



Guidelines - Audit Competency Framework

January 2024

Introduction

To be eligible to act as a statutory auditor and to accept statutory audit engagements, a CPA member must hold a practising certificate with audit qualification and their firm must hold an auditing certificate.

This guidance document outlines the core competencies and eligibility criteria that a member must meet in order to be approved as a statutory auditor in accordance with the Companies Act 2014 and Bye Law 13.

Eligibility Criteria

In accordance with Bye Law 13, Practice and Audit Regulations, an audit qualification is obtained by:

- (a) Completing a minimum of three years training working under the direct supervision of a Statutory Auditor in accordance with Schedule 19 Companies Act 2014, at least two of which must be post admission to *Membership*. A substantial part of such practical training shall be in statutory audit work and at least forty weeks of such practical training shall be completed post admission to membership *in statutory audit as defined in legislation* supervised by a statutory auditor or an audit firm post admission to *Membership*;
- (b) Completion of an approved [Practice and Audit Orientation Programme](#) and achieving an appropriate result in the associated examination. This examination must be completed no more than three years prior to the date of application for audit qualification;
- (c) Completing eight hours of Structured Continuing Professional Development in the subject area of Auditing in the twelve Months prior to application to become a *statutory auditor*;
- (d) Completion of the educational requirements outlined in Schedule 19, Companies Act 2014 inclusive of the elective option - Audit Practice Assurance Services examination at Professional 2 level, in accordance with Bye Law 12 and the Institute's Examination Regulations or deemed equivalent examinations of a Recognised Accountancy Body in Ireland subject to the requirements of Companies Act 2014 and IAASA's Guidelines when granting exemptions from the test of theoretical knowledge.
- (e) Satisfying the Registration Committee that he/she is a fit and proper person.

In addition, an audit qualification may be granted to an applicant who has been granted a practising certificate in accordance with 13.20.2. Such applicants will be considered in accordance with the Registration Committee's *Guidelines for the granting of practising certificates and audit qualification to members of the American Institute of Certified Public Accountants (AICPA)*.

Requirements

Training

An applicant for audit qualification (an applicant) must have completed three years working in practice, supervised directly by a statutory auditor. **Forty weeks** of such training must be achieved post admission to membership of CPA Ireland (or another Recognised Accountancy Body or AICPA) and must be in statutory audit. An application for a practising certificate with audit qualification should be accompanied by an *Audit Qualification – Record of Training, Competence and Education Form*.

The Form should also be accompanied by a letter from your supervising statutory auditor outlining the following;

- Dates of employment
- Confirmation of whether employment was full time or part time (if part-time - give details)
- Confirmation that audit work was supervised by a statutory auditor and outline the nature of the supervisory arrangements including details of the performance appraisal/feedback arrangements in the firm.
- An outline of your role and responsibilities within the firm and outline the progression of your experience.
- **No. of weeks spent working in statutory audit post admission to membership of CPA Ireland**
- An outline of your audit experience in terms of your involvement in;
 - Audit planning
 - Identifying and responding to key audit risks
 - Details of audit team (i.e. reporting structures)
 - Nature and size of the audit clients
- An outline of your non- audit experience in the practice

Training Environment

The training environment for the statutory auditor must meet the requirements of the Registration Committee's ***Guidelines for the assessment of a statutory auditor's ability to provide practical training***. The following matters will be considered in terms of adequacy of the training environment and the ability of the supervising statutory auditor to provide the practical training.

- Regulatory and disciplinary matters
- Continuing professional development
- Client profile of the audit firm
- Achievement of competencies outlines in International Education Standard 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)
- Supervisory arrangements
- Demonstrable progression

Statutory audit

For the purposes of the achievement of forty weeks in statutory audit, the Companies Act 2014 defines statutory audit as follows:

Statutory audit means an audit of entity financial statements or group financial statements in so far as—

- (a) required by European Union law, or
- (b) required by national law as regards small companies;

An audit required by EU Law is generally;

- An audit of a public interest entity
- A large undertaking
- A medium undertaking

For the avoidance of doubt this will not include experience gained on the audit of Credit Unions, Friendly Societies, Industrial and Provident Societies, Trade Unions or Pension Schemes.

