following educational concepts:

- Attendance of specific training interventions (seven three-day Modules).
- Self-Study assignments.
- A summative assessment.

GASP Modules

The Government Auditing Specialism Programme consists of the following Modules (which are presented in Pretoria):

Module 1: *The government auditor's Regulatory Framework*

The government auditor's Regulatory Framework includes the *PFMA*, *Treasury Regulations*, *MFMA*, *Public Audit Act*, *INTOSAI Code of Ethical Conduct*, government auditor ethics, the *King Code of Corporate Governance* (applicable to certain public entities). Examination technique.

Module 2: International auditing standards applied in the Auditor-General's Public Audit Manual

Generally accepted auditing standards, specifically International Auditing Standards (IAS) as they are applied in the Auditor-General's Public Audit Manual (PAM).

Module 3: Performance auditing and related auditing specialisms

Performance auditing, auditing of performance information, forensic auditing.

Module 4: Practical audit application

Case studies and the practical application of auditing standards (general concepts, IAS, performance, forensic, etc.) in the government auditing process and environment. Auditing in a computer environment. Examination techniques are applied to auditing questions.

Module 5: Public sector accounting

National Treasury's Guide for the Preparation of Annual Reports and Annual Financial Statements, specific accounting issues relating to GRAP, approved GRAP statements, case studies and application, journal entries, etc.

Module 6: GAMAP

Statements of Generally Accepted Municipal Accounting Practice (GAMAP), case studies and related MFMA requirements applied to the annual financial statements of local authorities.

Module 7: Selected GAAP statements

Selected Statements of Generally Accepted Accounting Practice (GAAP) – International Financial Reporting Standards (IFRS). Mostly applicable to public entities and also including case studies and examination technique in answering accounting related questions.

Candidates who have passed a full year of Accounting on the fourth year level (for example Accounting IV or Advanced Accounting) obtain exemption from the last Module of GASP (GAAP).

Self-Study assignments:

Between various Modules candidates will have to do additional reading and self-study and also prepare and submit a number of assignments based on the course contents of particular Modules. This will be communicated to candidates during the lectures. Not all Modules will require the submission of formal assignments, as Modules of practical application will take preference.

These assignments will be prepared and assessed by SAIGA and SAIGA will also issue an assessment mark. The form and contents of the assessments will be communicated to candidates during the programme.

Summative assessments:

As from 2008, the RGA-QE is a three paper examination. This was necessary to enable SAIGA to examine candidates on both the generic auditing and accounting topics, as well as the numerous specialist topics that are unique to the government audit process and environment.

The summative assessments of GASP are therefore designed to mirror the RGA-QE format and GASP candidates will write the formal assessments in the form of three three hour examinations. The result of these assessments together with the mark obtained from the self-study assignments (in a ratio to be determined by SAIGA) will determine the candidate's success in the GASP. SAIGA will prepare the GASP summative assessments and also mark the papers.

The results of the GASP summative assessments will be made available to candidates by the Auditor-General at the end of August and successful GASP candidates are allowed to register for the September RGA-QE.

IV The Qualifying Examination for RGAs (RGA-QE)

All prospective RGAs have to pass the Qualifying Examination for Registered Government Auditors (RGA-QE) (the required aggregate pass rate is 50%).

Details of this professional examination are also provided in this document. The RGA-QE consists of three four hour written examinations papers which are set by the Education & Training Committee of the Southern African Institute of Government Auditors and evaluated by the Institute's Examination Board (EB).

Paper 1: The first paper focuses on the regulatory framework for government auditors. The PFMA, MFMA, *Treasury Regulations*, *Public Audit Act*, the Constitution, INTOSAI Code of Ethics, current developments in auditing, the King Code of Corporate Governance as applicable to public entities.

Paper 2: The second paper focuses on public sector accounting topics. GRAP, GAMAP, selected GAAP statements, preparing annual financial statements for government departments, basic accounting principles.

Paper 3: The third paper focuses on government auditing and related topics. International Accounting Standards (IAS), IAS applied to the Auditor-General's PAM, performance auditing, auditing of performance information, forensic audit, auditing in a computer environment.

The successful completion of the four-year degree / diploma, the required subjects (as specified), and the successful completion of the Government Auditing Specialism Programme (GASP) is a prerequisite for writing the RGA-QE, but the completion of the practical requirement is *not*. This means that candidates can write the RGA-QE during their period of practical training.

**PROCEDURE FOR APPLICATION TO ENROLL FOR THE GOVERNMENT
AUDITING SPECIALISM PROGRAMME**

**(AND TO WRITE THE QUALIFYING EXAMINATION FOR REGISTERED
GOVERNMENT AUDITORS)**

Any person who wishes to write the Qualifying Examination for Registered Government Auditors must enroll for the Government Auditing Specialism Programme (GASP) before the end of March (or a date set by SAIGA's EXCO) and submit the following to the Secretariat of the Institute:

- 1 A certified record of the candidate's formal qualifications, clearly showing the subjects and results (copies of the degree certificates are not sufficient – the subjects must be provided as well).
- 2 A certified record of the candidate's government auditing experience (although the *completion* of the practical experience is not a requirement to write the RGA-QE, details of completed practical experience up to the date of application is required).
- 3 A completed and signed application form to enroll for the GASP.
- 4 A cheque (or other proof of payment) payable to the Institute in respect of administration fees (to screen the candidate and assess the application). The administration fee is not refundable, even if the application is unsuccessful.
- 5 A cheque (or other proof of payment) payable to the Institute in respect of the enrollment fees for GASP. Initial payment has to be in respect of the first four Modules (after completion of the first two GASP Modules, the GASP participant will be invoiced with the cost of the remaining five Modules and the cost for the assignments and assessments. The initial GASP enrollment fees will be returned if the application is unsuccessful).
- 6 Candidates who successfully complete GASP, will have to provide proof to the SAIGA Secretariat that they have paid the RGA-QE examination fees of all three papers at least two weeks before the first RGA-QE paper is written.

PROCEDURE FOR APPLICATION TO REGISTER AS RGA

Any person who wishes to apply for registration as Registered Government Auditor must submit the following to the Secretariat of the Institute:

