

# CONCEPT EXAMPLES

## PRONOUNCEMENTS ON AUDITOR COMPETENCE

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### Background:

Based on guidance received from FIPP after the first project-submission in November 2019, the following examples of possible COMPS have been developed. These examples should be read together with revised project proposal on the developing of pronouncements on auditor competence, as submitted to the FIPP in February 2020, which now **proposes a single “anchor” pronouncement at the level of SAI Organizational Requirements as the preferred solution to deal with auditor competence in INTOSAI (example A below), supported by two documents at the level of GUIDs (examples B and C).**

The two documents proposed in the CBC’s November 2019 proposal (a possible COMP 700 and COMP 7000) has been replaced by the above, but the two concept examples have been retained in this document as examples D and E, as background.

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<b>Example A</b> INTERNATIONAL STANDARD FOR SUPREME AUDIT INSTITUTIONS (ISSAI) 1X0 Auditor Competence <b><u>(proposed, and preferred, solution; replacing examples D and E, which was proposed in the CBC’s November 2019 proposal)</u></b>	2
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## EXAMPLE A

### INTERNATIONAL STANDARD FOR SUPREME AUDIT INSTITUTIONS (ISSAI) 1X0

#### Auditor Competence

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##### ENVISAGED CONTENT

**(proposed, and preferred solution, as per the CBC's February 2020 submission)**

In anticipation of the consideration and approval of the COMP-project by FIPP, the following broad outline of the envisaged pronouncements was developed. This outline should not be interpreted as a first draft of the pronouncement. A first draft will only be available once the TFIAP has been re-established (post approval of the project by FIPP) and the body of knowledge that underpins this project has been further reworked into the formats required by FIPP.

The body of knowledge that underpins this project, consists of the following:

- CBC guide – *“Developing Pathways for the Professional Development of Auditors in a Supreme Audit Institution (SAI)”*,
- CBC guide – *“Competency framework for public sector audit professionals at Supreme Audit Institutions (SAI)”*,
- 2018/19 CBC/TFIAP working document (updated) – *“ISSAI analysis for COMP project”*, and
- 2018 CBC/TFIAP research report – *“Inventory of Professional Pronouncements and Pathways for Auditors’ Professionalization”*

Both the CBC guides have been developed with due cognisance of the INTOSAI Quality Assurance (QA) requirements for documents outside the IFPP. The detail of these QA considerations has been disclosed, in detail, in both guides.

Where direct reference to existing documents was possible, these have been indicated. It is accepted that these references are for illustrative purposes only and that these will be reworked extensively to the appropriate level of a standard, once the project commence.

#### 1. Introduction

#### 2. Scope

#### 3. Overview / Framework

Create context for this new set of principles on competence

- The relationship between pronouncements on auditing, and pronouncements on competence (and other factors) to get to a relevant SAI that can adequately execute its mandate to benefit of citizens (*see rough analysis on page 8 of the pathway document*).

- References to ISSAI 100, 130 and 140 to create the key principle that auditors must be competent. This is the principle that will be analysed further in the COMP project. *(see the relevant sections in the ISSAI analysis document).*
- Define the objective of these principles and standards – to ensure that SAIs and auditors can satisfy the requirements of the auditing principles and standards regarding auditor competence, to enable the development of aspiring audit professionals that intends entering the world of public sector auditing, and to also develop and maintain the professional competence beyond the entry in the world of public sector auditing.
- Explain applicability across all types of auditing, as well as all models of auditing.

