## Document E: Auditor competencies logbook

### Guidance for applicant

To register as an RCA using the competency standard, you need to demonstrate required competencies on a range of audit engagements, including Corporations Act audits over a period of 3–5 years. The auditor competencies logbook, in Tables E2 to E9, records your achievement of these competencies and provides a record to assist assessment by your supervising RCA[[1]](#footnote-1) (assessor), in Table E1, and eventual completion of the assessor’s competency verification.

For each task/activity contained in Tables E2 to E9, complete the relevant company and year ends, and describe your performance of the activities and demonstration of your competency. You must demonstrate each activity for a particular task on a single engagement. For example, you cannot demonstrate some activities for a task on one engagement and other activities on a second engagement. After your assessor has certified your competency in a task/activity, they need not sign the statement again for that task/activity. However, you must continue to record in your logbook other audit engagements where you perform that task/activity competently. We will look at your logbook to see that you have demonstrated competency in a task/activity on several occasions over the 3–5 year period.[[2]](#footnote-2)

The assessor will need to assess your competency for each task/activity group and will use a number of methods to do so (e.g. observation, review of work and discussion). To enable their assessment, you should meet with them regularly to discuss the logbook and determine when and how they will assess particular tasks/activities. This will enable you to plan how you will use your audit engagements to demonstrate your competency to the assessor over time; and will enable your assessor to complete the statement by assessor verification at the appropriate time.

If you change employers, you will need to change assessors and should obtain a statement by your existing assessor for the engagements they have assessed you on and any relevant references before you leave the firm as this may be difficult to obtain subsequently. You will need a new assessor for the engagements you undertake at the new firm. A referee report is required in certain circumstances: see RG 180.48.

### Guidance for assessor

You need to assess the applicant’s competencies over a number of engagements and their competency for each task/activity group. You must also assess the applicant’s competency in performing the various task/activity combinations by one or more methods. The logbook contains suggested ways in which you can assess competency for particular activities but these do not provide an exhaustive list. As well as assessing the applicant’s practical application, you should assess the appropriate recording of their competencies in the logbook.

When the applicant has completed their logbook, you must complete, sign and date the statement by assessor which indicates that you believe the applicant is competent in performing the tasks, as recorded in the logbook, and that they are sufficiently competent to be registered as an RCA.

|  |  |
| --- | --- |
| Applicant  |  |

#### Statement by assessor#

Assessor# name and firm:

1. I am a registered company auditor. Registration number:

2. I have sufficient knowledge of the applicant’s work to be able to give this statement.

3. I believe the applicant attained and retained knowledge and is sufficiently competent to be registered as a company auditor under the Corporations Act 2001.^

|  |  |  |  |
| --- | --- | --- | --- |
| Signature of assessor:# |  | **Date:** |  |

# The final assessor completing the statement by assessor must be the current supervisor of the applicant and have held this role for at least 12 months.

^ If you are providing this statement in circumstances where the applicant is changing assessors and you are not the final assessor the applicant will have before lodging their application, you may delete this sentence or amend it to ‘I believe the applicant has satisfactorily demonstrated the competencies listed in this form to a level sufficient to be registered as a company auditor under the *Corporations Act 2001*’.

Table E1: Summary of auditor competencies (example)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Assessor name and auditor registration no. | Entity name | Identifier (ACN, ARSN or ARBN) | Year end | Tasks\* | Assessor signature\*\* and date competency achieved |
| A 123 | X | 321 321 321 | 30/6/13 to 30/6/14 | Table E3: assess risk |  |
|  | Y | 543 543 543 | 31/12/13 to 31/12/14 | Table E4: internal control review  |  |
|  | Z | 654 654 654 | 30/6/12 | Table E5: substantive testing |  |
| B 456 | M | 765 765 765 | 30/6/13 to 30/6/14 | Table E7: supervise staff  |  |
|  | N | 876 876 876 | 31/12/13 to 31/12/14 | Table E9: apply knowledge of auditing standards and legislation |  |
| C 789 | E | 987 987 987 | 30/6/13 to 30/6/14 | Table E8: decision making |  |

\* Insert table reference and task.