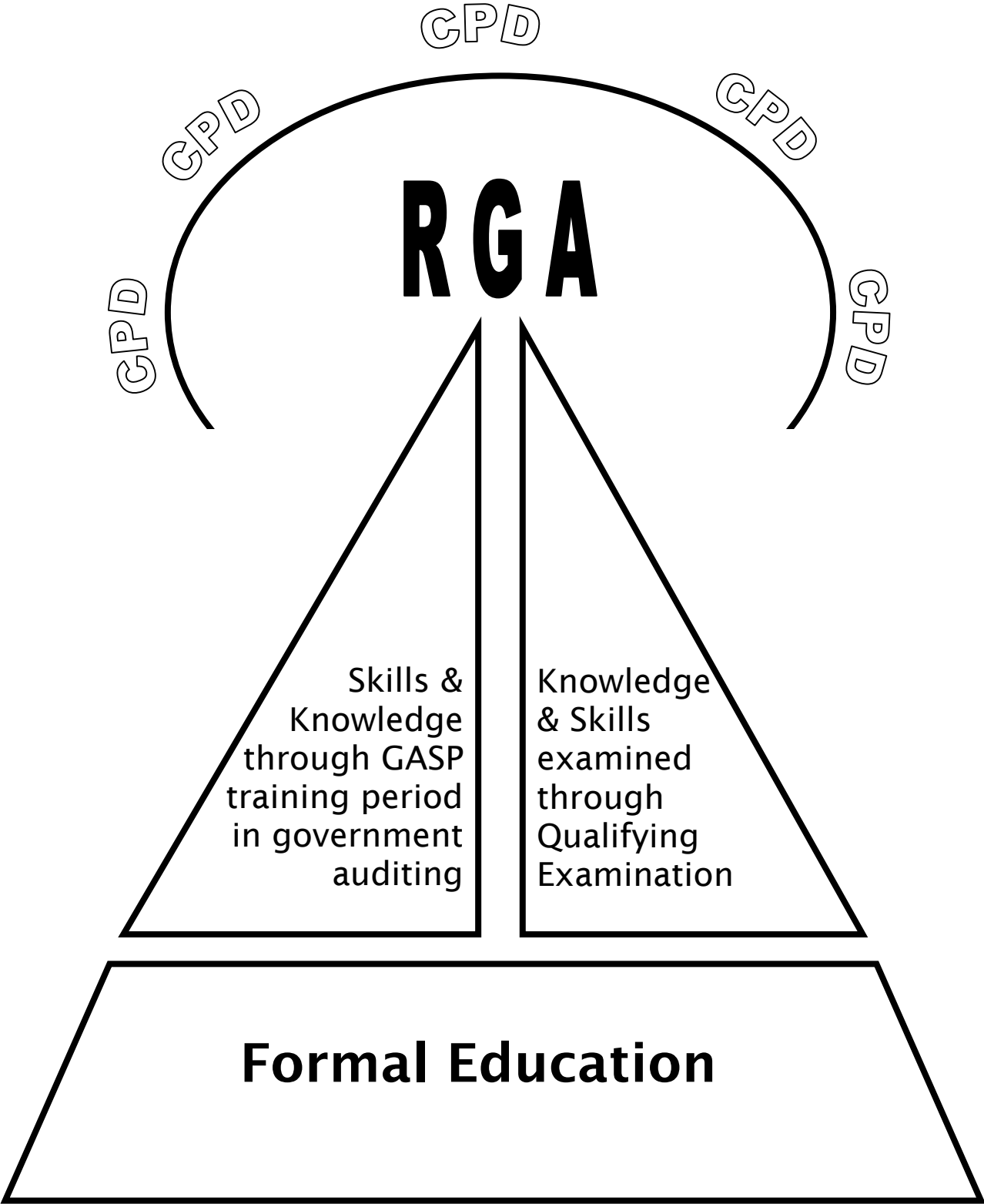
- 1 A completed and signed application form.
 - 2 A signed declaration to adhere to the Code of Ethics of Public Auditors (INTOSAI).
-

- 3 A certified copy of the GASP Certificate (issued by SAIGA to successful GASP participants).
- 4 A certified copy of the Professional Examination Certificate (issued by SAIGA to successful RGA-QE candidates).
- 5 A cheque (or other proof of payment) payable to the Southern African Institute of Government Auditors in respect of the current RGA registration fees (once-off amount).
- 6 A cheque payable to the Southern African Institute of Government Auditors in respect of the first year's membership fees (no pro-rata apportionment) – financial year ending 31 March.

PART TWO

THE SEVEN COMPONENTS PROFILING THE COMMON BODY OF KNOWLEDGE AND SKILLS FOR REGISTERED GOVERNMENT AUDITORS

- I GENERAL KNOWLEDGE AND SKILLS**
- II THE DETAILED SPECIALISED CURRICULUM**
- III GOVERNMENT AUDITING EXPERIENCE**
- IV THE GOVERNMENT AUDITING SPECIALISM PROGRAMME**
- V THE QUALIFYING EXAMINATION FOR RGAS**
- VI CERTIFICATION AS RGA**
- VII CONTINUED PROFESSIONAL DEVELOPMENT**



I GENERAL KNOWLEDGE AND SKILLS

The South African Qualifications Authority identifies these as critical / cross-field outcomes.

The Southern African Institute of Government Auditors recognised that the general knowledge and skills are acquired through various educational processes which include:

- formal and informal education
- working experience
- self-study and learning.

IFAC's *International Education Standards for Professional Accountants (IES 1-6)* states: "The goal of accounting education and practical experience is to produce competent professional accountants capable of making a positive contribution over their lifetimes to the profession and society in which they work. In the face of the increasing changes that accountants meet, it is essential that accountants develop and maintain an attitude of learning to learn, to maintain professional competence."

"The education and practical experience of professional accountants should provide a foundation of professional knowledge, professional skills, and professional values, ethics and attitudes that enables them to continue to learn and adapt to change throughout their professional lives."

Achieving this goal requires grounding in the skills, knowledge (both general and technical) and professional values essential to professional competence of Registered Government Auditors. The skills which RGAs must attain through education and experience are formulated in this document. The knowledge that individuals must acquire prior to registration consists of general knowledge and professional knowledge. The assessment of professional competence is done through a Qualifying Examination.

It is not sufficient for aspiring professional accountants to possess only theoretical knowledge. Registered Government Auditors must also have theoretical knowledge applicable to practical, real-life situations, by obtaining, analysing, interpreting, synthesising, evaluating and communicating information. These skills are best acquired during a period of general education prior to professional education. However, it should also be recognised that some elements of knowledge and skills are often acquired concurrently during the period of general and professional education and while obtaining practical experience. Examples of such skills are interpersonal, communication and problem-solving skills.

The skills (both general skills and skills specific to accounting) that IFAC believes professional accountants must obtain are:

- intellectual skills
- technical and functional skills
- personal skills
- interpersonal and communication skills
- organizational and business management skills.

The South African Qualifications Authority also identifies critical outcomes (skills) which inform all teaching and learning. The *combined*, critical outcomes pool for Registered Government Auditors is described below.

CRITICAL OUTCOMES

Based on the IFAC model and incorporating competencies of the South African Auditor-General model

Intellectual and personal skills:

- self-appraisal, -evaluation, -motivation and self-management by organising and managing oneself and one's activities responsibly and effectively
- the capacity for inquiry, research, abstract logical thinking, inductive and deductive reasoning, and critical analysis
- locating, collecting, analysing, organising and critically evaluating information
- the ability to select and assign priorities within restricted resources and to organise work to meet tight deadlines
- showing responsibility towards the environment and community
- the ability to anticipate and adapt to change
- demonstrating an understanding of the world as a set of related systems by recognising that problem-solving contexts do not exist in isolation
- exercising professional skepticism
- contributing to the development of oneself and the social and economic development of the society at large, by:
 - ♦ reflecting on and exploring a variety of strategies to learn more effectively
 - ♦ participating as responsible citizens in the life of local, national and global communities
 - ♦ being culturally and aesthetically sensitive across a range of social contexts
 - ♦ continuously exploring educational and career opportunities
- developing entrepreneurial opportunities.

Technical and functional skills:

- using science and technology efficiently and effectively
- apply mathematical and statistical techniques
- interpreting and applying legislation and regulations relevant to the environment
- apply decision making techniques, risk analysis, financial management techniques and reporting frameworks
- to have a high level of IT proficiency:
 - by being able to operate at least two types of data processing systems (these would normally be a stand-alone micro computer system and a multi-user local network system)
 - by being able to use electronic mail
 - by being able to use a word processing program, an accounting spreadsheet program, a database package; and at least one accounting (bookkeeping)
 - by being able to access and retrieve information from an on-line database such as the worldwide web.

Interpersonal and communications skills:

- take leadership find solutions and negotiate positions and reach agreements in professional situations
- interact with culturally and intellectually diverse people and work effectively in a cross-cultural and diverse language setting
- develop and maintain positive, professional relationships with internal and external stakeholders
- communicating effectively using visual, mathematical and language skills in the form of oral and written persuasion
- the ability to present, discuss and defend views effectively through formal and informal, written and spoken language
- the ability to coach and mentor subordinates in order to increase their overall performance
- the ability to provide opportunities to colleagues for self-improvement
- the ability to listen and read effectively, including a sensitivity to cultural and language differences
- the ability to locate, obtain, organise, report and use information from human, printed and electronic sources.

