

Competency framework for public sector audit professionals at supreme audit institutions



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1. BACKGROUND

In 2014, the Finance and Administration Committee (FAC) of the International Organisation of Supreme Audit Institutions (INTOSAI) set up a task group on INTOSAI auditor certification (TGIAC) to explore the concept of auditor certification. The TGIAC was set up under the leadership of the Supreme Audit Institution (SAI) of South Africa, which chairs the INTOSAI Capacity Building Committee (CBC).

One of the TGIAC's first deliverables was the 2014 *White paper on professional development in INTOSAI*. This white paper explored the concepts, processes and alternative approaches to professional development at INTOSAI, with an initial focus on auditor certification. The white paper also recommended that a 'global profession, local solution' approach would best suit INTOSAI and sought a mandate for the TGIAC - **to develop a core competency framework for public sector auditing to tangibly inform future discussions around professional development in this community**. The INTOSAI governing board considered the white paper in November 2014, asking for further research and benchmarking on the topic and giving the go-ahead for the development of a first basic competency framework.

The TGIAC met in Norway in June 2015 to start developing an INTOSAI competency framework for auditors. At this workshop, members discussed and agreed on the definitions of competencies and the key principles for defining a framework for auditors at INTOSAI. Members also made a first attempt at defining a set of competencies for financial, performance and compliance auditors. Since then, the competencies have been discussed by a group of audit experts from INTOSAI sub-committees and regional organisations. In 2016, further work was done on the framework by a small team consisting of professionals from the CBC, KSC and the INTOSAI Development Initiative (IDI).

The TGIAC intends presenting three sets of competency frameworks to the INTOSAI community for consideration during XXII INCOSAI. These frameworks deal with the competency requirements for financial audit, compliance audit and performance audit professionals in SAIs, and include cross-cutting competencies that are transversally applicable across the three areas of auditing. It does not yet pronounce on the development of certification programmes or any other development options. Development of (possible) standards and guidance to inform the establishment of professional development programmes, including certification programmes, is flagged for the period after XXII INCOSAI.

At the same time, the CBC also facilitated the development of a document – *The enabling mechanisms required to facilitate and structure professional development at SAI level* – that not only deals with processes and developments that will create the appropriate institutional capacity for the establishment of professional development options, but also expands on critical concepts such as the principles of 'global profession, local solution', partnering for success, etc. that are core to taking competency-based initiatives (for professional development as well as other human resource activities) forward in the period post XXII INCOSAI.

Ideally, this document should be read together with the FAC / CBC's 2014 *White paper on professional development in INTOSAI* and the CBC's 2016 *Enabling mechanisms required to facilitate and structure professional development at SAI level*.

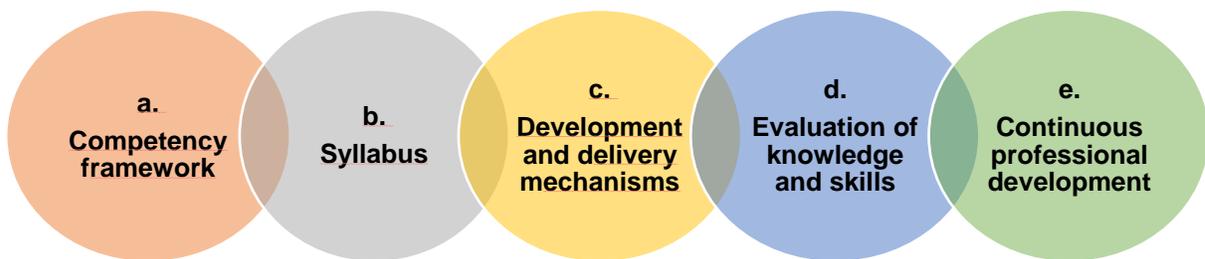
2. PURPOSE

When the TGIAC started developing the competency framework, its main purpose was to use this as the first step in crafting auditor certification options for INTOSAI.. The understanding was that the framework would focus on developing a set of universally true core competencies (the international profession angle), thus allowing INTOSAI regional organisations and SAIs to tailor, add to, and further develop these to suit their unique mandates and needs (the local solution angle).

However, the team soon realised that such a framework could serve multiple purposes at INTOSAI, regional and SAI level. We believe that a competency framework for SAI audit professionals can serve the following purposes:



2.1 **Certification at SAI, regional, and INTOSAI level** – This was the originally envisaged purpose of the competency framework. The group agreed that the definition of a competency framework is the first step in any certification process. Only after articulating the required competencies can a syllabus be developed, a certification programme designed and delivered, evaluation conducted and provision made for continuous professional development.



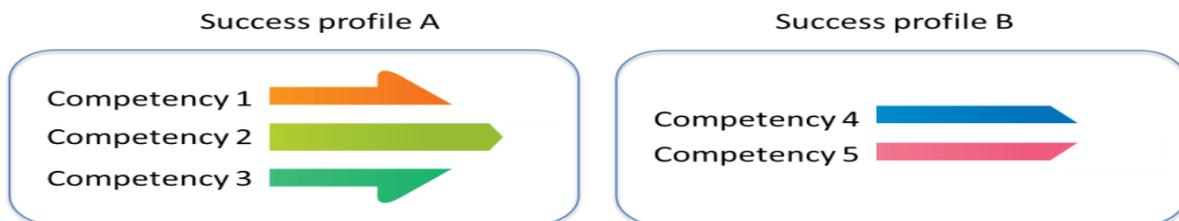
The framework articulated in this document can be used by SAIs, INTOSAI regional organisations and INTOSAI bodies such as the IDI to design and deliver certification programmes to develop and certify such competencies.