\*\* By signing Table E1, each assessor certifies that they have sufficient knowledge of the applicant’s work and that the applicant has demonstrated to the assessor that they are competent in the task(s) specified and detailed in Tables E2 to E9.

Note: This table contains sample text showing how auditor competencies may be recorded under the 2016 competency standard.

Table E2: TASK: Planning—(1) Plan the audit

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Entities\* | Year ends^ | How was the activity performed?# |
| Evaluate risk of engagement continuance or acceptance (ASA 220)  |  |  |  |
| Exercise professional judgement in respect of engagement acceptance, continuance and independence (ASA 200, 210) |  |  |  |
| Demonstrate a significant involvement in the process of planning the audit, taking into consideration due care, objectivity and ethical principles (ASA 300) |  |  |  |
| Evaluate the audit risk profile of an engagement in respect of components of audit risk (ASA 300) |  |  |  |

\* For Tables E2 to E9, record the entity name only once where you worked on specific activities over a number of years. Insert additional rows as required for different entities and/or activities.

^ For Tables E2 to E9, include all financial year ends that you have worked on this task for the entity.

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions—for example, how issues arising in the engagement acceptance or continuance process were resolved, and how any independence issues were mitigated or addressed.

**Notes for assessor:**

To assist you in assessing the applicant’s competency you could consider some of the following activities:

* participate in planning meetings;
* review work papers and minutes prepared by the applicant;
* discuss with the applicant how they reached their conclusion in relation to acceptance, continuance, independence, risk and the audit strategy; and
* observe how the applicant behaves and communicates with the audit team.

*These examples are not exhaustive and other methods may also be used to assess the applicant’s competency in relation to the task.*

Table E3: TASK: Planning—(2) Assess risk

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Entities | Year ends | How was the activity performed?# |
| Identify and assess the risks of material misstatements of the financial statements including fraud or error and customise the audit strategy (ASA 240, 320, 330)  |  |  |  |
| Consider the entity’s risk management process and the way it is monitored as part of the assessment of material misstatement (ASA 315) |  |  |  |
| Apply knowledge of the entity and its environment in order to identify and assess the risks of material misstatement (ASA 315) |  |  |  |
| Evaluate the impact on the audit of a potential breach of laws and regulations (ASA 250) |  |  |  |
| Approve or recommend an appropriate audit strategy and communicate it to the audit team (ASA 330) |  |  |  |

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions—for example, how issues arising in the risk assessment were addressed, how fraud was considered, how the entity’s risk management system affected risk assessments, how the risk assessments affected your decisions in relation to the audit strategy, and how you involved the team.

**Notes for assessor:**

To assist you in assessing the applicant’s competency you could consider some of the following activities:

* participate in planning meetings;
* review work papers and minutes prepared by the applicant;
* discuss with the applicant how they reached their conclusion in relation to risk and the audit strategy; and
* observe how the applicant behaves and communicates with the audit team.

*These examples are not exhaustive and other methods may also be used to assess the applicant’s competency in relation to the task.*

Table E4: TASK: Evidence gathering—(3) Internal control review

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Entities\* | Year ends^ | How was the activity performed?# |
| Develop an understanding of the control environment and evaluate the design and implementation of control to mitigate risks of material misstatement (ASA 315) |  |  |  |
| Evaluate tests of operating effectiveness performed (ASA 315) |  |  |  |
| Evaluate effects of deficiencies in internal control, and communicate deficiencies to those charged with governance (ASA 315, 260, 265) |  |  |  |
| Assess the effect of information technology (IT) controls on the audit strategy, and on the potential risk of material misstatements (ASA 315) |  |  |  |

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions—for example, how the control environment affected the risk of material misstatement, how you identified and communicated deficiencies, and how IT controls affected your decision making in relation to the audit strategy.

**Notes for assessor:**

To assist you in assessing the applicant’s competency you could consider some of the following activities:

* participate in audit team discussions about the internal controls and audit strategy;
* review work papers prepared or reviewed by the applicant in relation to internal controls, the audit strategy and substantive testing;
* discuss with the applicant how the internal controls (or lack of controls) affected their judgements in relation to the audit work to be performed; and
* assess whether audit documentation prepared and/or reviewed by the applicant is sufficient to meet the requirements of the Australian auditing standards.