Organizational and management skills:

- the ability to apply principles of strategic planning, project management and internal business processes (for example: planning, estimating, scheduling, tracking, controlling, measuring)
- managing people and resources in a professional context
- plan, organise, delegate, motivate and lead

- the ability to identify and solve unstructured problems in unfamiliar settings and to apply problem-solving skills which display that responsible decisions, using critical and creative thinking have been made and good judgment exercised
- the ability to manage, align, monitor and report on the performance of designated business units
- working effectively with others as a member of a team, group, organisation and professional body, to organise and delegate tasks, to motivate, and develop people, to provide guidance and direction, to withstand and resolve conflicts, and, at appropriate times, to lead others.

II THE DETAILED SPECIALISED CURRICULUM

- 1. Fundamental principles of auditing theory & accountability and current audit developments.**
- 2. Acts and Regulations applicable in the audit of government institutions.**
- 3. Accounting standards applicable to entities audited by the Auditor-General.**
- 4. The Code of Ethics for Auditors in the Public Sector.**
- 5. The theory and application of the INTOSAI auditing standards in the audit process (manual and computerised systems).**
- 6. The application of the South African Auditing Standards issued by the Auditing and Assurance Standards Board (AASB) of the Independent Regulatory Board for Auditors of South Africa (IRBA).**

Explanation of cognitive levels and designated key words relating to different levels:

| THOUGHT PROCESS from low to high | DESCRIPTION OF COGNITIVE SKILLS REQUIRED | WHAT WILL BE REQUIRED OF CANDIDATES |
|--|---|--|
| Knowledge | Memorize | Name, arrange, show, repeat, list, describe, identify, define. |
| Understanding | Insight, understanding | Illustrate, explain, interpret, understand, deduce, elucidate, summarize. |
| Application | Apply existing knowledge to | Determine, compile, organize, show. |
| Analyze | Be able to analyze and differentiate | Analyze, contrast, compare, investigate, differentiate. |
| Compile | Synthesize discrete components into a cohesive whole | Plan, develop, create, formulate, compose, relate to. |
| Evaluate | Be able to make comparisons based on various criteria | Take up a point of view, judge, criticize, evaluate, consider, appraise, conceptualise, deliver a motivated opinion. |

OVERALL LEARNING OUTCOMES FOR REGISTERED GOVERNMENT AUDITORS

The purpose of the RGA qualification is to provide learners with specialised knowledge, skills and applied competence in the field of Public Auditing, control and information systems that will provide opportunities for continued intellectual and professional growth, to gain full economic activity and rewarding contributions to society.

Registered Government Auditors should be able to apply the relevant and current statutory and regulatory requirements as contained in various Acts, Regulations, professional pronouncements and standards within the context and framework of the Postulates in Auditing, the generic audit process and evaluate the adherence to and applicability of these regulations in a given practical situation encountered while conducting an audit in a South African environment.

Given the diverse mandate of the South African Auditor-General to audit entities that are subject to Generally Recognised Accounting Practices (GRAP), Generally Accepted Municipal Accounting Practices (GAMAP) as well as Generally Accepted Accounting Practices (GAAP), the accounting knowledge and skills of RGAs must be developed to enable RGAs to function effectively in these environments.

A further purpose of the qualification is to provide a process which will assist in providing South Africa with significant numbers of Registered Government Auditors which may serve the country's public sector.

1. Fundamental principles of auditing theory & accountability and current audit developments

SPECIFIC OUTCOMES

Candidates must be able to discuss various concept and relationships pertaining to auditing and accountability:

- accountability frameworks
- the modern need for accountability
- the notions of exit and voice as related to accountability
- the audit function as an integral part of the accountability framework
- historical development of the audit function in both private and public sector
- the private sector audit function *versus* the public sector audit function
- the structure of the audit profession through various international and national bodies and specifically the Independent Regulatory Board for Auditors
- postulates and principles of auditing theory and practice
- audit-standard setting
- standards versus statutory requirements
- the role and position of the government auditor
- public expectations of the auditor in both the private and the public sector
- the phenomenon of the audit expectation gap
- auditors' social responsibilities
- the characteristics of a profession
- The King Code of Corporate Governance as applicable to public entities
- the ethical base of auditing
- the audit process.

Candidates must be able to:

- explain and discuss current audit developments
- explain and discuss the latest developments in the field of corporate governance
- identify major issues of institutional and scholarly research.

Candidates must have a good understanding of the government environment, including such aspects as the role of the legislatures, the legal and institutional arrangements governing the operations of the executive and the charters of public entities.

2. Acts and Regulations applicable in the audit of government institutions

2.1 Constitution of the Republic of South Africa (Act 108 of 1996)

2.2 Public Audit Act (No 25 of 2004)

2.3 The Public Finance Management Act (No 1 of 1999)

2.4 Treasury Regulations (latest edition)

2.5 Municipal Finance Management Act (No 56 of 2003)

(Plus amendments to the above Acts/ Regulations)

Constitution of the Republic of South Africa (Act 108 of 1996) (Point 2.1)

SPECIFIC OUTCOMES

Candidates must be able to:

- identify and explain the reference to auditing in the Constitution of the Republic of South Africa and evaluate the requirements in the following context:
 - ♦ constitutional auditor independence
 - ♦ appointment of the Auditor-General
 - ♦ the public audit mandate.

- understand the Constitutional requirements relating to the financial management of the three spheres of government and in particular:
 - ♦ the notion of transparency and accountability
 - ♦ the role of treasuries
 - ♦ revenue funds
 - ♦ national, provincial and municipal budgets
 - ♦ procurement
 - ♦ reporting.

Public Audit Act (No 25 of 2004)

(Point 2.2)

SPECIFIC OUTCOMES

Candidates must be able to:

- describe the Constitutional and legal status of the Auditor-General
- summarize the Constitutional functions of the Auditor-General
- understand and evaluate the accountability arrangements providing for the conditions of service and additional functions of the Auditor-General
- understand the appointment of the Auditor-General, the conditions of employment and the expiry of the term of office
- critically discuss the accountability and reporting responsibilities to the National Assembly

- evaluate the public audit function in South Africa within the following contexts:
 - ♦ The Constitution
 - ♦ The National Assembly
 - ♦ the three tiers of government in South Africa
 - ♦ the national and provincial Treasuries

- critically evaluate the Auditor-General's powers to engage other parties to assist with the performance of an audit and consider the resultant influence (on one another) and interdependency of the public and private audit sectors in South Africa

- discuss the Auditor-General's authority to determine and chose applicable auditing standards as well as procedures for the handling of complaints when performing audits

- contrast the general auditing powers conferred onto the Auditor-General as well as specific powers such as entering properties, conducting searches, etc.

- discuss the notion of confidentiality of audited data

- conceptualise the various reporting responsibilities of the Auditor-General

- evaluate the concept of audit fees and the Auditor-General's powers to determine the basis for the calculation such audit fees

- explain the arrangements where the Auditor-General has decided to delegate the audit function to auditors in private practice including the resultant duties and powers of such private sector auditors
- identify the Auditor-General's powers to conduct investigations and special audits
- formulate the administrative arrangements of the Auditor-General, including its management structure, human resource management and financial administration
- explain the Auditor-General's reporting responsibilities, accountability arrangements, including the audit committee, annual report and annual financial statements, delegation of powers and duties, limitation of liabilities and other relevant concepts.
- apply the provisions of the Act to the government audit process
- evaluate the applicability of the public interest notion to the government audit process in particular circumstances.