- 2.2 **Recruitment** – The competency framework can also be used as basis to guide SAls when recruiting auditors.
- 2.3 **Career development** – SAls can also use the framework to develop career plans for its staff to reach a level of professional competency in one or more of the three main areas of auditing.
- 2.4 **Professional development** – All professional development initiatives, ranging from designing a unique professional qualification to training and learning interventions at INTOSAI, regional and SAI level, can be based on this framework.
- 2.5 **Performance management** – Assessing whether an individual has displayed the competencies relevant to performing effectively in their function is a major consideration in performance management.
- 2.6 **Workforce planning** – The SAI's management can also use the framework to develop an overall deployment plan for the audit workforce, based on the competencies available and competencies needed for executing the SAI's audit work plan.

3. DEFINITIONS

As a starting point, it is necessary to define a number of key concepts that will be used in this document, and some of the development work that may follow once this document has been finalised:

- 3.1 **Competencies** can be described as the measurable or observable knowledge¹, skills² and abilities³ critical to successful job performance. The extent to which a specific competency is measured or observed depends on the purpose of using the framework.
- 3.2 A **competency framework**, in turn, can be described as a conceptual model that details and defines the ideal competencies required/expected of an individual's professional capacity for a specific audit stream (financial, compliance or performance) that contributes to success/high performance. Competency frameworks are not static but rather dynamic in nature and seek to define the elements needed to drive success. These elements will change depending on the circumstances.
- 3.3 Depending on the requirements for success, different sets of competencies make up different individual success profiles. A **success profile** is the unique combination of competencies that describe the skills set of an ideal person for a specific level or key job.



- 3.4 **Core competencies** represent a set of competencies that all staff within a specific discipline should, at minimum, possess. By definition, this also implies that, in describing a success profile, one would be dealing with a combination of core competencies (those competencies that hold true for all individuals in a group) and discretionary competencies (those competencies that may differ from individual to individual within a group).
- 3.5 **Competency modelling** occurs when an organisation works to define multiple success profiles across the organisation, which – by complementing, overlapping and intersecting – create organisational capacity for success. It therefore has flexibility in deciding whether the full set of competencies is pitched at individual or team level, although this document argues that each individual staff member should have a core level of similar knowledge and skill.

¹ **Knowledge** is the theoretical or practical understanding of a subject
² **Skills** are the proficiencies developed through training or experience
³ **Ability** refers to the capability or aptitude to do something.

4. KEY PRINCIPLES

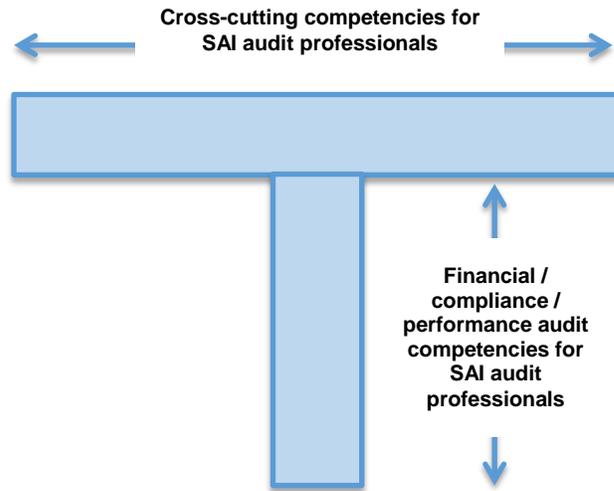
In developing this set of three competency frameworks, we used the following key principles:

- 4.1 **International Standards of Supreme Audit Institutions (ISSAIs)⁴** – The frameworks are aligned to the financial, performance and compliance audit ISSAIs. The competencies are defined at a level that will enable the individual auditor who shows the identified competencies and has the appropriate enabling environment to implement ISSAIs in audit practice, as envisaged in ISSAI 100 – Fundamental Principles of Public-Sector Auditing.
- 4.2 **Professional level⁵** – As the competency frameworks have been developed to identify the individual competencies necessary to implement ISSAIs, the competencies are defined at a professional rather than a basic level. Each organisation can determine the path or the levels that they will apply in their certification or professional development programmes to get an individual to this professional level. In certain SAIs, given the mandate, strategic preference or size of the SAI, an individual auditor may be developed to demonstrate more than one set of competencies. For example, an auditor may be developed to demonstrate both compliance audit and performance audit competencies.
- 4.3 **Core consistency** – Being ISSAI-based, the three frameworks define individual core competencies that are universally applicable across SAIs' implementation of ISSAIs. Each organisation, such as a SAI, a regional organisation or IDI, needs to define additional discretionary competencies that are specific to their environment or tailor the framework to suit their specific mandate, needs or purpose. Any tailoring of the framework needs to be done with care so as not to lose the universal value of the core framework. The concept of **laddering** (or maturity within the framework) was also noted as a consideration, but has not yet been dealt with in detail. The idea is that a framework, when fully developed, should allow for career progression in both a technical and a managerial/leadership sense.
- 4.4 **Observable behaviour** – Each competency is defined in terms of observable behaviour so that it can be assessed and developed.

