# Table of Contents

1. Introduction .................................................................................................................. 5
   1.1 Background ...................................................................................................................... 5
   1.2 Research objectives ........................................................................................................... 5
   1.3 Scope of the research ......................................................................................................... 5
      1.3.1 Logical model ................................................................................................................. 5
      1.3.2 Research questions .......................................................................................................... 6
      1.3.3 Research objects ............................................................................................................. 6
   1.4 Structure of the Research Paper ......................................................................................... 7

2. Global Standard-Setters .............................................................................................. 8
   2.1 Introduction ...................................................................................................................... 8
   2.2 Summary of Case Studies ............................................................................................... 8
      2.2.1 International Federation of Accountants .................................................................. 8
      2.2.2 International Accounting Education Standards Board ........................................... 9
      2.2.3 Association of Chartered Certified Accountants ....................................................... 10
      2.2.4 International Accounting Standards Board ............................................................... 12
      2.2.5 Association of International Certified Professional Accountants ............................ 12
      2.2.6 Chartered Institute Public Finance and Accountancy ............................................... 13
      2.2.7 Institute of Internal Auditors ....................................................................................... 14
      2.2.8 International Public Sector Accounting Standards Board ....................................... 15

2.3 Summary of observations ........................................................................................... 15

3. Private Audit Firms ....................................................................................................... 17
   3.1 Introduction ...................................................................................................................... 17
   3.2 Summary of Case Studies ............................................................................................... 17
      3.2.1 Private Audit Company X ............................................................................................. 17
      3.2.1 Private Audit Company Y ............................................................................................. 18

3.3 Summary of observations ........................................................................................... 19

4. Supreme Audit Institutions .......................................................................................... 20
   4.1 Introduction ...................................................................................................................... 20
   4.2 Summary of Case Studies ............................................................................................... 20
      4.2.1 United Kingdom ............................................................................................................. 20
      4.2.2 Netherlands ................................................................................................................... 21
      4.2.3 Rwanda .......................................................................................................................... 22
      4.2.4 Japan ............................................................................................................................... 24
      4.2.5 Mauritius ....................................................................................................................... 25
      4.2.6 Philippines ..................................................................................................................... 26
      4.2.7 Georgia .......................................................................................................................... 27
      4.2.8 France ............................................................................................................................ 29
      4.2.9 South Africa ................................................................................................................... 30

4.3 Summary of observations ........................................................................................... 32

5. Conclusions and recommendations ............................................................................... 33
   5.1 Conclusions ...................................................................................................................... 33
   5.2 Recommendations .......................................................................................................... 34
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCA</td>
<td>Association of Chartered Certified Accountants</td>
</tr>
<tr>
<td>AGSA</td>
<td>The Auditor General of South Africa</td>
</tr>
<tr>
<td>AICPA</td>
<td>Association of International Certified Professional Accountants</td>
</tr>
<tr>
<td>CA</td>
<td>Compliance Audit</td>
</tr>
<tr>
<td>CAG</td>
<td>Consultative Advisory Group</td>
</tr>
<tr>
<td>CdC</td>
<td>The Cour des Comptes, the SAI of France</td>
</tr>
<tr>
<td>CIPFA</td>
<td>Chartered Institute of Public Finance and Accountancy</td>
</tr>
<tr>
<td>CPD</td>
<td>Continuous Professional Development</td>
</tr>
<tr>
<td>FA</td>
<td>Financial Audit</td>
</tr>
<tr>
<td>IAESB</td>
<td>International Accounting Education Standard Board</td>
</tr>
<tr>
<td>IASB</td>
<td>International Accounting Standards Board</td>
</tr>
<tr>
<td>IESs</td>
<td>International Education Standards</td>
</tr>
<tr>
<td>IFAC</td>
<td>International Federation of Accountants</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td>IIA</td>
<td>The Institute of Internal Auditors</td>
</tr>
<tr>
<td>INTOSAI</td>
<td>International Organization of Supreme Audit Institutions</td>
</tr>
<tr>
<td>IOSCO</td>
<td>International Organisation of Securities Commissions</td>
</tr>
<tr>
<td>IPSASB</td>
<td>International Public Sector Accounting Standards Board</td>
</tr>
<tr>
<td>ISSAI</td>
<td>International Standard for Supreme Audit Institutions</td>
</tr>
<tr>
<td>MG</td>
<td>Monitoring Group</td>
</tr>
<tr>
<td>MNAO</td>
<td>Mauritius National Audit Office</td>
</tr>
<tr>
<td>NL-CoA</td>
<td>The Netherlands Court of Audit</td>
</tr>
<tr>
<td>OAG</td>
<td>The Office of the Auditor General of State Finances of Rwanda</td>
</tr>
<tr>
<td>PA</td>
<td>Performance Audit</td>
</tr>
<tr>
<td>PAO</td>
<td>Professional Accounting Organizations</td>
</tr>
<tr>
<td>Ph-CoA</td>
<td>The Commission on Audit of the Republic of the Philippines</td>
</tr>
<tr>
<td>PIOB</td>
<td>Public Interest Oversight Board</td>
</tr>
<tr>
<td>PQ</td>
<td>Professional Qualification</td>
</tr>
<tr>
<td>SAI</td>
<td>Supreme Audit Institutions</td>
</tr>
<tr>
<td>SAOG</td>
<td>State Audit Office of Georgia.</td>
</tr>
<tr>
<td>TFIAP</td>
<td>Task Force on INTOSAI Auditor Professionalization</td>
</tr>
<tr>
<td>UK NAO</td>
<td>The National Audit Office of the United Kingdom</td>
</tr>
</tbody>
</table>
1. Introduction