*These examples are not exhaustive and other methods may also be used to assess the applicant’s competency in relation to the task.*

Table E5: TASK: Evidence gathering—(4) Substantive testing

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Entities | Year ends | How was the activity performed?# |
| Determine the nature and extent of substantive testing in light of associated risks of misstatement (ASA 330, 530) |  |  |  |
| Evaluate the sufficiency and appropriateness of audit evidence obtained (ASA 450, 500 series) |  |  |  |

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions—for example, use of substantive analytical, how expectations were formed, how sample sizes were determined, how issues identified during substantive procedures were addressed and if any changes to the strategy were made as a result.

**Notes for assessor:**

To assist you in assessing the applicant’s competency you could consider some of the following activities:

* participate in audit team discussions about the internal controls and audit strategy;
* review work papers prepared or reviewed by the applicant in relation to internal controls, the audit strategy and substantive testing;
* discuss with the applicant how the internal controls (or lack of controls) affected their judgements in relation to the audit work to be performed; and
* assess whether audit documentation prepared and/or reviewed by the applicant is sufficient to meet the requirements of the Australian auditing standards.

*These examples are not exhaustive and other methods may also be used to assess the applicant’s competency in relation to the task.*

Table E6: TASK: Opinion formation—(5) Documenting and forming an opinion

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Entities | Year ends | How was the activity performed?# |
| Analyse the presentation and disclosures of the financial statements (ASA 520, 710) |  |  |  |
| Evaluate accounting policies to determine whether the entity has adopted and presented them as required by the relevant financial reporting framework (ASA 500, 520) |  |  |  |
| Evaluate the accounting treatment and disclosure of transactions, including accounting estimates and the use of fair values (ASA 500, 540) |  |  |  |
| Assess the reasonableness of the financial statements when compared to the understanding of the financial situation of the entity including such matters as subsequent events, related party transactions and fraud (ASA 560, 550,700, 720) |  |  |  |
| Review adequacy, completeness and objectivity of the documentation of the audit evidence supporting the final draft report (ASA 230, 520, 450, 720) |  |  |  |
| Prepare an appropriate audit report based on the evidence obtained (ASA 700, 705, 706) |  |  |  |

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions—for example, how any disagreements with accounting policies adopted were resolved, how management’s assumptions in relation to estimates and fair values were challenged, how you addressed any inconsistencies with your understanding of the entity’s financial situation, how you drafted the opinion including any modifications, emphasis of matter or other matter paragraphs.

**Notes for assessor:**

To assist you in assessing the applicant’s competency you could consider some of the following activities:

* review the audited draft of the financial statements;
* discuss the accounting policies with the applicant and determine how they are satisfied that they are appropriate;
* review work papers in relation to fair values and estimates and discuss with the applicant how they challenged assumptions and exercised professional scepticism appropriately;
* attend meetings with management and those charged with governance in relation to the accounting policies and areas of significant judgement within the financial statements;
* discuss the approach to documentation and review a selection of evidence on the file of compliance with the Australian auditing standards; and
* review the draft report prepared/reviewed by the applicant and determine whether it complies with the Australian auditing standards.

*These examples are not exhaustive and other methods may also be used to assess the applicant’s competency in relation to the task.*

Table E7: TASK: Continuous activities—(6) Supervise staff and manage the audit

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Entities | Year ends | How was the activity performed?# |
| Manage audit engagement by providing leadership of audit teams and project management (ASA 220) |  |  |  |
| Initiate and manage changes in audit strategy (ASA 330) |  |  |  |
| Evaluate the assertions of the entity’s management on a range of audit and accounting issues, including going concern and subsequent events (ASA 315, 580, 560, 570) |  |  |  |
| Manage communication with those charged with governance (ASA 260, 450) |  |  |  |
| Identify significant deficiencies or other matters to be communicated (ASA 260) |  |  |  |
| Review work of the team and others involved in the audit such as component auditors and experts (ASQC 1) |  |  |  |

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions—for example, use of substantive analytical, how audit strategy changes were determined and implemented, how management assertion were evaluated, how you managed the team and review process, how the work of component auditors and experts was evaluated, how communications of deficiencies or other matters were approached and resolved, how significant issues during the audit process were resolved.