#### 4. Elements of auditor competence

- Define the key sub-elements of competence – knowledge, skill and personal attributes *(see page 10 of the competency framework document).*
- Distinguish between the different levels of competence requirements in public sector:
  - Competence of a public sector audit professional (the baseline competence that all audit professionals within a SAI should have), and
  - Competence of public sector audit professional in the context of a specific assignment (this can be in the form of either specific additional competencies that relate to, for example, the industry / sector in which the audit professional is deployed OR the fact that for an assignment (e.g. a performance audit) the competencies for that engagement needs to be assessed at the level of the audit team).
- Deal with the building blocks of competence – underlying knowledge, competencies derived from the ISSAIs, specific SAI requirements *(see chapter 2 of the pathways guide).*
- Link competence development to the relevant human resource management processes required within a SAI (a more detailed and complete reflection on the processes outlined in ISSAI 140 and ISQC1) *(see relevant references in the ISSAI analysis document, as well as limited reference to the processes in the Human Resource Management cycle on page 22 of the pathways guide).*
- Define and unpack the concept of professional development
- Define and explain the concept of **initial professional development** (the process of competence development to reach the status of an “audit professional” (an auditor that is competent to audit in line with the ISSAIs)
- Define and explain the concept of **continuing professional development** (the process of maintaining and growing the competencies related to the status of an “audit professional”, and of career progression beyond that point)

*(The content of the preceding three bullets will be crafted based on the options described in chapter 4 of the pathways document, which, in turn, have been confirmed in the independent research that the CBC/TFIAP has commissioned in partnership with GIZ,*

*during 2018. The extensive narrative, which was required to make this a useful guide, will have to be reduced to the level of principle – potentially the biggest area of rework required in the COMP project)*

- Deal with the concept of assessment – different means of “proving” competence (examinations, practical assessment, performance management, professional licensing) – both in the sense of initial development and maintenance of competence (*principles lifted from the description of assessment on pages 18 and 19 of the pathways guide*)

## **5. Fundamentals / requirements of a SAIs responsibilities towards auditor competence**

The following requirements are envisaged:

- SAIs should define competencies required for all levels audit staff.
- In determining the competency requirements, SAIs should take into account underlying knowledge required, the competencies determined by the requirements of the ISSAIs in the 2000 to 6000 range and specific SAI requirements.
- Competency requirements should clearly distinguish between the three elements of knowledge, skill and personal attributes that make up these requirements.
- SAIs should clearly set out the requirements for initial professional development, that will ensure that the SAI remains relevant in executing its mandate and the audit professional is able to fully execute an audit in accordance with the IFPP.
- SAIs should clearly set out the requirements for continuing professional development, that will maintain and keep relevant the competencies of its staff.
- SAIs should put in place the relevant human resource processes to ensure the attraction, professional development and retention of appropriate competencies in the SAI.
- SAIs should develop dedicated options for the development of SAI staff (pathways for professionalisation), specifically tailored to their mandates and needs.
- Appropriate and relevant means of competency assessment should to be in place throughout the SAI, dealing with the processes of testing appropriateness of professional development interventions and the success of initial – and continuing professional development.

*(A careful reading of the body of knowledge for this project and specifically the two guides will, at most, surface the above requirements. In broad structural terms, this correlates with the way the IAESB has structured its professional pronouncements (the Education Standards). Chapter 3, 4 and 5 of the pathways guide will be critical in crafting this standard.)*

## GUIDANCE (GUID) 7500

## Guidance on the development of competency frameworks for auditors

## ENVISAGED CONTENT

In anticipation of the consideration and approval of the COMP-project by FIPP, the following broad outline of the envisaged pronouncements was developed. This outline should not be interpreted as a first draft of the pronouncement. A first draft will only be available once the TFIAP has been re-established (post approval of the project by FIPP) and the body of knowledge that underpins this project has been further reworked into the formats required by FIPP.

The body of knowledge that underpins this project, consists of the following:

- CBC guide – *“Developing Pathways for the Professional Development of Auditors in a Supreme Audit Institution (SAI)”*,
- CBC guide – *“Competency framework for public sector audit professionals at Supreme Audit Institutions (SAI)”*,
- 2018/19 CBC/TFIAP working document (updated) – *“ISSAI analysis for COMP project”*, and
- 2018 CBC/TFIAP research report – *“Inventory of Professional Pronouncements and Pathways for Auditors’ Professionalization”*

Both the CBC guides have been developed with due cognisance of the INTOSAI Quality Assurance (QA) requirements for documents outside the IFPP. The detail of these QA considerations has been disclosed, in detail, in both guides.

Where direct reference to existing documents was possible, these have been indicated. It is accepted that these references are for illustrative purposes only and that these will be reworked extensively to the appropriate level of a standard, once the project commence.

