

SA ASPIRANT ACCOUNTANTS TO FACE MORE STRINGENT ASSESSMENT

It's been almost 10 years since the Enron Scandal led to the bankruptcy of the American Enron Corporation, and the dissolution of Arthur Andersen, which was one of the five largest audit and accountancy partnerships in the world. The auditing profession was called into question as the world experienced a spate of corporate failures. It all resulted in far reaching investigations and changes to the regulatory structures of the profession, such as the Nel commission and subsequent Auditing Profession Act of 2005.

The audit profession is still under scrutiny and continues to experience significant changes. In light of this, the Education, Training and Professional Development Committee (EDCOM) of the Independent Regulatory Board for Auditors (IRBA), has established a task team to investigate the education, training and professional development of aspirant Registered Auditors (RA's) and make recommendations for improvements in competency at entry levels. Charles Oosthuizen, director at international accounting firm Moore Stephens, explains the implications.

"In terms of the Auditing Professions Act, IRBA is responsible for the registration, regulation, accreditation and discipline of registered auditors and ensuring the quality of entrants into the audit profession.

"IRBA prides itself on maintaining high standards of auditing and reporting and SA was recently voted second in the world for its auditing and reporting standards on the Global Competitive Index.

"Currently, the implications and application of SAICA's Competency Framework and Accreditation Model are being investigated. SAICA is the only professional body accredited by IRBA to conduct the education, training and assessment programmes which permit entry to the final test of professional competence for RAs, namely the PPE."

According to Oosthuizen, there are several key considerations guiding the deliberations of the task team: the standards of competence of auditors cannot be compromised; the number of auditors in SA needs to be increased; mobility and flexibility are important in the entry to the profession, qualification process and registration of RA's; accredited bodies are considered; and the importance of a formal academic programme and written examinations, as well as on the job assessment, is acknowledged and focused on.

Oosthuizen says that a series of recommendations have been made by the task team in order to increase the competency and quality levels of entry level RA's.

"Core competencies must be developed academically as they require a formal academic environment for acquisition. The task team recommends that the Accreditation Model is adapted to include comprehensive coverage of all core disciplines and that each of the core disciplines be passed (i.e. at least 50%) in assessments carried out in the academic programme. Particular scrutiny will be placed on the coverage and the nature of assessment of audit.

“These core competencies are important for the development of a professional accountant and are the foundation for specialisation. However, these competencies should be exercised in a professional environment in order to create specialist abilities and this is where on the job assessments come in. Audit, for example, should be classified as a post professional accountant specialisation.”

Oosthuizen believes that a period of professional experience, following qualification, in order to supplement the written examination is essential: “It is through on the job training and comprehensive learning and education programmes that academically qualified accountants develop professional attributes, characteristics and attitudes and the necessary competence of the profession.

“The task team has recommended that this essential ‘on the job’ assessment within the training programme is formalised through the development of a specific standard to address this aspect of professional competence.

“The Accreditation Model currently does not accommodate a final test of competence for professional accountants because they qualify as RA’s. However, within the context of the level of assurance sought by the IRBA on the programmes that develop and assess core and professional competence, the task team has recommended that a new section on the assessment of professional competence for professional accountants is added to the Accreditation Model.

“Successful completion of the professional experience period coupled with on the job assessment gained in the training programme, will provide IRBA with the assurance of an individual’s professional competence entering into the RA profession.”

“Should the task teams’ recommendations be accepted, South Africa’s aspirant RA’s will be facing more stringent assessments, which will lead to a higher level of competency and performance all around.” concludes Oosthuizen.

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