⁴ Given the close alignment of the framework to the ISSAIs, certain competencies related to SAI staff who carry out judgement or quasi-judicial functions, etc. which are not fully described in the ISSAI framework, may not be featured in this framework and still need to be addressed.

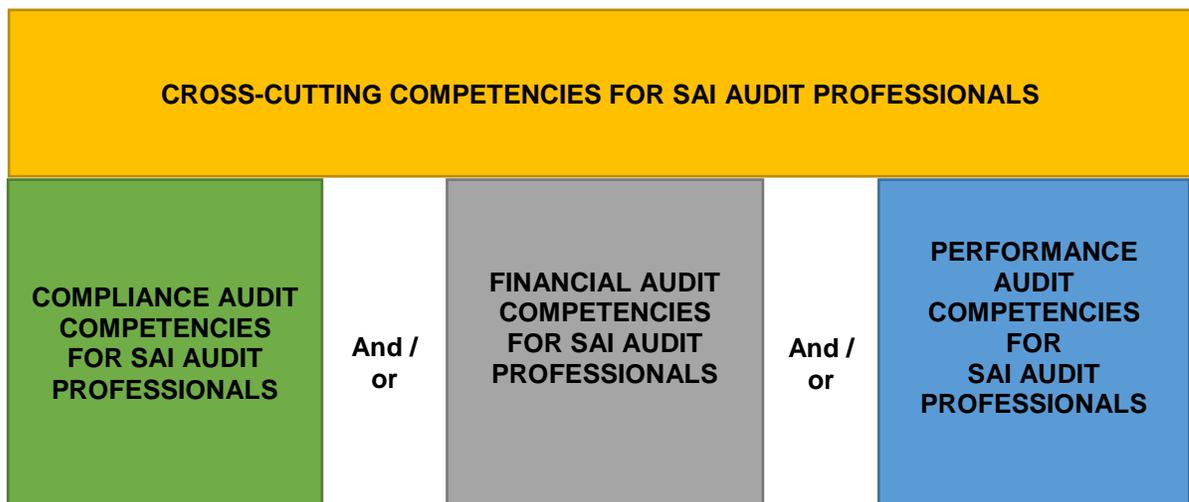
⁵ Given the fact that this framework is pitched at the level of an audit professional, very little leadership and managerial competencies, beyond those denoted in the cross-cutting competency section, have been included. These competencies will be addressed in separate developments post XXII INCOSAI in 2016.

4.5 **T- shaped professionals** – Each competency framework defines a T-shaped professional. The horizontal bar of the T describes the ability of a person to collaborate across disciplines and to use and apply knowledge in areas of expertise other than their own (broad-range generalist skills). The vertical bar represents the depth of related skills and expertise in a single field (deep subject matter expertise).



In the context of this document the horizontal bar of the T has been defined as cross-cutting competencies that are universally applicable and form the essence of any public sector audit professional in a SAI, e.g. acts in public interest. The vertical bar of the T defines the specific audit-related competencies, e.g. competencies in compliance auditing. As such, an audit professional in a SAI engaged in compliance audit would need to display both the core competencies of SAI audit professionals and the compliance audit competencies of SAI audit professionals.

The framework also incorporates T-shapes for performance and financial audit professionals. In these cases, the horizontal bar will remain the same and the vertical bar will be replaced by audit competencies for performance audit professionals in SAIs or audit competencies for financial audit professionals in SAIs, as relevant.



- 4.6 **Ongoing relevance** – As the competency framework is based on the ISSAI framework, it will be necessary to revisit the framework on a regular basis (potentially every three years) to ensure ongoing alignment with the requirements of the auditing standards and to reflect any requirements / challenges posed by emerging issues.

6. COMPETENCY FRAMEWORK FOR PUBLIC SECTOR AUDIT PROFESSIONAL AT SAIs

A. Cross-cutting competencies for SAI audit professionals

The cross-cutting competencies of SAI audit professionals have been grouped into four broad clusters:

CC 1: SAI audit professional leads by example

CC 2: SAI audit professional engages effectively with stakeholders

CC 3: SAI audit professional behaves in a professional manner

CC 4: SAI audit professional contributes to the value and benefits of SAI.

The table below describes the individual competencies under each cluster.