The Public Finance Management Act (No 1 of 1999)

(Point 2.3)

SPECIFIC OUTCOMES

Candidates must be able to:

- understand the applicability of the Public Finance Management Act in the audit of government and government related entities
 - discuss the intentions of the legislature
 - explain the management philosophies and strategies established through the Public Finance Management Act
 - evaluate the effects of the Public Finance Management Act on the public audit function
 - understand the following concepts as described in the Act and incorporate them appropriately into the audit process:
 - ♦ the various Treasuries
 - ♦ the various Revenue Funds
 - ♦ form and content of the budgets
 - ♦ the medium term expenditure framework
 - ♦ the adjustment budgets
 - ♦ unauthorised expenditure
 - ♦ irregular expenditure
 - ♦ fruitless and wasteful expenditure
 - ♦ accountability arrangements at Public Entities
 - ♦ responsibilities of the executive authorities
 - ♦ loan guarantees and other commitments
 - ♦ norms and standards
 - ♦ financial misconduct
 - ♦ accounting standards
 - ♦ the Accounting Standards Board
 - to evaluate compliance of Accounting Officers' and Accounting Authorities' responsibilities as set out in the Public Finance Management Act and to formulate an opinion on the adherence thereto:
 - ♦ general responsibilities
 - ♦ responsibilities relating to budgetary control
 - ♦ reporting responsibilities
 - ♦ information to be submitted
 - ♦ responsibilities when assets and liabilities are transferred
 - ♦ virement between main divisions within votes
 - perform an audit by taking into account relevant provisions of the Public Finance Management Act.
-

Treasury Regulations

(Point 2.4)

SPECIFIC OUTCOMES

Candidates must be able to:

- apply the Treasury Regulations in the following context
 - ♦ the Public Finance Management Act
 - ♦ the audit related Acts and Regulations
 - ♦ the financial management functions in the public sector
 - evaluate the following concepts in relation to the audit function, compliance and applicability in specific practical situations:
 - ♦ corporate management
 - ♦ internal control
 - ♦ financial misconduct
 - ♦ investigation and reporting of financial misconduct
 - ♦ criminal proceedings in respect of financial misconduct
 - ♦ planning and budgeting
 - ♦ strategic plans
 - ♦ annual budget circulars
 - ♦ formats for Estimates of Expenditure
 - ♦ virement and rollovers
 - ♦ transfer of functions
 - ♦ adjustment budgets
 - ♦ revenue management
 - ♦ expenditure management
 - ♦ asset and debtor management
 - ♦ management of losses and claims
 - ♦ loans, guarantees and other commitments
 - ♦ money and property held in trust
 - ♦ banking, cash management and investment frameworks
 - ♦ public-private partnerships
 - ♦ accounting and reporting requirements
 - ♦ monthly and annual reports
 - ♦ trading entities
 - ♦ Commissions and Committees of Inquiry
 - ♦ gifts, donations and sponsorships
 - ♦ payments, refunds and remissions as an act of grace
 - perform an audit by taking into account provisions of the Treasury Regulations.
-

The Municipal Finance Management Act (No 56 of 2003)

(Point 2.5)

SPECIFIC OUTCOMES

Candidates must be able to:

- understand the applicability of the Municipal Finance Management Act in the audit of local government and related entities
 - discuss the intentions of the legislature
 - explain the management philosophies and strategies established through the Municipal Finance Management Act
 - evaluate the effects of the Municipal Finance Management Act on the public audit function
 - understand the following concepts as described in the Act and incorporate them appropriately into the audit process:
 - ♦ the supervisory role of National Treasury over local government
 - ♦ management of municipal revenue
 - ♦ municipal budgets
 - ♦ supply chain management
 - ♦ public-private partnerships
 - ♦ unauthorised expenditure
 - ♦ irregular expenditure
 - ♦ fruitless and wasteful expenditure
 - ♦ accountability arrangements at local authorities
 - ♦ financial and reporting responsibilities
 - ♦ the resolution of financial problems and related concepts
 - ♦ financial misconduct
 - ♦ treasury norms and standards
 - to evaluate the responsibilities of mayors
 - to evaluate compliance of Municipal Officers' and Accounting Officers' (of municipal entities) responsibilities as set out in the Municipal Finance Management Act and to formulate an opinion on the adherence thereto:
 - ♦ general responsibilities
 - ♦ financial management responsibilities
 - ♦ reporting responsibilities
 - ♦ financial administration responsibilities
 - perform an audit by taking into account relevant provisions of the Municipal Finance Management Act.
-

3. Accounting standards applicable to entities audited by the Auditor-General

- 3.1 Application of accounting standards comprising Generally Recognised Accounting Practices (SA-GRAP) as published by the Accounting Standards Board of South Africa (ASB) including Generally Accepted Municipal Accounting Practices (GAMAP).

- 3.2 Application of international accounting standards designated International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as published by the International Accounting Standards Board (IASB) and where applicable adopted or issued by the Financial Reporting Council.

SA-GRAP published by the South African Accounting Standards Board (Point 3.1)

SPECIFIC OUTCOMES

Candidates must aware of the latest developments in public sector accounting standard setting and development, and in particular:

- the International Public Sector Accounting Standards (IPSASs) published by the International Public Sector Accounting Standards Board (IPSASB)
- the process by the South African Accounting Standards Board to convert the IPSASs into South Africa statements of Generally Recognised Accounting Practices (SA-GRAP)
- the implementation of SA-GRAP in South Africa at the various levels of government and other public sector institutions
- the conversion of GAMAP to GRAP.

Candidates must be able to:

- account for and prepare disclosures for all aspects that relate to statements of GRAP
- apply statements of GRAP in practical accounting situations to enable the selection, measurement, classification and accounting of accounting data

- apply statements of GRAP by preparing the various financial statements in accordance with the objectives of financial reporting, GRAP and applicable statutory and regulatory requirements
- analyse and interpret various forms of financial statements by utilising techniques of financial analysis, including specifically segment reporting, cash flow and ratio analysis
- apply statements of GRAP by preparing group financial statements

- evaluate in a GRAP framework the correctness, applicability, relevance, validity and completeness of:
 - ♦ accounting entries
 - ♦ presentations
 - ♦ events
 - ♦ accounting estimates
 - ♦ provisions
 - ♦ measurements
 - ♦ accounting policies
 - ♦ statements
 - ♦ disclosures.

International accounting standards designated International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as published by the International Accounting Standards Board (IASB) and where applicable adopted or issued by the Financial Reporting Council

(Point 3.2)

SPECIFIC OUTCOMES

Candidates must aware of the latest developments in private sector accounting standard setting and development, and in particular:

- the role and function of the International Accounting Standards Board
- the International Financial Reporting Standards (IFRSs)
- International Accounting Standards (IASs)
- the applicability of IFRSs and IASs (GAAP) in public sector entities in South Africa.

Candidates must be able to:

- account for and prepare disclosures for all aspects that relate to statements of GAAP
- apply statements of GAAP in practical accounting situations to enable the selection, measurement, classification and accounting of accounting data
- apply statements of GAAP by preparing the various financial statements in accordance with the objectives of financial reporting, GAAP and applicable statutory and regulatory requirements
- analyse and interpret various forms of financial statements by utilising techniques of financial analysis, including specifically segment reporting, cash flow and ratio analysis
- apply statements of GAAP by preparing group financial statements
- evaluate in a GAAP framework the correctness, applicability, relevance, validity and completeness of:
 - ♦ accounting entries
 - ♦ presentations
 - ♦ events
 - ♦ accounting estimates
 - ♦ provisions
 - ♦ measurements
 - ♦ accounting policies
 - ♦ statements
 - ♦ disclosures.

4. The Code of Ethics for Auditors in the Public Sector

SPECIFIC OUTCOMES

Candidates must be able to:

- use the Code of Ethics of the International Organisation of Supreme Auditing Institutions (INTOSAI) as a basis for the value and attitude framework applicable during the government auditing process
- apply, in practical situations, the statements of the values and principles which should guide the daily work of auditors
- resolve dilemmas relating to the requirements of independence, confidentiality, and political neutrality, conflict of interests and professional secrecy
- identify and discuss auditor decision making by incorporating the INTOSAI Code of Ethics' principles and values
- understand the continued professional development requirements and be able to evaluate, on an on-going basis the candidate's own continued professional development status.
- exercise their continuous obligation to update and improve the skills required for the discharge of their professional responsibilities
- be aware of the disciplinary processes of the Southern African Institute of Government Auditors as applicable to Registered Government Auditors.