1.1 Background

FPO World is commissioned by the GIZ Programme Good Financial Governance in Africa to carry out a research project labelled “Global inventory of pathways for auditor professionalization and creation of a roadmap towards INTOSAI professional pronouncements on auditor competence.”

The assignment is part of the wider efforts of INTOSAI to promote auditor professionalization and supports the Task Force on INTOSAI Auditor Professionalization (TFIAP) that was established during the 2016 INCOSAI XII in Abu Dhabi. The TFIAP was tasked to:

- Conduct further research to be able to develop a roadmap towards the development / adoption of INTOSAI professional pronouncements (standards and guidance) on auditor professionalism;
- Further refine the INTOSAI Competency Framework and to guide its utilization in creating opportunities for the professional development of auditors in Supreme Audit Institutions (SAIs);
- Deal with the competency requirements for SAIs with judicial authority;
- Develop practical guidance to guide the creation of opportunities for the professional development of auditors in SAIs.

The Task Force is currently preparing a new Position Paper “Developing Pathways for the Professional Development of Auditors in a Supreme Audit Institution: Utilizing the INTOSAI competency framework to develop public sector audit professionals in the most context-appropriate way.” The results of this research assignment are expected to feed into the Paper.

1.2 Research objectives

The objective of the research is to increase knowledge on the various professionalization options available to the INTOSAI community. The research aims at identifying global practices in developing professionalization pronouncements and existing global professionalization pathways. Based on the research findings and conclusions, the research provides recommendations for the development of a set of educational standards/professional pronouncements for auditor competence and professionalization pathways applicable to the INTOSAI community.

1.3 Scope of the research

1.3.1 Logical model

The scope of the research is confined to the accounting and auditing profession. The logical model on which the research is based is depicted in the diagram below (see Figure 1). It distinguishes between standard setters at the global level and auditing entities in both private and public sectors such as audit firms and SAIs. Furthermore, the model conceptualizes a ‘professionalization pathway’ as the path towards the professional development of the individual auditor which consists of two phases: defining the professional pronouncement and the educational pathways towards achieving these pronouncements.
1.3.2 Research questions

Based on the research objective, the main research question is as follows: What kinds of global professionalization pathways can be identified in the current practice of both private and public sector?

For the observed pathways, the research seeks to answer the following sub-questions:

- What is the design of these pathways (competency frameworks, methodology, standards, rulebooks, processes, etc)?
- What are the commonalities across these pathways and the rationale behind them?
- What is the applicability in the public sector audit domain?

Based on the research findings, the report provides recommendations for a roadmap for the development of a set of education standards/professional pronouncements for auditor competence by INTOSAI.

1.3.3 Research objects

The scope of the research will be confined by the accounting and auditing profession. The research will cover:

- Both the private and public domains of the accounting and audit profession;
- Both (global) standards setters and auditing entities;
- Different SAI models including Westminster style SAIs as well as SAIs with a judicial mandate;
- The three audit forms recognized by the ISSAIs: financial, compliance and performance audit.

The entities covered by the research are listed below (see Figure 2).
1.4 Structure of the Research Paper

The structure of the research paper is organized around the four categories depicted in Figure 2.

- Section 2 reviews the case study results on global standard setters in the private and public sector.
- Section 3 provides findings on private audit companies.
- Section 4 summarizes the findings on Supreme Audit Institutions.

Each section is divided into three parts. The introduction provides context on the status and functions of the organisation. This is followed by the research results on their professional professionalization pathways (pronouncements and educational approach). At the end of each section on subject entities, a summary of observations is given.

Separate, more detailed, case studies on each of the subject entities are provided in the annexes.
2. Global Standard-Setters

2.1 Introduction

Global standard setters subjected to the research involves entities covering both private and public domains. This group of entities involve two primary subgroups. At the top are global standard-setter organizations. In this research, we include the following four:

- International Federation of Accountants (IFAC);
- International Accounting Education Standard Board (IAESB);
- International Accounting Standards Board (IASB);
- International Public Sector Accounting Standards Board (IPSASB).

At a next level, the research considers four organisations that are members of these global standard-setters providing membership to individual professionals

- Association of Chartered Certified Accountants (ACCA);
- Association of International Certified Professional Accountants (AICPA);
- Chartered Institute of Public Finance and Accountancy (CIPFA); and
- The Institute of Internal Auditors (IIA).

