AWP 4.2

Audit Team Competency Matrix

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| --- | --- |
| Name of the Entity | XYZ |
| Period of audit | 01.01.20XX to 31.12.20XX |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Prepared by | | Signature | Reviewed & agreed by | Signature |
| **Name:** |  |  |  |  |
| **Designation:** |  |  |
| **Date:** |  |  |

1. Competency Matrix

|  |  |  |  |
| --- | --- | --- | --- |
|  | 1 | 2 | 3 |
| Sl. No. | Name & Designation | Academic/Professional Qualification | Financial Auditing experience in public sector environment |
| **1** | Audit Engagement Supervisor |  |  |
| **1.1** | Mr/Ms. A |  |  |
| **2** | Audit Team Leader |  |  |
| **2.1** | Mr/Ms. B |  |  |
| **3** | Audit Team Members |  |  |
| **3.1** | Mr. X |  |  |
| **3.2** | Mrs. Y |  |  |
| **3.3** | Ms. Z |  |  |

1. Consideration of audit engagement specific competencies and capabilities

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Audit Team | Understanding of and practical experience with audit engagements of similar nature | Understanding of the systems and processes of the entity including basis of preparation of financial statements (Accrual or Cash) & the financial reporting framework | Technical expertise including expertise with IT systems and computerised environment | Knowledge of the entity and its environment | Understanding of entity’s reporting arrangements, including reporting to the legislature or other governing body or in the public interest |
| Mr./Ms. B  Team Leader (insert name) |  |  |  |  |  |
| Team Members |  |  |  |  |  |
| X (insert name) |  |  |  |  |  |
| Y (insert name) |  |  |  |  |  |
| Z (insert name) |  |  |  |  |  |

Note: Based on the nature and complexity of entity identified for audit, the SAI or audit team may add other relevant attributes and considerations in this table.

Conclusion

The engagement team collectively has the appropriate capabilities, competencies and experience to perform the audit.

(Name of Audit Engagement Manager/Supervisor)

Designation

Guidance for completing the Team Competency Matrix

|  |  |
| --- | --- |
| Overall Objective of the completing the template | The overall objective of this template is to determine and document that the engagement team collectively has the appropriate competence and capabilities to perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements; and enable an auditor’s report that is appropriate in the circumstances to be issued. |
| Applicable ISSAIs | ISSAI 2220, ISSAI 2210 |
|  |  |
| Guidance | *Table No. A: Team competency Matrix –* the objective is to document the academic/professional qualification and financial auditing experience of audit engagement team including the audit engagement manager/supervisor, ideally required to perform the given the audit engagement.   |  |  | | --- | --- | | **Column 1** | List the team members and their designations in the SAI. The designation is expected to serve as a basis to see whether there is a right mix of audit team. | | **Column 2** | State the academic/professional qualification of individual members in the audit engagement team, which would generally be retrieved from SAI’s HR system. This is to ensure whether the engagement team has the right mix of auditors with ideal academic/professional qualification to perform the audit engagement. | | **Column 3** | State the financial auditing experience of audit engagement team in the public sector environment. This could be recorded in the form of narrative brief write up and the number of years of experience auditing financial statements in the public sector environment. | |
|  | Table No. B: Consideration of audit engagement specific competencies and capabilities  – the objective is to identify the relevant competencies and capabilities to the given audit engagement. These are additional considerations to the qualification and professional experiences of audit engagement team, that may be necessary to perform the audit engagement in accordance with the professional standards.   |  |  | | --- | --- | | **Column 1** | List the team members and their designations in the SAI. | | **Column 2** | State each member’s understanding of and practical experience with audit engagements of similar nature. This information can provide useful input while preparing the audit plan, especially when assessing the risk of material misstatement. | | **Column 3** | Identify whether the member has an understanding of the entity’s systems and processes and the basis of preparation of the financial statements. It is to identify and assess an understanding of entity specific systems and process for preparing the financial statements, as well as its operations. As an auditor, one is expected to have a good knowledge of Accrual and Cash based accounting treatments of items and transactions in the books of accounts. This needs to be confirmed by interviewing the team members. Whether it is a cash or accrual basis of accounting depends on type of financial reporting framework used by the entity to prepare the financial statements. | | **Column 4** | Identify whether the member has an understanding of the audited entity’s IT systems and computerized environment. The manual system of accounting has become redundant with the advent of IT systems. Each team member is expected to have a good IT knowledge and skills. Lack of such skills may adversely affect the progress of the audit. | | **Column 5** | Confirm whether audit team members have a prior knowledge of the entity and the environment in which it operates. The entities mandated for financial audit by the SAI may operate in a similar environment, nevertheless, there could be some entities operating in a complex environment. | | **Column 6** | The SAIs generally conduct financial audit based on its mandate which are derived from their own law or other relevant laws and regulations. Those laws and regulations and may prescribe other reporting responsibilities. In this column, state each team member’s understanding of entity’s reporting arrangements, including reporting to the legislature or other governing body or in the public interest | |
|  |  |
| Conclusion | Based on the above assessment, the audit supervisor needs to conclude that the team collectively has appropriate capabilities, competencies and experience to plan and perform the audit. The conclusion should be signed off accordingly by the audit engagement supervisor with his name and designation (appropriate field provided in the template) |
|  |  |
| Recording the evidence of preparer and reviewer | The table placed before Table No. A above provides relevant fields to record the evidence of a person or official who prepared the audit engagement team’s competency, and who had reviewed it. In this case the preparer could be the audit team leader/manager, and the reviewer could be the audit engagement manager/supervisor. This will depend on how SAI has structured its audit departments, divisions, and audit team. This needs to be signed off accordingly once the assessment has been completed and reviewed. |