### 1. Introduction

### 2. Objective

To guide SAIs on the development of competency frameworks to reflect the requirements of ISSAIs and considerations unique to the SAI

### 3. Definitions

*(chapter 3 of the competency framework document)*

### 4. Scope

Applicable to all types of auditing, covering all models of auditing

## 5. Key considerations

*(chapter 4 of the competency framework document)*

## 6. Proposed core competency framework

Propose a core competency framework for public sector audit professionals that SAIs can consider in developing a competency framework that, at heart, is aligned with the IFPP.

*(Reflect the contents of chapter 5 of the competency framework document in the guide, either in the body or as an annexure to the GUID)*

## 7. Further refinement of core competency framework towards a SAI-unique framework

Guide SAIs on the process considerations to move from a core framework (as per section 6 above, based on the IFPP) to a complete framework that reflects considerations around underlying knowledge, the IFPP and unique SAI requirements

*(chapter 2 of the pathways guide)*

## GUIDANCE (GUID) 7600

## Guidance on the development of pathways for professional development of auditors

### ENVISAGED CONTENT

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#### 1. Introduction

#### 2. Objective

To guide SAIs on the development of pathways for professional development.

#### 3. Definitions

Pathway for professional development – *a formalised, structured development programme chosen by a SAI and aimed at developing and maintaining competent, professional staff within the SAI.*

Further definitions may be required after the refinement of the content noted below.

#### **4. Scope**

Applicable to all types of auditing, covering all models of auditing

#### **5. Process considerations**

*(chapter 5 of the pathways guide, excluding the last two pages dealing with the roadmap towards the adoption of INTOSAI professional pronouncements on auditor competence)*

#### **6. Examples**

*(chapter 4 of the pathways guide)*



**COMPETENCY PRINCIPLE (COMP) 700****Competency principles****ENVISAGED CONTENT**

(originally developed in line with the November 2019 proposal, but replaced by example C, as per the updated proposal made in February 2020)

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The body of knowledge that underpins this project, consists of the following:

- CBC guide – *“Developing Pathways for the Professional Development of Auditors in a Supreme Audit Institution (SAI)”*,
- CBC guide – *“Competency framework for public sector audit professionals at Supreme Audit Institutions (SAI)”*,
- 2018/19 CBC/TFIAP working document (updated) – *“ISSAI analysis for COMP project”*, and
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Both the CBC guides have been developed with due cognisance of the INTOSAI Quality Assurance (QA) requirements for documents outside the IFPP. The detail of these QA considerations has been disclosed, in detail, in both guides.

Where direct reference to existing documents was possible, these have been indicated. It is accepted that these references are for illustrative purposes only and that these will be reworked extensively to the appropriate level of principles, once the project commence.

**1. Introduction****2. Purpose and authority**

### 3. Framework

Create context for this new set of principles on competence

- The relationship between auditing principles and standards, and competence (and other factors) to get to a relevant SAI that can adequately execute its mandate to benefit of citizens (*see rough analysis on page 8 of the pathway document*).
- References to ISSAI 100, 130 and 140 to create the key principle that auditors must be competent. This is the principle that will be analysed further in the COMP project. (*see the relevant sections in the ISSAI analysis document*).
- Define the objective of these COMP principles and standards – to ensure that SAIs and auditors can satisfy the requirements of the auditing principles and standards regarding auditor competence, to enable the development of aspiring audit professionals that intends entering the world of public sector auditing, and to also develop and maintain the professional competence beyond the entry in the world of public sector auditing.
- Explain applicability across all types of auditing, as well as all models of auditing.

### 4. Elements

- Define the key sub-elements of competence – knowledge, skill and personal attributes (*see page 10 of the competency framework document*).
- Distinguish between the different levels of competence requirements in public sector:
  - Competence of a public sector audit professional (the baseline competence that all audit professionals within a SAI should have), and
  - Competence of public sector audit professional in the context of a specific assignment (this can be in the form off either specific additional competencies that relate to, for example, the industry / sector in which the audit professional is deployed OR the fact that for an assignment (e.g. a performance audit) the competencies for that engagement needs to be assessed at the level of the audit team).
- Deal with the building blocks of competence – underlying knowledge, competencies derived from the ISSAIs, specific SAI requirements (*see chapter 2 of the pathways guide*).
- Link competence development to the relevant human resource management processes required within a SAI (a more detailed and complete reflection on the processes outlined in ISSAI 140 and ISQC1) (*see relevant references in the ISSAI analysis document, as well as limited reference to the processes in the Human Resource Management cycle on page 22 of the pathways guide*).
- Define and unpack the concept of professional development, including initial professional development and continuing professional development.