**Notes for assessor:**

To assist you in assessing the applicant’s competency you could consider some of the following activities:

* observe the applicant’s interaction with the audit team, management and those charged with governance throughout the engagement;
* discuss with the applicant, changes in the audit strategy initiated by the applicant to determine whether their judgements are appropriate;
* review work papers in relation to going concern and attend related meetings with the applicant, management and those charged with governance;
* observe how the applicant demonstrates and documents professional scepticism in their work and encourages and coaches their team to do the same;
* review the applicant’s communications with others in the audit and review documentation of the involvement of others, and discuss the group audit strategy with the applicant; and
* discuss significant deficiencies identified by the applicant, review communications prepared in relation to these and attend meetings where the applicant discusses these with management and those charged with governance.

*These examples are not exhaustive and other methods may also be used to assess the applicant’s competency in relation to the task.*

Table E8: TASK: Continuous activities—(7) Exercise decision making on reporting and other issues

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Entities | Year ends | How was the activity performed?# |
| Exercise professional judgement in reaching conclusions on which to base the audit opinion, including assessing risk of material misstatement (ASA 200, 700, 320) |  |  |  |
| Consider going concern on a continuous basis (ASA 570) |  |  |  |
| Adopt a sceptical mindset in light of the nature of the entity, management, and the evidence obtained during the audit (ASA 200) |  |  |  |
| Consider the user of the work of others, in particular when considering audits of a group, internal auditors, and the work of experts (ASA 600, 610, 620) |  |  |  |

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions—for example, how you exercised professional scepticism in significant areas, how you determined the impact of the work of others on the audit strategy and evidence, how going concern and management’s assertions re going concern were evaluated.

**Notes for assessor:**

To assist you in assessing the applicant’s competency you could consider some of the following activities:

* observe the applicant’s interaction with the audit team, management and those charged with governance throughout the engagement;
* discuss with the applicant changes in the audit strategy initiated by the applicant to determine whether their judgements are appropriate;
* review work papers in relation to going concern and attend related meetings with the applicant, management and those charged with governance;
* observe how the applicant demonstrates and documents professional scepticism in their work and encourages and trains their audit team to do the same;
* review the applicant’s communications with others involved in the audit, review documentation of consultations with others, and discuss the group audit strategy with the applicant;
* look at the documentation in relation to the involvement of others in the audit; and
* discuss significant deficiencies identified by the applicant, review communications prepared in relation to these and attend meetings where the applicant discusses the deficiencies with management and those charged with governance.

*These examples are not exhaustive and other methods may also be used to assess the applicant’s competency in relation to the task.*

Table E9: TASK: Continuous activities—(8) Apply knowledge of auditing standards, the Corporations Act, ethical requirements, tax law and relevant legislation

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Entities | Year ends | How was the activity performed?# |
| Evaluate whether all applicable auditing standards, ethical requirements, and all relevant financial reporting standards and legislation including the Corporations Act and taxation laws have been appropriately applied to the audit engagement (ASA 102, 250, 700) |  |  |  |

# Describe what you did in relation to the activity, focusing on the more complex issues and decisions—for example, how you addressed issues that arose in relation to compliance with professional standards and relevant legislation during the audit.

**Notes for assessor:**

To assist you in assessing the applicant’s competency you could consider some of the following activities:

* observe the applicant addressing issues in relation to professional standards;
* review work papers in relation to compliance with standards and legislation; and
* discuss with the applicant any issues in relation to professional standards and relevant legislation that arose during the engagement and how they addressed them.

*These examples are not exhaustive and other methods may also be used to assess the applicant’s competency in relation to the task.*

1. Your assessor and/or referee do not have to be members of CPAA, CA ANZ or IPA to rely on the 2016 competency standard. However, your assessor and/or referee must be an RCA. [↑](#footnote-ref-1)
2. See RG 180.65. [↑](#footnote-ref-2)