

Department/Position: External Audit - 24 months

Duration (mths): 24

Technical Competency Assessment						
Competency Group	Competency	Proficiency Level Expected	Position Duties	Circumstance	Complexity	Autonomy
Financial Reporting	Financial Reporting Needs and Systems	1	Identify the needs of clients re: audit engagements vs. those of internal and external users, legal and regulatory requirements, type of entity; plus Analyze financial reporting process used to prepare the entity's financial statements, including significant accounting estimates and disclosures (such as analytical review and understanding internal control processes).	Routine	Low	Medium
Financial Reporting	Accounting Policies and Transactions	1	To be conservative, a Level 1 has been assigned. In some firms, due to frequency of client changes & transactions, or if higher complexity and autonomy is determined, this could be deemed a Level 2 (see description below - Circumstance, Complexity & Autonomy would need to be adjusted if Level 2) Level 1: Analyze/review the client's routine journal entries (i.e. low judgment required), such as working capital reserves and accruals, or simple tax provisions. OR Analyze the client's accounting policies and impact on results through completion of audit/review work. Level 2: Evaluate/review the client's non-routine and/or complex journal entries - (i.e. judgment required), such as equity accounting, impairment, purchase accounting, development cost and wind-ups, financial instruments, complex tax provisions, etc. The student would recommend any required adjustments. OR Evaluate the client's implementation of new accounting standards required. Assess alternatives, the impact on financial results and recommend changes if required.	Routine	Medium	Low
Financial Reporting	Financial Report Preparation	2	Through audit/review process, identify possible adjustments to the F/S including note disclosures. The focus may be on several components (such as sections of the balance sheet, income statement, cash flow statement & notes) of the financial statements for a complex company (e.g. debt classification, interest expense, long-term debt note and accounting for debt movement in the cash flow statement), or the majority of the financial statements and applicable notes for a smaller company, for fair presentation.	Routine	High	High
Financial Reporting	Financial Statement Analyses	2	Responsible for preparation and/or interpretation of financial statement analysis (including consideration of interrelationships). Depending on the complexity of the business, it may be sections rather than the entire results (e.g. revenue and cost of goods sold). Discuss with management to understand the results or explain the results to the staff responsible for the engagement.	Routine	High	High
Audit & Assurance	Internal control	1	Note: Audit & Assurance is most likely the area of Depth and therefore two Level 2s are required. Depending on the nature of a firm's clients and audit approach (substantive, controls or combined), exposure may differ. Therefore some students will have a Level 1 in this competency and a Level 2 in the next competency, other students will have the reverse. Either is appropriate, as long as two Level 2s are obtained within Audit & Assurance by the end of the practical experience term. (Level 2: see description below - Circumstance, Complexity & Autonomy would need to be adjusted for Level 2) Level 1: Analyze control activities relevant to the audit, in order to assess the risk of material misstatement at the assertion level and design further audit procedures responsive to assessed risks. OR Analyze the general computer controls and application controls of the company being audited. Also involved in testing the application controls, such as access controls. Or if a Level 2 is more appropriate: Evaluate control activities relevant to the audit, in order to assess the risk of material misstatement at the assertion level and design further audit procedures responsive to assessed risks. This analysis is used when providing a recommendation on materiality for the audit. OR Evaluate the entity's information system (e.g. segregation of duties, access control, disaster recovery plan, processing controls, etc.) and related processes, and how it impacts the risk of material misstatement. This analysis is then used when providing a recommendation on the audit approach being mainly substantive or control-based.	Routine	Low	Low

Level 2
High level of autonomy with Low-to-Moderate complexity (knowledge utilization);
Lower level of autonomy for complex and non-routine (analysis)

Level 1
Low-to-Moderate complexity (analysis);
Moderate complexity limited to Retrieval/Comprehension; Restricted to routine

Analyze/identify financial reporting information required by various stakeholders, including regulatory requirements (can include specialized financial reporting requirements); **plus**

(a) **Evaluate/review** the appropriateness of the basis of financial reporting; or
(b) **Evaluate/review** reporting processes to support reliable financial reporting

Explain the financial reporting information required by various stakeholders, including regulatory requirements (can include specialized financial reporting requirements); **plus**

(a) **Analyze/identify** the appropriateness of the basis of financial reporting; or
(b) **Analyze** the accuracy and reliability of financial information

Evaluate/review appropriate accounting policies and procedures; or
Evaluate/review treatment for routine and non-routine transactions; or
Analyze/research treatment for complex events/transactions.

Analyze/research the appropriate accounting policies and procedures (or explains the basis in which they were selected and applied to an organization); or
Analyze/research treatment for routine transactions.

Analyze/prepare financial statements, including note disclosures.

Analyze/prepare management communication (e.g., MD&A), or
Analyze/prepare financial reporting results for stakeholders (internal or external), or
Analyze/prepare/predict the impact of strategic, and operational decision on financial results (external or internal).

Explain financial statements, including note disclosures

Explain the management communication (e.g., MD&A), or
Explain financial reporting results for stakeholders (external or internal), or
Explain the impact of strategic and operational decision on financial results (external or internal).

Evaluate/review the entity's risk assessment processes; or
Evaluate/review the information system, including related processes.

Analyze/prepare the entity's risk assessment processes; or
Analyze the information system, including related processes.