Timing of Training

In considering an applicant's training in statutory audit the Registration Committee will place greater emphasis on experience gained in the four years preceding the application. If all of the experience predates this period, the application will be referred to the Registration Committee for review. The committee will seek to determine that an applicant has maintained their competence in audit through completion of adequate CPD.

The committee may issue an audit qualification subject to restrictions or conditions or may decide not to issue it, depending on the time period elapsed.

Audit Competence

An individual who is eligible for an audit qualification and wishes to become a statutory auditor must be able to demonstrate that they have achieved a certain level of competency. The Registration Committee will assess an applicant's competencies achieved both in terms of their training, experience and auditing CPD.

IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised) sets out the necessary competencies for an audit engagement partner. An applicant should demonstrate that they have achieved these competencies during the course of their training and experience.

CPD completed by an applicant should also be supportive of an applicant's competence in audit. An applicant must have completed the Practice and Audit Orientation Online Certificates in the previous 36 months. A minimum of 8 hours CPD in audit must also have been completed in the previous 12 months.

An applicant must have met the requirements of Bye Law 8, CPD for the previous 2 years.

Educational Requirements

Schedule 19 of the Companies Act 2014 sets out the educational requirements that an applicant for audit qualification must achieve (appendix two).

In order to meet these requirements an audit qualification applicant must have completed the CPA Ireland examinations (or equivalent examinations of another Recognised Accountancy Body).

The following subjects at P2 level or Strategic Level (or equivalent final examinations of another Recognised Accountancy Body) must be completed by a candidate for audit qualification (the subjects marked * are elective subjects for admission to membership of CPA but are mandatory for an applicant for audit qualification);

- P2 Advanced Corporate Reporting (Advanced Financial Reporting at Strategic level)
- P2 Audit Practice & Assurance Services* (Advanced Audit & Assurance at Strategic level)
- P2 Advanced Taxation* (Advanced Tax Strategy at Strategic level)

Exemptions from subjects examined at final examination level that are required for qualification as an auditor will not be granted, except where an applicant has passed the equivalent and final examinations of another RAB.

In circumstances where exemptions from certain CPA examinations (pre P2 level/Strategic level only) were granted as a student of CPA, the awarding of such exemptions will only be acceptable for audit qualification purposes when the following criteria are satisfied;

- The time period since the awarding of the previous qualification should not be greater than five years from the date of the award of the previous qualification to the date of the application for the exemption upon registration as a CPA student.
- The syllabus studied and examined (including consideration of the proficiency level, depth of coverage and number of learning hours) for the previous qualification should substantially match the topics which CPA Ireland (or another RAB) includes in its own syllabus for that subject, sufficient to satisfy CPA Ireland that the applicant should have attained the required learning outcomes for that subject.
- The awarding of the previous qualification should not have been based on the granting of substantial exemptions. A subject passed by compensation should not be considered eligible for exemption in respect of a Schedule 19 subject.
- The level of the previous qualification must be equivalent to university level in Ireland (see appendix four)

Timing of final examinations

In circumstances where a time period greater than ten years has elapsed since an applicant completed their final examinations, the application must be referred to the Registration Committee. The committee will seek to determine that an applicant has maintained their competence in audit and the Schedule 19 topics through completion of adequate CPD and their experience.

The committee may issue an audit qualification subject to restrictions or conditions or may decide not to issue it, depending on the time period elapsed.

Fit and Proper

An applicant for audit qualification must be considered to be a fit and proper person.

- In order to determine this status, the applicant must complete a Fit and Proper declaration in making their application which covers the following matters;Financial integrity and reliability
- Convictions or civil liabilities

Good reputation and characterThe Registration Committee will determine whether an individual is considered to be fit and proper/ of good repute.

Further Information

Further information on the application process for a practising certificate with audit qualification and the compliance obligations for a practitioner can be found [here](#).

If you have any queries please contact the Professional Standards Dept of CPA Ireland at 01-4251042.

Appendix one - Sample template letter – please ensure to tailor letter to your own circumstances. Details highlighted are important to include to allow us to assess your audit training environment, progression, supervisory arrangements and competence.