Competencies		Explanation
CC 1	SAI audit professional leads by example	
CC 1.1	Demonstrates ethical behaviour in all situations	Demonstrates an understanding of the applicable code of ethics and acts accordingly, in letter and spirit, in every situation. Demonstrates compliance with SAI culture, policies and procedures
CC 1.2	Displays personal accountability	Behaves in a transparent manner and is accountable for meeting performance targets. Is open to scrutiny and criticism and displays willingness to take corrective action.
CC 1.3	Respects diversity	Treats people with respect irrespective of their profession, their views on diverse matters, position, gender, religion, ethnicity, abilities, etc. Shows an understanding of different cultural norms within the working environment and responds effectively to these differences.
CC 1.4	Demonstrates basic leadership skills	Demonstrates an ability to influence, inspire and motivate others to achieve results.
CC 2	SAI audit professional engages effectively with stakeholders	
CC 2.1	Demonstrates an understanding of	Demonstrates an ability to identify key stakeholders and understands their explicit and implicit needs, expectations and operations. These stakeholders include both internal

Competencies		Explanation
	stakeholders	<p>stakeholders (SAI management, peers and team) and external stakeholders (audited entities, parliaments, media, citizens, etc.).</p> <p>Demonstrates an understanding of the principles of and the need for SAI independence.</p>
CC 2.2	Communicates effectively with stakeholders	<p>Communicates effectively with stakeholders to give and exchange information with meaningful context and with appropriate delivery, both verbally and in writing.</p> <p>Demonstrates active listening skills and openness in communicating with stakeholders.</p> <p>Takes into consideration the views of the stakeholder and engages constructively when circumstances require.</p> <p>Is able to use different types of media tools, including general presentations, and electronic and social media, etc, as relevant, for communicating with stakeholders.</p> <p>Has the ability to use a broad range of techniques, including facilitation, teamwork and interpersonal skills, to enhance the delivery and effectiveness of audits and to achieve common goals.</p>
CC 3	SAI audit professional behaves in a professional manner	
CC 3.1	Achieves quality by applying ISSAIs	<p>Demonstrates sound knowledge and understanding of the ISSAIs, or national standards aligned to ISSAIs, applicable to the role and demonstrates the effective application of this knowledge.</p> <p>Applies ISSAIs, or national standards aligned to ISSAIs, within the local context</p> <p>Exercises professional judgement and scepticism while applying standards.</p> <p>Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.</p>
CC 3.2	Demonstrates core audit and information technology skills	<p>Shows analytical skills and an ability to synthesise information.</p> <p>Documents due process / work performed in reaching an audit conclusion/opinion.</p> <p>Uses and leverages information technology effectively in conducting audits.</p> <p>Able to interpret and provide broader context using financial and non-financial information, drawing from a wide variety of data sources.</p>
CC	Continuously strives for	Displays courage and resilience in facing the challenges of an

Competencies		Explanation
3.3	excellence	<p>audit environment.</p> <p>Seeks opportunities to grow and develop knowledge, skills and abilities.</p> <p>Thinks in a critical and objective way, and questions the status quo to stay relevant.</p> <p>Advocates positive change.</p> <p>Shows an ability to learn from successes and failures.</p>
CC 4	SAI audit professional contributes to the value and benefits of SAI	
CC 4.1	Contributes to SAI performance	<p>Aligns personal performance goals and direction with the strategic direction of the SAI.</p> <p>Behaves in a manner consistent with the requirements of the ISSAI framework, as well as the SAI's image and reputation.</p> <p>Monitors and follows up on audit outputs, which contributes to delivering the value and benefits of the SAI.</p>
CC 4.2	Contributes to effective management	<p>Works well in a team context to help manage organisational risks and resources effectively.</p> <p>Provides timely, sufficient and appropriate information to management to enable them to make informed and strategic decisions.</p>
CC 4.3	Acts in the public interest	<p>Demonstrates an understanding of, and operates effectively in, the public sector environment.</p> <p>Demonstrates the understanding that the SAI exists to serve the citizens and behaves accordingly.</p> <p>Demonstrates a responsiveness to emerging issues.</p>

B. Compliance audit competencies for SAI audit professionals

Following the T-shaped concept, the competency framework for a compliance audit professional at a SAI includes the:

- cross-cutting competencies of SAI audit professionals described in section 6. A
- compliance audit competencies of SAI audit professionals described in the section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant compliance audit process.

CAC 1: SAI audit professional adds value by conducting ISSAI-compliant compliance audits

CAC 2: SAI audit professional demonstrates an understanding of context, environment and entity in a compliance audit

CAC 3: SAI audit professional assesses and manages risk in a compliance audit

CAC 4: SAI audit professional performs and documents compliance audit procedures as per ISSAIs

CAC 5: SAI audit professional effectively communicates and follows up on compliance audit results.

The table below describes the individual competencies under each cluster.