Audit & Assurance	Internal audit or external assurance requirements, basis and risk assessment	2	<p>See note included in Internal Control competency above.</p> <p>Level 2: Analyze the assurance needs of the Stakeholders/Audit Committee; plus Analyze what is expected for the type of engagement in accordance with GAAS (review, special purpose, audit, specified audit procedures, etc.); plus Analyze risks of material misstatement at the financial statement and assertion level that could prevent engagement acceptance/continuance. Considerations may include lack of independence, risk of fraud, aggressive deadlines, and the need/ availability of specialists.</p> <p><i>or if a Level 1 is more appropriate (Circumstance, Complexity & Autonomy would need to be adjusted for Level 1)</i></p> <p>Explain the assurance needs of the Shareholders/Audit Committee; plus Explain what is expected for the type of engagement in accordance with GAAS; plus Explain the risk assessment which was performed by another member of the team and understand how it impacts the audit plan.</p>	Routine	Medium	Medium	<p>Analyze an entity's assurance needs or explain the implications of pending changes in assurance standards, plus</p> <p>Basis: Analyze which set of criteria to apply to the subject matter being evaluated, or analyze which standards/guidelines to apply based on the nature and expectations of the assurance engagement/project, plus</p> <p>Risk assessment: Evaluate issues related to the undertaking of the engagement or project, or evaluate materiality for the assurance engagement/project, or evaluate the risks of the project (for audit engagements, evaluate the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures).</p>	<p>Explain an entity's assurance needs or explain the implications of pending changes in assurance standards, plus</p> <p>Basis: Explain which set of criteria to apply to the subject matter being evaluated, or explain which standards/guidelines to apply based on the nature and expectations of the assurance engagement/project, plus</p> <p>Risk assessment: Explain issues related to the undertaking of the engagement or project, explain/calculate materiality for the assurance engagement/project, or explain the risks of the project (for audit engagements, explain the risks of material misstatement at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures).</p>
Audit & Assurance	Internal audit projects or external assurance engagements	2	<p>Develop or modify the audit program including an assessment of the most efficient and effective testing procedures (i.e. Test of Controls vs. Substantive Testing and Nature/Timing & Extent of procedures). This includes integrating the knowledge obtained from the risk assessment and assurance needs of the stakeholders with audit testing procedures in order to achieve a sufficient amount of testing coverage; plus</p> <p>Perform the audit program, evaluate the results and conclude on next steps for more complex areas, such as inventory, financial instruments and gross margin. If an error in the results is found, draft what the adjusting entry should be and document how it happened and if there is a control point to discuss with Management. If control testing, assess whether the items found are a deficiency, significant deficiency or material weakness, including an evaluation of how the weakness could impact the accuracy of the results and identify any compensating controls.</p>	Routine	High	Medium	<p>Work plan: Evaluate/develop/review appropriate procedures based on the identified risk of material misstatement, analyze/perform the work plan, evaluate the evidence and results of analysis, documents the work performed and its results, plus</p> <p>Draw conclusions, communicate results, and contribute to a report for stakeholders.</p>	<p>Work plan: Analyze/perform the work plan on less complex/riskier areas, evaluate the evidence and results of analysis, documents the work performed and its results, plus</p> <p>Draw conclusion, communicate results, and contribute to a report for stakeholders.</p>
Finance	Financial analysis & planning	1	Analyze the financial analysis as part of the audit/review and understand how it affects the entity's financial state. This would include a review of the client's ratio analysis, industry benchmarking, trend analysis and cash flow analysis.	Routine	Medium	Low	<p>Evaluate/review the entity's financial state, or</p> <p>Evaluate/review financial proposals and financing plans</p>	<p>Analyze the entity's financial state, or</p> <p>Analyze/prepare financial proposals and financing plans</p>
Taxation	Tax compliance: corporate or personal	1	<p>This competency isn't necessary in order to meet minimum competency requirements. Students can leave it blank, or if given exposure, a Level 1 description is included below (some students may even get a Level 2). If students do not get exposure to tax compliance, tax work may be obtained through tax provisions which is included under Financial Reporting competency #2 (Accounting Policies and Transactions).</p> <p>Corporate Tax: Explain the entity's general tax issues (such as sources and type of income), including deadlines, and explain how those items are treated in the corporate tax return. As well, explain filing requirements. Plus, Prepare or Audit/Review relevant sections to support the corporate tax return.</p> <p>OR</p> <p>Personal Tax: Explain general personal tax issues such as residency, sources and types of income, dividend tax credits, personal tax credits, related persons or affiliated persons, etc., including deadlines, and explain how those items are treated in the personal tax return. As well, explain filing requirements. Plus Prepare sections of the personal tax return.</p>	Routine	Medium	Low	<p>Analyze the general tax issues (can include assessments, notice of objection and appeals), plus</p> <p>Analyze/prepare a tax return</p>	<p>Explain the general tax issues (can include assessments, notice of objections and appeals), plus</p> <p>Explain tax return or analyze/prepare information to support the preparation of the Corporate tax return</p>
Strategy & Governance	Governance, Mission, vision, values & mandate	1	<p>If applicable, given size/type of clients: As part of audit/review procedures, explain company's governance structure, including the mandate/role of Board of Directors, Audit Committee, Code of Conduct and review controls to ensure they are compliant with other regulatory bodies (e.g. for public companies meeting filing deadlines).</p>	Routine	Medium	Low	<p>Analyze/prepare the entity's governance policies, processes, and/or code, and analyze/prepare information and analysis to ensure entity remains compliant with regulatory/compliance requirements, or</p> <p>Evaluates whether management decisions align with the entity's mission, vision and values.</p>	<p>Explain describes the entity's governance policies, processes, and/or code, and prepares information to aid in the analysis to ensure entity remains compliant with regulatory/compliance requirements, or</p> <p>Analyze management decisions to the entity's mission, vision and values.</p>