HEADED PAPER

XX 202X

Dear Sir/Madam,

Re: Training of Josephine Bloggs, Address

I refer to the above named individual. Ms. Bloggs has been an employee of this practice on a full time basis since June 2014. She qualified as a CPA member in December 2016.

Her role has developed from that of a trainee accountant through to an audit junior and senior to her current role as the firm's audit manager.

She currently heads up our audit team, supervising a team of two audit juniors. She reports to me on audit engagements.

I confirm that I am a statutory auditor and have held this authorisation during the course of Ms. Blogg's employment with the firm. I confirm that I possess the ability to provide practical training in audit.

From a review of Ms. Bloggs employment records and her Audit Qualification Record Form she has since her admission to membership of CPA Ireland in December 2016, completed 42 weeks in statutory audit.

The firm currently has approximately 60 audit clients made up of 50 small companies and 10 medium sized companies. The firm specialises in charity clients but has a range of clients in the hospitality (hotels, pubs, restaurants), construction, financial services and service industries.

Ms. Bloggs has during her time in the practice worked on all audit clients and currently has a portfolio of 30 audits that she manages.

Ms. Bloggs also provides income tax and corporation tax services to her portfolio of clients and she has gained experience during her time in these areas and also in financial reporting.

Ms. Bloggs is responsible for the initial resource planning for her audit engagements, initial identification of key audit risks and the initial drafting of the audit plans. All such plans are subject to my review and approval. Ms. Bloggs, under my supervision, executes the audit plan and assists with the arrival at the overall audit conclusion.

I would consider that Ms. Bloggs is an ideal candidate for statutory auditor status and I wish her every success for the future.

Yours faithfully,

Appendix two – Table A of IES 8

Competence areas and Learning outcomes	
Competence areas	Learning outcomes
Technical competence	
a. Audit	<ul style="list-style-type: none"> i. Lead the audit through active involvement during all phases of the audit engagement. ii. Lead the identification and assessment of the risks of material misstatement. iii. Develop an audit plan that responds to the risks of material misstatement identified. iv. Evaluate responses to the risks of material misstatement. v. Conclude on the appropriateness and sufficiency of all relevant audit evidence, including contradictory evidence, to support the audit opinion. vi. Evaluate whether the audit was performed in accordance with International Standards on Auditing or other relevant auditing standards, laws, and regulations applicable to an audit of the financial statements. vii. Develop an appropriate audit opinion and related auditor's report, including a description of key audit matters as applicable.
b. Financial accounting and reporting	<ul style="list-style-type: none"> i. Evaluate whether an entity has prepared, in all material respects, financial statements in accordance with the applicable financial reporting framework and regulatory requirements. ii. Evaluate the recognition, measurement, presentation, and disclosure of transactions and events within the financial statements in accordance with the applicable financial reporting framework and regulatory requirements. iii. Evaluate accounting judgments and estimates, including fair value estimates, made by management. iv. Evaluate the fair presentation of financial statements relative to the nature of the business, the operating environment, and the entity's ability to continue as a going concern.
c. Governance and risk management	<ul style="list-style-type: none"> i. Evaluate corporate governance structures and risk assessment processes affecting the financial statements of an entity as part of the overall audit strategy.
d. Business environment	<ul style="list-style-type: none"> i. Analyse relevant industry, regulatory, and other external factors that are used to inform audit risk assessments including, but not limited to, market, competition, product technology, and environmental requirements.
e. Taxation	<ul style="list-style-type: none"> i. Evaluate procedures performed to address the risks of material misstatement in the financial statements in respect of taxation, and the effect of the results of these procedures on the overall audit strategy.
f. Information technology	<ul style="list-style-type: none"> i. Evaluate the information technology (IT) environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.