Competencies		Explanation
CAC 1	SAI audit professional adds value by conducting ISSAI-compliant compliance audits	
CAC 1.1	Demonstrates an understanding of how compliance audit practice adds value by promoting accountability and transparency in the use of public money	<p>Demonstrates an understanding of the nature, purpose and objectives of compliance audit, the unique way in which it adds value as part of the accountability chain, and how it is differentiated from and/or linked to financial or performance audit engagements.</p> <p>Displays an understanding of both compliance audit as an attest engagement and compliance audit as a direct reporting engagement.</p> <p>Demonstrates an understanding of both the regularity focus and propriety focus of compliance audits</p>
CAC 1.2	Demonstrates the ability to apply key concepts of compliance auditing appropriately and consistently in	<p>Demonstrates the ability to apply key concepts such as subject matter, subject matter information and users in the context of both regularity and propriety compliance engagements.</p> <p>Applies concepts of authorities, rules and criteria, risk, limited assurance and reasonable assurance engagements in both attestation and direct reporting engagements.</p>

Competencies		Explanation
	audit practice	
CAC 1.3	Ensures quality in conducting a compliance audit	Applies compliance audit ISSAIs throughout the audit process in both attest and direct reporting engagements with regularity or propriety focus. Is able to review compliance audit work done by others for the purpose of quality assurance in line with relevant standards and SAI practices.
CAC 1.4	Exercises professional judgement and scepticism throughout the compliance audit	Exercises professional judgement and scepticism while applying standards. Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.
CAC 2	SAI audit professional demonstrates an understanding of context, environment and entity/entities in compliance audits	
CAC 2.1	Demonstrates an understanding of the wider context of the public sector and compliance frameworks at institutional level	Demonstrates an understanding of the wider institutional framework of rules and regulations and the compliance culture within which the entity operates.
CAC 2.2	Demonstrates an understanding of entity operations and associated compliance risks	Demonstrates the ability to evaluate an entity's organisational structure, culture, business processes, operations and systems. These include the entity's system of internal control, internal control activities and controls residing at the entity.
CAC 3	SAI audit professional assesses and manages risk in a compliance audit	
CAC 3.1	Assesses audit risk in a compliance audit	Demonstrates the ability to determine materiality and assess the audit risk of not reporting material non-compliance, including instances indicative of unlawful acts, fraud, abuse or wastage.
CAC 3.2	Manages risk throughout the compliance audit process	Develops and implements strategies to reduce audit risk to an acceptable level.
CAC 4	SAI audit professional performs and documents compliance audit procedures as per ISSAIs	
CAC 4.1	Evaluates applicable authorities and criteria to plan the	Evaluates relevant authorities and criteria applicable to the audit. Determines the scope of the audit in terms of both regional and thematic coverage.

Competencies		Explanation
	compliance audit	
CAC 4.2	Conducts a preliminary assessment of an entity's internal control system	Evaluates the design of internal control systems and whether it is operational and, if so, tests the operating effectiveness of internal controls in light of compliance requirements and concludes on the adequacy of the controls tested.
CAC 4.3	Develops and conducts procedures to manage audit risk	Applies knowledge of relevant authorities in performing analytical procedures, control testing and substantive testing to develop audit procedures. Considers audit risks and determines types and extent of testing.
CAC 4.4	Applies sampling techniques	<p>Uses a risk-based methodology to address significant risks of misstatement or non-compliance in determining when and how to perform sampling and documents sampling strategy during the audit.</p> <p>Executes sampling procedures and evaluates results</p>
CAC 4.5	Gathers sufficient and appropriate audit evidence	<p>Corroborates multiple sources of evidence, identifies conflicts and determines evidence that is reliable, accurate, credible, usable and complete for the audit. Shows an understanding of data integrity and reliability concepts that maintain and assure the consistency of data over its life cycle and tests the validity of information.</p> <p>Uses innovative methods to obtain the required evidence to facilitate analysis and/or testing approaches.</p> <p>Leverages the work of third parties or specialists and performs procedures, as per the requirements of the standards, on the work of others to determine its adequacy for the audit.</p>
CAC 4.6	Evaluates the results of all audit procedures and determines their potential effect on audit conclusions and recommendations	Analyses and synthesises evidence gathered through audit procedures to arrive at audit conclusions (or opinions). Is able to identify to whom, and how, matters related to fraud, wastage and abuse should be communicated.
CAC 4.7	Documents the compliance audit	<p>Documents the audit in line with ISSAI requirements.</p> <p>Demonstrates an understanding of the subject matter and uses appropriate terminology in documentation and communication.</p>
CAC 4.8	Communicates with stakeholders throughout the compliance audit	Identifies key stakeholders in the compliance audit, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC.2.2.

CAC 5 SAI audit professional effectively communicates and follows up on compliance audit results		
CAC 5.1	Prepares audit reports using the prescribed formats	Formulates audit results in light of audit objectives, and in keeping with prescribed formats, e.g. reports, opinions, forms, and communications. Reports findings of fraud in accordance with ISSAI requirements.
CAC 5.2	Follows up on compliance audit results	Develops and implements a plan for following up on audit results with responsible stakeholders. Monitors the implementation of compliance audit observations.
CAC 5.3	Exercises jurisdictional power to give judgments and sanctions in applicable jurisdictional functions ⁶	Complies with the basic principles of the rule of law of the country while enforcing judgment. Demonstrates an ability to assess whether the person responsible should be held liable for loss, misuse or waste and should be subject to a penalty.

⁶ This competency was retained despite the fact that this type of function at SAIs with a jurisdictional function will in all probability be exercised at a level more senior than that of an audit professional. The purpose in retaining this competency is to flag the development of the type of skill that will be required to exercise judgement at a more senior level later in the professional's career.