- Deal with the principle of assessment – different means of “proving” competence (examinations, practical assessment, performance management, professional licensing) – both in the sense of initial development and maintenance of competence (*principles lifted from the description of assessment on pages 18 and 19 of the pathways guide*)

## 5. Principles

- SAIs should formalise competency requirements for all levels of audit staff in line with the SAIs mandate and audit needs.
- SAIs should clearly set out the requirements and mechanisms for initial professional development, that will ensure that the SAI remains relevant in executing its mandate and that an audit professional is able to fully execute an audit in accordance with the IFPP.
- SAIs should clearly set out the requirements and mechanisms for continuing professional development, that will maintain and keep relevant the competencies of its staff.
- SAIs should formalise the most appropriate way of assessment related to the concepts of initial and continuing professional development.

*(This section will be crafted based on the options described in chapter 4 of the pathways document, which, in turn, have been confirmed in the independent research that the CBC/TFIAP has commissioned in partnership with GIZ, during 2018. The extensive narrative, which was required to make this a useful guide, will have to be reduced to the level of principle – potentially the biggest area of rework required in the COMP project)*

**In line with the work done by the TFIAP over the past 6 years, the principles / requirements are pitched at the level of the SAI (similar to the pronouncements of the IAESB). This, together with other feedback from FIPP has prompted a rethink, as outlined in example A.**

## COMPETENCY STANDARD (COMP) 7000

### Competency standard on the development of audit professionals

#### ENVISAGED CONTENT

(originally developed in line with the November 2019 proposal, but replaced by example C, as per the updated proposal made in February 2020)

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#### 1. Introduction

#### 2. Scope of the standard

The scope of this standard will be limited to the defining of specific competencies required for a SAI audit professional, the means to develop these and ways to assess / prove competence.

### 3. Requirements

The following requirements are envisaged:

- SAls should define competencies required for all levels audit staff.
- In determining the competency requirements, SAls should take into account underlying knowledge required, the competencies determined by the requirements of the ISSAIs in the 2000 to 6000 range and specific SAI requirements.
- Competency requirements should clearly distinguish between the three elements of knowledge, skill and personal attributes that make up these requirements.
- SAls should clearly set out the requirements for initial professional development, that will ensure that the SAI remains relevant in executing its mandate and the audit professional is able to fully execute an audit in accordance with the IFPP.
- SAls should clearly set out the requirements for continuing professional development, that will maintain and keep relevant the competencies of its staff.
- SAls should put in place the relevant human resource processes to ensure the attraction, professional development and retention of appropriate competencies in the SAI.
- SAls should develop dedicated options for the development of SAI staff (pathways for professionalisation), specifically tailored to their mandates and needs.
- Appropriate and relevant means of competency assessment should to be in place throughout the SAI, dealing with the processes of testing appropriateness of professional development interventions and the success of initial – and continuing professional development.

*(A careful reading of the body of knowledge for this project and specifically the two guides will, at most, surface the above requirements. In broad structural terms, this correlates with the way the IAESB has structured its professional pronouncements (the Education Standards). Chapter 3, 4 and 5 of the pathways guide will be critical in crafting this standard.)*

**In line with the work done by the TFIAP over the past 6 years, the requirements are pitched at the level of the SAI (similar to the pronouncements of the IAESB). This, together with other feedback from FIPP has prompted a rethink, as outlined in example A.**

### 4. Application material

*(To be lifted from the body of knowledge for this project, once the sifting to the level of requirements, as envisaged in section 3 above, has been completed. Chapter 3, 4 and 5 of the pathways guide will be critical in crafting this standard.)*