5. The theory and application of the INTOSAI auditing standards in the audit process (manual and computerised systems)

SPECIFIC OUTCOMES

Candidates must be able to:

- perform an audit by applying the auditing standards in the audit process through evaluation of systems, decisions regarding the appropriate audit approach, formulation of audit procedures, evaluation of audit evidence, concluding, formulation of an audit opinion and reporting
- analyse and evaluate on an *ad-hoc* basis practical audit situations with reference to the adherence of auditing standards and professional pronouncements.

The above outcomes have to be achieved in respect of all four auditing standards and their various substandards.

- Basic Postulates in Government Auditing
- General Standards in Government Auditing
- Field Standards in Government Auditing
- Reporting Standards in Government Auditing.

Basic Postulates in Government Auditing

- compliance with auditing standards
- application of own judgement
- public consciousness *versus* demand for accountability
- development of accountability through controls, evaluation and reporting systems
- promulgation of acceptable accounting standards and measurable objectives
- consistent application of accounting standards
- minimisation of risk and errors through good controls
- legislative enactment to provide for auditor access
- audit activities within the SAI mandate
- improving of techniques for auditing
- avoiding conflict of interests.

Candidates must be able to evaluate the *Postulates* in the following context:

- ♦ auditing standards
- ♦ reporting requirements
- ♦ accounting standards
- ♦ materiality
- ♦ professional judgement
- ♦ non-audit work (other services)
- ♦ legal work
- ♦ audit evidence
- ♦ public accountability
- ♦ standard-setting practices and philosophies
- ♦ constitutional provisions
- ♦ the role of the SAI
- ♦ characteristics of audit
- ♦ regulatory audit
- ♦ performance audit
- ♦ auditor independence.

General Standards in Government Auditing

- the auditor's independence
- the auditor's necessary competence
- the exercise of due care and concern in complying with the auditing standards

Candidates must be able to evaluate *Auditor Independence* in the following context:

- ♦ independence of the audit function from both legislature and the executive branch of government
- ♦ constitutional independence
- ♦ communications regarding results of the audits of the application of the State budget and of administration and disputes and disagreements with audited administrations
- ♦ freedom to set audit priorities and methodologies in performing the audit
- ♦ freedom to set reporting requirements
- ♦ provision of sufficient resources by the legislature
- ♦ the avoidance of participation in the executive function
- ♦ the absence of power of direction by the executive
- ♦ the modifying or suppressing of audit findings, conclusions or recommendations
- ♦ advice to the executive
- ♦ the prerogative to decline requests by the executive
- ♦ the powers granted to the auditor to obtain access to information

- ♦ irremovability of office bearers
- ♦ the absence of a client relationship with the audited entity
- ♦ refrainment from participation in the management or operations of an audited entity
- ♦ the absence personnel's close affiliations with management of an audited entity.

Candidates must be able to evaluate *Professional Auditor Competence* in the following context:

- ♦ quality of audits, methodologies and practices
- ♦ adherence to standards, planning procedures, methodologies and supervision
- ♦ application of system-based techniques
- ♦ application of analytical review methods
- ♦ application of statistical sampling
- ♦ audit of automated information systems.

Candidates must be able to evaluate the *Due Care Standard* in the following context:

- ♦ specifying, gathering and evaluating evidence and in reporting findings, conclusions and recommendations
- ♦ fairness in evaluations and reporting of the outcome of the audit
- ♦ alertness to control weaknesses, inadequacies in record keeping, errors and unusual transactions, fraud, improper or unlawful expenditure, unauthorised operations, waste, inefficiency or lack of probity
- ♦ due care of experts and specialists engaged in the audit
- ♦ assurances as to the due care exercised by other auditors used
- ♦ information acquired in the course of the audit work which must not be used for purposes outside the audit scope
- ♦ reporting of offences against the law to proper prosecuting authorities.

Candidates must be able to evaluate the *Other General Standards for SAIs* in the following context:

- ♦ training, recruiting, monitoring, reviewing the continued professional education requirements of personnel
- ♦ professional development
- ♦ review of staff skills
- ♦ issue of written guidance to audit staff
- ♦ assignment of suitably skilled audit teams
- ♦ supervision of audit staff

- ♦ assessment of time-scales
- ♦ setting of maximum practicable assurance regarding performance of public accountability obligations
- ♦ strategic planning
- ♦ setting of materiality criteria and figures
- ♦ policies and procedures to review the efficiency and effectiveness of the SAI's internal standards and procedures
- ♦ quality assurance reviews and programs
- ♦ audit review by senior staff
- ♦ independent appraisal of audit work.

Audit of financial systems, accounting records and financial statements requires training in accounting and related disciplines as well as a knowledge of applicable legislation and executive orders affecting the accountability of the audited entity.

Further, the conduct of performance audits may require, in addition to the above, training in such areas as:

- ♦ administration
- ♦ management
- ♦ economics
- ♦ the social sciences.

Field Standards in Government Auditing

- planning of the audit to ensure execution thereof in an effective, efficient and economic manner
- supervision and review
- study and evaluation of the reliability of internal control in determining the scope of the audit
- tests of compliance with laws and regulations
- procedures to provide reasonable assurance of detecting errors, irregularities and illegal acts
- gathering of competent, relevant and reasonable evidence to support the auditor's judgement and conclusions
- analysis of financial statements to establish compliance with acceptable accounting standards for financial reporting.

Candidates must be able to evaluate the *Planning Standard* in the following context:

- ♦ prioritisation of aspects required by law
 - ♦ identification of important aspects of the environment
 - ♦ understanding accountability relationships
-

- ♦ the audit objectives
- ♦ identification of key management systems and controls
- ♦ assessment of the strength and weaknesses of the management systems and controls
- ♦ determination of audit materiality
- ♦ review of internal audit and its work program
- ♦ reliance on other auditors
- ♦ determining the most efficient and effective audit approach
- ♦ actions based on previous audit findings
- ♦ documentation of the audit plan.

Candidates must be able to perform the steps normally included in the *planning phase* of an audit:

- ♦ collect information about the audited entity and its organisation in order to assess risk and to determine materiality
- ♦ define the objective and scope of the audit
- ♦ undertake preliminary analysis to determine the approach to be adopted and the nature and extent of enquiries to be made later
- ♦ highlight special problems foreseen when planning the audit
- ♦ prepare a budget and a schedule for the audit
- ♦ identify staff requirements and form a team for the audit
- ♦ familiarise the audited entity about the scope, objectives and the assessment criteria of the audit and discuss with them as necessary.

Candidates must be able to evaluate the *Supervision and Review Standard* in the following context:

- ♦ documentation of the review stage
- ♦ directing supervision at both the substance and the method of auditing
- ♦ auditing standards and practices
- ♦ working papers
- ♦ review procedures
- ♦ the collegiate basis of operation.

Candidates must be able to evaluate the *Study and Evaluation of Internal Control Standard* in the following context:

- ♦ safeguarding of assets and resources
- ♦ accuracy and completeness of accounting records
- ♦ compliance with laws and regulations
- ♦ efficiency, effectiveness and economy
- ♦ adherence to management policies
- ♦ timely and reliable financial management information
- ♦ computerised accounting systems.

Candidates must be able to evaluate the *Tests of Compliance with Laws and Regulations Standard* as well as the *Detection of Errors Standards* in the following context:

- ♦ *reasonable assurance* to detect errors, irregularities, illegal acts (EIIA)
- ♦ the effect of EIIA on the financial statements
- ♦ the effect of EIIA on the audit objectives
- ♦ the effect of EIIA on the decision makers in government
- ♦ reviewing of compliance
- ♦ professional judgement
- ♦ management responsibility
- ♦ the effect of EIIA on the audit results
- ♦ choice of procedures that are appropriate in the circumstances
- ♦ SAI independence
- ♦ legal procedures to deal with EIIA
- ♦ labour procedures to deal with EIIA.