C. Financial audit competencies for SAI audit professionals

Following the T-shaped concept, the competency framework for a financial audit professional at a SAI will include:

- the cross-cutting competencies of SAI audit professionals described in section 6.A
- the financial audit competencies of SAI audit professionals described in the section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant financial audit process.

FAC 1: SAI audit professional adds value by conducting ISSAI-compliant financial audits

FAC 2: SAI audit professional demonstrates an understanding of context, environment and entity in a financial audit

FAC 3: SAI audit professional assesses and manages risk in a financial audit

FAC 4: SAI audit professional performs and documents financial audit procedures as per ISSAIs

FAC 5: SAI audit professional effectively communicates and follows up on financial audit results.

	Competencies	Explanation
FAC 1	SAI audit professional adds value by conducting ISSAI-compliant financial audits	
FAC 1.1	Demonstrates an understanding of how financial audit contributes to promoting accountability in using public money	<p>Demonstrates an understanding of the nature, purpose and objectives of financial audit, the unique way in which it adds value as part of the accountability chain and how it is differentiated from and/or linked to compliance or performance audit engagements.</p> <p>Demonstrates an understanding that financial audit uses insight to create foresight by examining past events and providing forward looking, effective and cost-beneficial recommendations to improve public financial management.</p>
FAC 1.2	Demonstrates an ability to apply key concepts of financial auditing appropriately and consistently in audit practice	<p>Demonstrates an ability to apply key concepts such as risk assessment, materiality, sampling, risk response, sufficient appropriate audit evidence, levels of assurance and key audit matters in the financial audit process.</p> <p>Demonstrates an ability to provide an opinion on whether the financial statements give a true and fair view of the financial state of affairs of an entity OR that the financial statements have been prepared in line with the applicable financial reporting framework.</p> <p>Demonstrates an ability to determine that sufficient audit procedures have been performed to provide reasonable assurance to the users of the financial statements.</p>

Competencies		Explanation
FAC 1.3	Ensures quality in conducting a financial audit	<p>Applies financial audit ISSAs throughout the audit process in different environments to enhance the credibility of the audit report.</p> <p>Displays the ability to review financial audit work done by others for quality assurance in line with relevant standards and SAI practices.</p>
FAC 1.4	Exercises professional judgement and scepticism throughout the financial audit	<p>Exercises professional judgement and scepticism while applying standards.</p> <p>Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.</p>
FAC 2	SAI audit professional demonstrates an understanding of context, environment and entity in a financial audit	
FAC 2.1	Demonstrates an understanding of the wider context of the public sector environment	Displays an understanding of the wider context of the public sector environment, which leads to additional audit objectives in the audit of financial statements in the public sector that may result from parliamentary directives, government circulars, stakeholder expectations, entity specific issues, etc. and that may extend beyond the objective of merely expressing an opinion on the financial statements.
FAC 2.2	Demonstrates an appreciation of accounting principles and financial reporting frameworks	Demonstrates an understanding of accounting standards and principles, as well as displaying the ability to interpret the financial reporting framework applicable to preparing the financial statements.
FAC 2.3	Demonstrates an understanding of entity operations and associated risks, as well as the accounting and financial reporting processes	<p>Demonstrates the ability to evaluate an entity's organisational structure, culture, business processes, operations and systems. These include the entity's system of internal control, internal control activities and controls residing at the entity.</p> <p>Demonstrates an understanding of the accounting and reporting process specific to an entity and effectively deals with complexities in the accounting transactions.</p>
FAC 3	SAI audit professional assesses and manages risk in a financial audit	
FAC 3.1	Determines materiality	<p>Determines materiality by size and nature.</p> <p>Applies materiality, based on an understanding of the relationship between materiality and assessed risks of material misstatements</p>

Competencies		Explanation
		in the financial statements, when planning, performing and concluding the financial audit.
FAC 3.2	Assesses audit risk in financial audits	Assesses the audit risk of providing an incorrect opinion by not applying sufficient audit procedures or appropriately modifying audit procedures to in the audit of financial statements.
FAC 3.3	Manages risk throughout the financial audit process	Prepares and implements an overall audit strategy that provides direction, timing and scope of audit, which is responsive to overall risks of material misstatements in the financial statements.
FAC 4	SAI audit professional performs and documents financial audit procedures as per ISSAIs	
FAC 4.1	Evaluates an entity's internal control system related to the financial reporting process	Evaluates the design of internal control systems, determine whether it is operational and, if so, tests the operating effectiveness of internal controls related to financial reporting process and concludes on the adequacy of controls tested to assess the risks of material misstatements in the financial statements.
FAC 4.2	Applies different sampling techniques	Selects sample sizes by applying different sampling techniques and using the materiality level.
FAC 4.3	Gathers and evaluates sufficient appropriate audit evidence	<p>Gathers and evaluates multiple sources of evidence, identifies conflicts, and determines evidence that is reliable, accurate, credible, usable and complete for the audit.</p> <p>Demonstrates an understanding of data integrity concepts that relate to maintaining and assuring the consistency of data over its life cycle and tests validity of information.</p> <p>Explores opportunities to obtain the required evidence in new ways to facilitate analysis and/or testing approaches.</p> <p>Leverages the work of third parties or specialists and performs procedures on the work of others to determine its adequacy for the audit.</p>
FAC 4.4	Evaluates audit evidence to express an opinion on financial statements	Evaluates the sufficiency of appropriate audit evidence, identifies root causes of audit matters and expresses an audit opinion on the financial statements.
FAC 4.5	Documents the entire financial audit process	Documents work done at every stage of the financial audit, from the pre-engagement until completing and reporting, in order to demonstrate the adequacy of work performed in an audit of financial statements.