Competence areas	Learning outcomes
g. Business laws and regulations	i. Evaluate identified or suspected non-compliance with laws and regulations to determine the effect on the overall audit strategy and audit opinion.
h. Finance and financial management	i. Evaluate the various sources of financing available to, and financial instruments used by, an entity to determine the impact on the overall audit strategy.
	ii. Evaluate an entity's cash flow, budgets, and forecasts, as well as working capital requirements to determine the impact on the overall audit strategy.
Professional skills	
i. Intellectual	i. Resolve audit issues using inquiry, abstract and logical thought, and critical analysis to consider alternatives and analyse outcomes.
j. Interpersonal and communication	i. Communicate effectively and appropriately with the engagement team, management, and those charged with governance of the entity.
	ii. Resolve audit issues through effective consultation when necessary.
k. Personal	i. Promote and undertake lifelong learning.
	ii. Act as a role model to the engagement team.
	iii. Act in a mentoring or coaching capacity to the engagement team.
l. Organizational	i. Evaluate whether the engagement team, including auditor's experts, collectively has the appropriate objectivity and competence to perform the audit.
	ii. Manage audit engagements by providing leadership and project management of engagement teams.
Professional values, ethics, and attitudes	
m. Commitment to the public interest	i. Promote audit quality in all activities with a focus on protecting the public interest.
n. Professional scepticism and professional judgment	i. Apply a sceptical mind-set and professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.
o. Ethical principles	i. Apply the ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour in the context of an audit and determine an appropriate resolution to ethical dilemmas.
	ii. Evaluate and respond to threats to objectivity and independence that can occur during an audit.
	iii. Protect the confidential information of the entity in accordance with ethical responsibilities and relevant legal requirements.

Appendix Three – Extract from Part 27 of the Companies Act 2014

SCHEDULE 19

STANDARDS RELATING TO TRAINING AND QUALIFICATIONS FOR APPROVAL OF
INDIVIDUAL AS STATUTORY AUDITOR

Section 1472

1. An individual shall have attained university entrance or equivalent level and then —

(a) completed a course of theoretical instruction,

(b) undergone practical training, and

(c) passed an examination of professional competence which is of at least the standard required in the State for university final or equivalent examination level.

2. (1) The examination of professional competence referred to in paragraph 1 shall be such as guarantees the necessary level of theoretical knowledge of subjects relevant to statutory audit and the ability to apply such knowledge in practice. Part at least of that examination shall be in writing.

(2) The test of theoretical knowledge included in the examination shall include the following subjects in particular:

(a) general accounting theory and principles;

(b) legal requirements and standards relating to the preparation of entity and group financial statements;

(c) international accounting standards;

(d) financial analysis;

(e) cost and management accounting;

(f) risk management and internal control;

(g) auditing and professional skills;

(h) legal requirements and professional standards relating to statutory audit and statutory auditors;

(i) international auditing standards as referred to in *section 1526* ;

(j) professional ethics and independence.

3. The examination shall also include at least the following subjects in so far as they are relevant to auditing:

(a) company law and corporate governance;

(b) the law of insolvency and similar procedures;

(c) tax law;

(d) civil and commercial law;

(e) social security law and employment law;

(f) information technology and computer systems;

(g) business, general and financial economics;

(h) mathematics and statistics;

(i) basic principles of the financial management of undertakings.

4. (1) In order to ensure the ability to apply theoretical knowledge in practice, a test of which is included in the examination, a trainee shall complete a minimum of 3 years practical training in, amongst others, the auditing of entity financial statements, group financial statements or similar financial statements. A substantial part of such practical training shall be in statutory audit work and at least two thirds of such practical training shall be completed with a statutory auditor or an audit firm approved in any Member State.

(2) All such training shall be carried out with persons who a recognised accountancy body is satisfied possess, to an adequate standard, the ability to provide practical training.

Appendix Four

Level of previous qualification

Exemptions should be granted based on previous qualifications gained from recognised institutions and be equivalent to university level in Ireland. E.2. A previous qualification may be regarded as equivalent to university level in Ireland if it is, or forms part of, an award which is accredited at:

- level 7 or above on the National Framework of Qualifications in Ireland;
- level 6 or above on the Framework for Higher Education Qualifications in England, Wales and Northern Ireland; or
- level 9 or above on the Scottish Credit and Qualifications Framework.

Where it is proposed to grant an exemption in respect of a previous qualification obtained outside Ireland or the UK, the RAB should ensure that it has taken the appropriate steps to satisfy itself that the previous qualification was:

- awarded by an educational establishment that is nationally recognised in its own country. The RAB should refer to the National Academic Recognition Information Centre (NARIC - <http://www.qqi.ie/Articles/Pages/NARIC-Ireland.aspx>) qualifications database when considering this matter; and
- at a level that is of university level or equivalent in Ireland.