Candidates must be able to evaluate the *Evidence Standard* in the following context:

- ♦ competent
- ♦ relevant
- ♦ reasonable
- ♦ sampling techniques
- ♦ data collection
- ♦ materiality
- ♦ working papers.

Candidates must be able to *collect evidence* during an audit which will:

- ♦ confirm and support the auditor's opinions and reports
- ♦ increase the efficiency and effectiveness of the audit
- ♦ serve as a source of information for preparing reports or answering any enquiries from the audited entity or from any other party
- ♦ serve as evidence of the auditor's compliance with Auditing Standards
- ♦ facilitate planning and supervision

- ♦ help the auditor's professional development
- ♦ help to ensure that delegated work has been satisfactorily performed
- ♦ provide evidence of work done for future reference.

Candidates must be able to evaluate the *Analysis of Financial Statements Standard* in the following context:

- ♦ acceptable accounting standards
- ♦ Generally Recognised Accounting Practice (GRAP)
- ♦ adequacy of reporting and disclosure.

Candidates must be able to *analyse financial statements* and ascertain whether:

- ♦ financial statements are prepared in accordance with acceptable accounting standards
- ♦ financial statements are presented with due consideration to the circumstances of the audited entity
- ♦ sufficient disclosures are presented about various elements of financial statements
- ♦ the various elements of financial statements are properly evaluated, measured and presented.

Where the SAI is required to *report* on the execution of budgetary laws, the candidate must be able to perform an audit which should include the following:

- ♦ for revenue accounts, ascertaining whether forecasts are those of the initial budget, and whether the audits of taxes and duties recorded, and imputed receipts, can be carried out by comparison with the annual financial statements of the audited activity;
- ♦ for expenditure accounts, verifying credits to assist budgets, adjustment laws and, for carryovers, the previous year's financial statements.

Reporting Standards in Government Auditing

- preparation of a written opinion or report
 - deciding what action to take regarding fraudulent practices
 - formulating a statement of positive (negative) assurance for items tested (not tested)
 - Candidates must be able to evaluate the *Written Report Standard* in the following context:
 - ♦ ease of understanding
 - ♦ vagueness and ambiguity
 - ♦ support by evidence
 - ♦ independence
-

- ♦ objectivity
- ♦ fairness and constructiveness
- ♦ timeliness.

Candidates must be able to *prepare a report* (for both the regulatory and performance audit) which will include an appropriate:

- ♦ title
- ♦ signature
- ♦ date
- ♦ objective and scope
- ♦ completeness
- ♦ addressee
- ♦ identification of subject matter
- ♦ legal basis
- ♦ compliance with standards
- ♦ qualified or unqualified opinion
- ♦ reference to weaknesses in the systems
- ♦ emphasis of matter.

Candidates must be able to *decide on actions regarding fraudulent practices and formulate an appropriate opinion* by taking into account:

- ♦ uncertainties
 - ♦ limitations on the scope of the audit
 - ♦ legal framework
 - ♦ materiality
 - ♦ acceptable accounting bases and policies
 - ♦ statutory requirements
 - ♦ relevant regulations
 - ♦ consistency
 - ♦ adequate disclosure
 - ♦ incomplete or misleading statements
 - ♦ disagreements.
- Candidates must be able to formulate and evaluate audit reports based on both *regulatory* and *performance* audits.

With regard to performance reports, candidates must be able to formulate and evaluate audit reports in the following context:

- ♦ criticism
 - ♦ interpretation
 - ♦ effectiveness, efficiency and economy
 - ♦ descriptiveness
 - ♦ constructiveness
 - ♦ recommendations
 - ♦ materiality.
-

6. The application of the South African Auditing Standards issued by the Auditing and Assurance Standards Board (AASB) of the Independent Regulatory Board for Auditors of South Africa (IRBA).

SPECIFIC OUTCOMES

Candidates must be able to:

- supplement, where applicable and required by the Auditor-General, the INTOSAI auditing standards with South African Auditing Standards (SAAS) issued by the AASB of the IRBA.
- differentiate between auditing standards of INTOSAI and the South African AASB.
- apply International Accounting Standards and South African AASB standards in the context of the Auditor-General's *Public Audit Manual* (PAM)
- evaluate the adherence of the Auditor-General's PAM to the various sets of auditing standards
- conduct an audit in a government auditing environment based on the prescripts and guidance contained in the Auditor-General's PAM
- discuss, analyse, compare and evaluate the various Statements of South African Auditing Standards and apply these concepts contained therein to the audit process and the principles, postulates and practices of auditing
- perform an audit by applying the South African Auditing Standards in the audit process through:
 - ♦ evaluation of systems
 - ♦ decisions regarding the appropriate audit approach
 - ♦ formulation of audit procedures
 - ♦ evaluation of audit evidence
 - ♦ concluding
 - ♦ formulation of an audit opinion and
 - ♦ reporting.
- analyse and evaluate on an *ad-hoc* basis practical audit situations with reference to the adherence of South African Auditing Standards and related professional pronouncements.

III GOVERNMENT AUDITING EXPERIENCE (GAE)

The Registered Government Auditor has to gain relevant practical experience (government auditing experience) before having a substantial involvement in an audit assignment. This audit experience, according to international standards has to be gained under the guidance of a suitably qualified and experienced government auditor and the experience needs to be of sufficient depth and duration to enable Registered Government Auditors to demonstrate that they have the necessary capabilities and competencies prescribed in this document.

This approach is in line with the thinking of the International Federation of Accountants as reflected in their April 2005 publication *Competence Requirements for Audit Professionals*. The Education Committee of IFAC recognises the so-called *Audit Professional*. This “new” term describes those who have a substantial role in the audit assignment and whose judgments are relied on in arriving the overall audit opinion.

Responsibilities of the Supreme Audit Institution : the South African Auditor-General

INTOSAI has formulated specific responsibilities which the Supreme Audit Institution has to discharge in respect of practical experience provided to the audit staff.

The Supreme Audit Institution in South Africa is the Auditor-General.

Due to the affinity between the initial practical experience and experience acquired through continued professional development, the INTOSAI requirements for practical experience *versus* continued professional development are closely related.

Relevant INTOSAI Standards for the Supreme Audit Institution (SAI) are listed below.

PRACTICAL EXPERIENCE STANDARDS

The INTOSAI auditing standards are that the SAI should adopt policies and procedures to:

- Recruit personnel with suitable qualifications.

- Develop and train SAI employees to enable them to perform their tasks effectively, and to define the basis for the advancement of auditors and other staff.
- Prepare manuals and other written guidance and instructions concerning the conduct of audits.
- Support the skills and experience available within the SAI and identify the skills which are absent; provide a good distribution of skills to auditing tasks and assign a sufficient number of persons for the audit; and have proper planning and supervision to achieve its goals at the required level of due care and concern.
- Review the efficiency and effectiveness of the SAI's internal standards and procedures.

The auditor and the SAI must possess the required competence.

- The mandate of a SAI generally imposes a duty of forming and reporting audit opinions, conclusions and recommendations. In some SAIs this duty may be imposed on the head of the organisation. In SAIs organised on a collegiate basis the duty is usually placed on the institution itself.
- Discussion within the SAI promotes the objectivity and authority of opinions and decisions. Where a SAI is structured in collegiate form, the final opinions and decisions represent the view of the organisation as a whole, even if the action is taken or exercised in bodies differentiated by their composition but not their power--for example, a Chamber, Joint Chamber or section of a Chamber. If the SAI has a single Head all opinions and decisions are taken by that Head or in his name.
- Since the duties and responsibilities thus borne by the SAI are crucial to the concept of public accountability, the SAI must apply to its audits, methodologies and practices of the highest quality. It is incumbent upon it to formulate procedures to secure effective exercise of its responsibilities for audit reports, unimpaired by less than full adherence by personnel or external experts to its standards, planning procedures, methodologies and supervision.
- The SAI needs to command the range of skills and experience necessary for effective discharge of the audit mandate. Whatever the nature of the audits to be undertaken under that mandate, the audit work should be carried out by persons whose education and experience is commensurate with the nature, scope and complexities of the audit task.