Competencies		Explanation
FAC 4.6	Communicates with stakeholders throughout the financial audit process	<p>Identifies key stakeholders in the financial audit process, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC 2.2.</p> <p>Engages in two-way communication to obtain information required in assessing the risks of material misstatements and gathering audit evidence to support the audit opinion, and conveying the audit matters to the management and those charged with governance.</p> <p>Maintains a professional relationship with the audited entity.</p>
FAC 5	SAI audit professional effectively communicates and follows up on financial audit results	
FAC 5.1	Identifies the management and those charged with governance and communicates financial audit results appropriately	<p>Demonstrates the ability to identify the management and those charged with governance for the purpose of communicating audit matters before, during and after the audit.</p> <p>Is able to explain and communicate the audit opinion, and any key corrective actions required, to the management and those charged with governance.</p> <p>Is able to identify to whom, and how, matters related to fraud should be communicated.</p>
FAC 5.2	Follows up on systemic recommendations	<p>Develops and implements a plan for following up on audit results with responsible stakeholders.</p> <p>Monitors the implementation of financial audit observations.</p>

D. Performance audit competencies for SAI audit professionals

Following the T-shaped concept, the competency framework for a performance audit professional at a SAI will include:

- the cross-cutting competencies of SAI audit professionals described in section 6.A
- the performance audit competencies of SAI audit professionals described in this section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant performance audit process.

PAC 1: SAI audit professional adds value by conducting ISSAI-compliant performance audits

PAC 2: SAI audit professional demonstrates an understanding of context, environment and entity in a performance audit

PAC 3: SAI audit professional assesses and manages risk in a performance audit

PAC 4: SAI audit professional performs and documents performance audit procedures as per ISSAIs

PAC 5: SAI audit professional effectively communicates and follows up on performance audit results.

Competencies		Explanation
PAC 1	SAI audit professional adds value by conducting ISSAI-compliant performance audits	
PAC 1.1	Demonstrates an understanding of how performance audit contributes to promoting accountability, transparency, good governance and more effective and efficient service delivery, which contributes to the implementation of SDGs	<p>Demonstrates an understanding of the nature, purpose and objectives of performance audit, the unique way in which it adds value as part of the accountability chain and how it is differentiated from and/or linked to compliance or financial audit engagements.</p> <p>Displays an understanding of performance audit as a direct reporting engagement, where different approaches such as a result-oriented approach, problem-oriented approach, systems approach or a combination of such approaches can be employed.</p> <p>Appreciates that performance audit works constructively to provide forward-looking recommendations to improve governance, accountability, transparency and service delivery in public financial management and across a range of varied government operations and services that are linked to implementing sustainable development goals and/or their national equivalents.</p>
PAC 1.2	Demonstrate an ability to apply key	Demonstrate an ability to apply key concepts of economy, efficiency and effectiveness, as well as criteria conditions, cause

Competencies		Explanation
	concepts of performance auditing appropriately and consistently in audit practice	<p>and effect in the performance audit process related to a wide variety of subject matter that could include specific programmes, entities, funds, activities or existing situations.</p> <p>Demonstrates an ability to actively manage the risk of inappropriate reports to give confidence to the intended user about the reliability of audit conclusions.</p> <p>Adds value by providing a balanced report and constructive forward-looking recommendations.</p>
PAC 1.3	Ensures quality in conducting a performance audit	<p>Applies performance audit ISSAIs throughout the audit process in different environments to ensure quality that enhances the credibility of the audit report.</p> <p>Displays an ability to review performance audit work done by others for quality assurance in line with relevant standards and SAI practices.</p>
PAC 1.4	Exercises professional judgement and scepticism throughout the performance audit	<p>Exercises professional judgement and scepticism while applying standards.</p> <p>Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.</p>
PAC 2	SAI audit professional demonstrates an understanding of context, environment and entity in a performance audit	
PAC 2.1	Demonstrates an understanding of the context of the public sector environment	Displays an understanding of the wider institutional framework of performance accountability and performance culture and the public sector environment within which the entity operates.
PAC 2.2	Shows appreciation of the entity's operations and the interrelations among public entities	Evaluates entity's organisational structures, culture, business processes, operations and systems and interrelationships between entities in case there are many entities involved.
PAC 3	SAI audit professional assesses and manages risk in a performance audit	
PAC 3.1	Demonstrates an understanding of the relationship between risks, and evaluates the effect in the performance of the audit object	Evaluates the requirements and considerations in conducting a risk-based approach to determine the audit scope.
PAC	Selects performance audit	Selects a portfolio of performance audit topics based on a set of criteria to include significant, relevant and auditable topics that

Competencies		Explanation
3.2	topics and portfolio based on criteria that is significant and auditable	will add value for the users of the report.
PAC 3.3	Manages risk throughout the performance audit process	Manages the risk of performance audit obtaining incorrect or incomplete conclusions, providing biased information or failing to add value. This is done by conducting a preliminary study and risk analysis, considering all important factors related to the audit topic, gathering sufficient and appropriate evidence, consulting widely both within and outside the audit team and providing users of the audit report with new knowledge and recommendations that would make a real contribution to better performance.
PAC 4	SAI audit professional performs and documents performance audit procedures as per ISSAIs	
PAC 4.1	Sets clear and well-defined audit objective and chooses the best audit approach considering the audit objective	<p>Sets well-defined audit objective and designs questions and sub-questions that are thematically related, complementary, not overlapping and collectively exhaustive in addressing the audit objective.</p> <p>Chooses the best audit approach from result-, problem- or system-oriented approaches, or uses a combination of them to address the audit objective.</p>
PAC 4.2	Establishes suitable criteria for performance audit	Identifies different sources of audit criteria in performance audit or develops criteria when they are not readily available.
PAC 4.3	Determines materiality at all stages of the performance audit process	Determines materiality throughout the performance audit process, considering not only the monetary value, but also what is socially or politically significant during the audit.
PAC 4.4	Applies sampling techniques and evaluate results	<p>Determines when and how to perform sampling and documents the sampling strategy during the audit.</p> <p>Executes sampling procedures and evaluates results.</p>
PAC 4.5	Demonstrates an ability to use a variety of social science methods and diagnostic techniques throughout the performance audit process	<p>Demonstrates an ability to use social science methods and diagnosis techniques (e.g. SWOT analysis, risk analysis, stakeholder analysis, process mapping, case study, etc.) and to choose which to apply during a performance audit.</p> <p>Demonstrates an ability to use and select the most appropriate data gathering (e.g. interview, survey, focus groups, direct observation, and document review) and data analysis techniques (e.g. content analysis and statistical analysis etc.) during a performance audit.</p>
PAC	Documents entire	Documents work done at every stage of the performance audit

Competencies		Explanation
4.6	performance audit process	in a way that would enable any other experienced performance auditor without previous connection with the audit to understand the process and the steps taken and, in the event of replicating the audit, reach the same results.
PAC 4.7	Communicates with stakeholders throughout the performance audit process	<p>Identifies key stakeholders in the performance audit process, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC 2.2</p> <p>Engages in two-way communication with a wide variety of stakeholders to gather evidence for arriving at balanced conclusions and useful recommendations.</p> <p>Is able to identify to whom, and how, matters related to fraud should be communicated.</p>
PAC 5	SAI audit professional effectively communicates and follows up on performance audit results	
PAC 5.1	Demonstrates an ability to write performance audit reports and recommendations that meet standards	<p>Demonstrates an ability to write an audit report that is comprehensive, convincing, timeous, reader friendly and balanced. Special care has to be taken when formulating the recommendations.</p> <p>Writes recommendations that are clear, well founded, presented in a logical and reasoned way, add value, and address the causes of problems and/or weaknesses.</p>
PAC 5.2	Follows up on performance audit recommendations	<p>Develops and implements a plan for following up on audit results with responsible stakeholders.</p> <p>Monitors the implementation of performance audit recommendations.</p>

7. CONCLUSION AND FUTURE WORK REQUIRED

The above competency frameworks form the foundation of further work to be carried out at INTOSAI regarding professional development. It is worth reiterating the principle of 'core consistency' – an attempt by the development team to define the essence of an audit professional in this framework that should hold true regardless of differing mandates, needs or circumstances. However, equally important is the implication that, when using this framework, INTOSAI regional organisations, SAIs and other bodies / development partners should add to and tailor these frameworks to suit their unique mandates, needs and purpose, hence creating very unique individual success profiles within their organisations. **The idea that one should expect to see a basic level of consistency among audit professionals across the globe, aligns with the ambition of a 'global profession', while the ability to tailor and add appropriately to these frameworks describes a commitment to finding 'local solutions'.**

The INTOSAI CBC intend to build on the work done in this document – post the XXII INCOSAI in 2016 - by providing additional guidance (and potentially even standards, as envisaged in the newly proposed framework for ISSAIs) on how tailoring towards individual success profiles should be done, how organisational capacity should be built through competency modelling and how utilisation in different circumstances (recruitment, performance management, professional development, certification, etc.) should be structured. This ambition, including the concept of partnering within and even external to INTOSAI to achieve this, is described in more detail in the CBC's 2016 *Enabling mechanisms required to facilitate and structure professional development at SAI level*.

In keeping with the above, the INTOSAI CBC, the IDI and the TGIAC propose that INTOSAI should, during the XXII INCOSAI **take note of and support** this INTOSAI competency framework as a basis for further discussion and refinement of concepts related to professional development to the point where INTOSAI will see a set of professional pronouncements on auditor competence in the next three to six years, and where the development of specific professional development options based on this core competency framework, including auditor certification, can become a reality.