- The SAI should equip itself with the full range of up-to-date audit methodologies, including systems-based techniques; analytical review methods, statistical sampling, and audit of automated information systems.
- The wider and more discretionary in nature the SAI's mandate, the more complex becomes the task of ensuring quality of performance across the whole mandate. Thus a mandate allowing the SAI discretion in the frequency of audits to be carried out and the nature of reports to be provided, demands a high standard of management within the SAI.

The SAI should adopt policies and procedures to recruit personnel with suitable qualifications.

- SAI personnel should possess suitable academic qualifications and be equipped with appropriate training and experience. The SAI should establish, and regularly review, minimum educational requirements for the appointment of auditors.

The SAI should adopt policies and procedures to develop and train SAI employees to enable them to perform their task effectively and to define the basis for the advancement of auditors and other staff.

- The SAI should take adequate steps to provide for continuing professional development of its personnel, including, as appropriate, provision of in-house training and encouragement of attendance at external courses.
- The SAI should maintain an inventory of skills of personnel to assist in the planning of audits as well as to identify professional development needs.
- The SAI should establish and regularly review criteria, including educational requirements, for the advancement of auditors and its other staff members.
- The SAI should also establish and maintain policies and procedures for the professional development of audit staff regarding the audit techniques and methodologies applicable to the range of audits it undertakes.
- SAI personnel should have a good understanding of the government environment, including such aspects as the role of the legislature, the legal and institutional arrangements governing the operations of the executive and the charters of public enterprises.
- Trained audit staff of the SAI must possess an adequate knowledge of the SAI's auditing standards, policies, procedures and practices.

- Audit of financial systems, accounting records and financial statements requires training in accounting and related disciplines as well as a knowledge of applicable legislation and executive orders affecting the accountability of the audited entity.
- Further, the conduct of performance audits may require, in addition to the above, training in such areas as administration, management, economics and the social sciences.
- The SAI should encourage its personnel to become members of a professional body relevant to their work and to participate in that body's activities.

The SAI should adopt policies and procedures to prepare manuals and other written guidance and instructions concerning the conduct of audits.

- Communication to staff of the SAI by means of circulars containing guidance, and the maintenance of an up-to-date audit manual setting out the SAI's policies, standards and practices, is important in maintaining the quality of audits.

The SAI should adopt policies and procedures to support the skills and experience available within the SAI and identify those skills which are absent; provide a good distribution of skills to auditing tasks and a sufficient number of persons for the audit; and have proper planning and supervision to achieve its goals at the required level of due care and concern.

- Resources required to undertake each audit need to be assessed so that suitably skilled staff may be assigned to the work and a control placed on staff resources to be applied to the audit.
- The extent to which academic attainments should be related specifically to the audit task varies with the type of auditing undertaken. It is not necessary that each auditor possesses competence in all aspects of the audit mandate. However, policies and procedures governing the assignment of personnel to audit tasks should aim at deploying personnel who have the auditing skills required by the nature of the audit task so that the team involved on a particular audit collectively possesses the necessary skills and expertise.

Responsibilities of Registered Government Auditors

The practical government auditing experience (GAE) requirements of RGAs are set out in the first part of this document.

IV THE GOVERNMENT AUDITING SPECIALISM PROGRAMME

The Government Auditing Specialism Programme (GASP) is a formal requirement to become a RGA and was incorporated in the COBOKS for RGAs in 2008. All candidates, also those who meet all the RGA subject requirements, are compelled to enroll for and successfully complete GASP. GASP is presented by SAIGA in the period from March to August, preceding the September RGA-QE. Prospective RGA-QE candidates can contact the SAIGA Secretariat for more details on how to enroll for GASP.

The Government Auditing Specialism Programme forms the core of the RGA competencies development. GASP is designed to address certain shortcomings in the academic programmes of tertiary institutions. Although these academic programmes are currently used to meet the RGA subject requirements (particularly the subjects of Accounting and Auditing), they do not include the public sector topics that form the basis on which the government auditor's competencies are applied, for example:

- The *PFMA and Treasury Regulations*
- The *MFMA*
- GRAP and GAMAP
- National Treasury's Guide on How to Prepare Annual Financial Statements for Government Departments
- The *Public Audit Act*
- Performance auditing, forensic auditing and auditing of performance information.

These specialist public sector topics are now in a mature stage of development and through GASP, RGA-candidates receive the necessary specialist knowledge required to be a competent government auditor. By following the Government Auditing Specialism Programme candidates receive more intensive exposure to and training in public sector / government auditing specialist topics.

Before a candidate can enroll for GASP, he/she has to register with SAIGA as a trainee auditor.

GASP is based on the following educational concepts:

- Attendance of specific training interventions (seven three-day Modules).
- Self-Study assignments.
- A summative assessment.

All successful candidates will receive a certificate, certifying the successful completion of the examination under the Institute's seal.

The Government Auditing Specialism Programme consists of seven Modules, the details of which are set out in Part 1 of this document.

V THE QUALIFYING EXAMINATION FOR REGISTERED GOVERNMENT AUDITORS (RGA-QE)

Admission requirements

The successful completion of the four-year degree / diploma (as specified) and the successful completion of the Government Auditing Specialism Programme is a prerequisite for writing the RGA-QE, but the completion of the practical requirement is *not*. This means that candidates can write the RGA-QE during their period of practical training.

Date of the RGA-QE

The RGA-QE is an *annual* examination written (normally in September) on a date set by the Education & Training Committee of the Institute, subject to an economic number of applications being received. Candidates have to submit their applications to be received by the SAIGA Secretariat before the due date set by the Education & Training Committee.

RGA-QE fees

Candidates have to pay an administration fee (application), as well as the actual examination fee, based on the number of papers written. Both examination and administration fees for the processing of the application are payable with application. Should the application be unsuccessful, only the examination fees (and not the administrative fee) will be refunded. The examination fee and the administration fee to process the application are set by the Executive Committee of the Institute and made available to interested parties, through the SAIGA Secretariat or on the SAIGA website (www.saiga.co.za).

Form of paper and pass rate

The RGA-QE is a written examination consisting of three papers (4 hours each):

First paper:

Duration: 4 hours.

Main content: The Regulatory Framework of the government auditor.

Minimum percentage required: 40%.

Second paper:

Duration: 4 hours.

Main content: Public sector accounting (GRAP, GAMAP, selected GAAP statements (for public entities) preparing annual financial statements for government departments.

Minimum percentage required: 40%.

Third paper:

Duration: 4 hours.

Main content: The government auditing process, including performance auditing, the application of the Auditor-General's *Public Audit Manual*, auditing in a computer environment.

Minimum percentage required: 40%.

The marks of all three papers are considered jointly to determine the candidates final mark. Candidates have to obtain an aggregate of 50% to pass the RGA-QE. The Examination Board will publish one mark for successful candidates. The Examination Board can issue a pass mark (50% or higher) for one paper and a fail mark for the others. A first-time candidate and a candidate that has not passed a paper has to enroll for all three papers at the first attempt and thereafter. Only in cases where the candidate has already passed one paper, will a single or dual paper application be considered.

Candidates who have passed one or two papers, are allowed to enroll for all three papers on subsequent attempts. This will ensure that the highest mark (in respect of the paper passed) will be taken into account to calculate the aggregate mark to pass the RGA-QE.

Designated venues where the RGA-QE will be written, will be decided upon, after the applications have closed.

Results

Candidates will be informed of the results of the examination within two months after the examination date. To respect candidates' constitutional right to privacy, individual results will not be made public. The Institute may publish general statistics in respect of the examination. SAIGA also reserves the right to identify a number of achievers and publish their names and achievements.

The Institute also has the right to publish the results in any other format or media as considered appropriate and conducive towards the professional development of the RGA qualification.

Examination Policy

More detail and information with regard to the RGA-QE are contained in the Examination Policy document which is made available to all candidates who have successfully registered.

Certification

All successful candidates will receive a certificate, certifying the successful completion of the examination under the seal of the Southern African Institute of Government Auditors. Candidates who pass only one paper will receive a letter to this effect and once such candidate has passed all three papers, a certificate will be issued. Certification alone does not of itself confer membership of the Institute.

Number of attempts to write the RGA-QE

Candidates can attempt the RGA-QE (or parts thereof) three times. After three unsuccessful attempts, a candidate has to provide the Education & Training Committee (ETC) with the following:

- written proof that he/she has gained a further one year of government auditing experience; and
- satisfy the ETC that he/she has taken additional steps that would increase the chances of success in the RGA-QE (such steps would, for example include further formal education, successful completion of update courses and other continuing professional development).

Mark allocation

The knowledge and experience needed to function effectively as a Registered Government Auditor changes and expands at a rapid rate. Developments in public practice have the effect that the emphasis of importance and relevance may be subject to similar changes. Taking this into account, no fixed mark allocation can be provided in this document.

Use of multiple choice questions

The Examination Board may, include multiple choice questions in the RGA-QE. This component will not exceed 30% of the total marks of the RGA-QE.

Communication skills

A certain percentage of the RGA-QE may be allocated to the assessment of the candidate's communication skills.

Candidates must be able to:

- communicate professionally by using professional terms, precise formulation and avoiding contradictory statements, repetition and inconclusive accounts
- present answers in a structured format which is easily comprehensible
- set out answers so as to differentiate between important and less important points
- display the effective use of tables, lists, numbering systems and other means of organising formal communications
- write neatly and legibly.

V CERTIFICATION AS RGA

The Southern African Institute of Government Auditors maintains a Register of Registered Government Auditors. This register is accessible through a searchable database on the Institute's website.

Candidates who have successfully met the following requirements can apply to have their names recorded in the Register of Registered Government Auditors:

- acquired the formal education requirements at a tertiary institution(s)
- gained the prescribed government auditing experience
- successfully completed the Government Auditing Specialism Programme
- passed the Qualifying Examination for Registered Government Auditors
- submitted a signed declaration to adhere to the Code of Ethics of Public Auditors and filled in any relevant forms required
- paid all prescribed fees.

Meeting the continuing professional development (CPD standards as set from time to time by the Institute) is a prerequisite to retain the RGA certificate.

The Register of Government Auditors is accessible on the Internet (World Wide Web) through a searchable database to enable the public to confirm the registration status of auditors involved in the audit of their organisations.

www address
of the
Southern African Institute of Government Auditors
www.saiga.co.za

VI CONTINUING PROFESSIONAL DEVELOPMENT

The global trend in the accounting and auditing profession is to require professionals to engage in life-long learning and to ensure that members of professional bodies are able to perform their professional responsibilities in the public interest.

In the accounting and auditing profession, this requirement was further entrenched by the post mortem conducted after various corporate collapses and audit failures.

The International Federation of Accountants (IFAC) prescribes that member bodies implement a continuing professional development (CPD) requirement as an integral part of a professional accountant's continued membership. This requirement also contributes to the government auditing profession's objective of providing high-quality services to meet the needs of the public and to serve the public interest.

In the above context, continuing professional development is defined as relevant, verifiable and measurable learning outcomes and activities. CPE are learning activities that develop and maintain capabilities to enable the Registered Government Auditor to perform competently within his/her professional environment.

INTOSAI Auditing Standards require that the audit professional engages in continued professional education (CPE) which, given a somewhat broader context, is referred to as continuing professional development (CPD) in this documents. Based on the INTOSAI principles, the CPD requirement is discharged jointly by the SAI as well as the professional him/herself.

INTOSAI standards require that the SAI (in South Africa the Auditor-General) should take adequate steps to provide for continuing professional development of its personnel, including, as appropriate, provision of in-house training and encouragement of attendance at external courses. The Auditor-General therefore plays an important role in the continued professional development processes of the Registered Government Auditor.

A number of important principles therefore underlie the Registered Government Auditor's CPD system:

- The responsibility for developing and maintaining competence rests primarily with each Registered Government Auditor.
- The CPD system for RGAs is compulsory (mandatory).

- The compulsory CPD applies to all RGAs, whether in the employ of the Auditor-General, private sector audit firms, academia, the public sector, private practice or any other field.
- The compulsory CPD system comes into effect on 1 April 2007 (start of the 2007 financial year as both SAIGA and the Auditor-General have 31 March year ends).
- SAIGA takes the responsibility to develop a system for the monitoring of the individual RGAs' CPD (this system will be web-based and also provide for other means of electronically capturing CPD activities).
- The system of CPD is supported by the provision of appropriate sanctions for failure to meet the CPD requirements.
- All CPD rules are, where necessary, subject to the approval and interpretation by the Institute's EXCO.

The INTOSAI Auditing Standards which apply to continued professional education and more specifically to individuals are listed below. The term "SAI personnel" is substituted by (Registered Government Auditors - RGAs):

- RGAs should possess suitable academic qualifications and be equipped with appropriate training and experience.
- RGAs should have a good understanding of the government environment, including such aspects as the role of the legislature, the legal and institutional arrangements governing the operations of the executive and the charters of public enterprises.
- RGAs must possess an adequate knowledge of
 - the SAI's auditing standards, policies, procedures and practices.
 - financial systems, accounting records and financial statements
 - knowledge of applicable legislation and executive orders affecting the accountability of the audited entity.
 - areas as administration, management, economics and the social sciences.

Registered Government Auditors therefore have to record all continued professional development related activities participated with effect from 1 April 2006 and from 1 April 2007 report these according to the format as communicated to them by the Institute from time to time.

Apart from the mandatory CPE review and monitoring of RGAs, to implement the INTOSAI continuing professional education standards, SAIGA will review the steps taken by the Auditor-General to meet the INTOSAI CPE standards.

The specific compulsory CPD requirements for RGAs are:

- Over a consecutive four-year period accomplish 180 hours of CPD activities, half of which should be confirmable by an authoritative external (from the RGA's point of view) source.
- RGAs are encouraged to record a minimum of 20 hours per year (1 April to 31 March).

The responsibility for ensuring the development of competence to function as RGA lies primarily with each individual RGA. RGAs must therefore take necessary steps to identify relevant and applicable CPD activities.

Without limiting the forms of acceptable CPD activities, some examples of are provided below:

- enrolment and study at registered tertiary institutions
- attendance of formal courses by SAIGA's Public Finance Management Academy (part of the Public Finance Management Programme)
- attendance of other formal courses providing certification
- attendance of other courses on public or private sector accounting and auditing
- attendance of and participation during in-house training activities and interventions
- formal on-the-job training
- participation on technical committees
- preparation of technical and informative submissions, presentations, proposals and other technically based activities
- research activities in the fields of accounting and auditing
- formulating articles, lectures, policies, etc, to be published in various mediums (manuals, journals, newspapers, etc.)
- attendance and participation in conferences, lecturers, workshops, information sessions, formal discussion groups
- reading of articles, books and other publications related to auditing and accounting in general.

SAIGA will monitor the CPD requirements by randomly selecting a percentage of RGAs and confirming their CPD input (made by means of web-based entries or other electronic medium available).

RGAs should acknowledge the fact that such a system will develop over time and further requirements and practical issues regarding the monitoring will be communicated to RGAs from time to time.

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SAIGA
ADVANCING AUDITING AND ACCOUNTABILITY