The research question listed in the section 1.4 above have been supplemented with the following detailed questions to guide the data collection:

- Are global professional pronouncements formulated? What is the status and structure of these pronouncements/frameworks?
- Out what process have the pronouncements been originated?
- Do the pronouncements take regional differences into accounts?
- How are the pronouncements monitored/operationalized?
- Do these entities propose/contribute to the process of professionalization and if so, how?
- What is the link between the practice of the member organizations and the global pronouncements?

The detailed answers to these questions can be found in the case studies presented in the annexes to this document.

2.2 Summary of Case Studies

The section provides the case study summary on professional pronouncement and professionalization pathways in each subject entities. Full case study reports are provided in the relevant annexes.

2.2.1 International Federation of Accountants

IFAC is the global organization dedicated to strengthening the accountancy profession for the benefit of the public interest. IFAC is doing so by:

- Supporting the development of high-quality international standards;
- Promoting the adoption and implementation of these standards;
- Building the capacity of professional accountancy organizations; and
- Speaking out on public interest issues.
IFAC contributes to the development, adoption, and implementation of high-quality international educational standards, primarily through its support to the International Accounting Education Standards Board (see section 2.2.2).

IFAC is committed to the goal of developing a set of Statements of Membership Obligations (SMOs) that provide clear benchmarks to current and potential IFAC member bodies, to assist in ensuring high-quality performance by professional accountants. The SMOs cover IFAC member bodies’ obligations to support the (a) adoption and implementation of international standards and other pronouncements issued by the global top tier standard-setters (e.g. IAESB, IPSASB etc.), as well as (b) the establishment of quality assurance and investigation and disciplinary systems.

IFAC member bodies are required to comply with SMOs. IFAC recognizes that its member bodies operate under different national legal and regulatory frameworks and are comprised of professionals working in different sectors of the accountancy profession. Accordingly, IFAC member bodies in different jurisdictions may have different degrees of responsibility for meeting the requirements in each SMO.

The SMOs form the basis of the IFAC Member Body Compliance Program. Member Bodies are required to perform ongoing self-assessments of their compliance with each of the SMOs’ requirements.

An independent oversight body, the Public Interest Oversight Board (PIOB) is responsible to oversee standard-setting processes. The PIOB is accountable to a group of international public interest and financial organizations, the Monitoring Group (MG), sponsored by IOSCO (International Organisation of Securities Commissions) which brings together government regulators.

The PIOB oversees that due process, with proper regard for the public interest, is followed throughout the development of a project. Specifically, the PIOB reviews the comments received through the consultation processes both with the public and with the Consultative Advisory Group (CAG) of the IAESB, and monitors the way the standard-setting board deals with these comments.

The MG monitors the execution by the PIOB of its mandate and consult and advise the PIOB with respect to regulatory and legal developments.

2.2.2 International Accounting Education Standards Board

The IAESB is an independent standard-setting body, sponsored by IFAC, that develops education standards, implementation support materials, and application guidance for use by IFAC member bodies and other interested stakeholders in professional accounting education.

Professional Pronouncements

The Board’s global professional pronouncements are formulated in the form of International Educational Standards (IESs) (see Figure 3). The IESs include competence areas that are categories for which a set of related learning outcomes can be specified. A number of the IESs include learning outcomes that establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or a professional accounting education programme.

1 www.ipiob.org
2 www.iosco.org
Education towards the pronouncements

The IESs are addressed to IFAC member bodies prescribing good practices in learning and development for professional accountants which should be incorporated into the educational requirements of IFAC Member Bodies. IESs are operationalized through these requirements and pathways through professional accounting education programs.

The IEASB’s support to the process of professionalization is mainly demonstrated through issuing following authoritative publications:

- *International Education Standards for Professional Accountants (IESs)*, which address the principles of learning and development for professional accountants.
- *International Education Practice Statements for Professional Accountants (IEPSs)*, which assist in implementing generally accepted good practice in learning and development for professional accountants.

More information on IAESB can be found in Annex 1.

### 2.2.3 Association of Chartered Certified Accountants

An IFAC member, the ACCA is a global body for professional accountant. It complies with the IAESB’s International Education Standards

#### Professional Pronouncements

Professional pronouncements are formulated in the form of ACCA Competency Framework which demonstrates the different competencies developed through all elements of the ACCA qualification (exams, ethics module and experience requirement) and links these competencies to jobs in all aspects of finance.

The Competency framework illustrates how ACCA members are complete finance professionals and have a comprehensive skill set to work in a variety of accounting and finance roles. It shows
how ACCA relates to specific jobs and different business sectors and will help interested individual identify which performance objectives he or she should be getting signed-off by practical experience supervisor.

The framework is structured around ten professional competencies (see Figure 4). The framework comprises of the following components:

- Professional competency area;
- A statement on broader objective per competency area;
- Competency statements under each competency area objective;
- Specific professional pronouncement under each competency statements; and
- Reference to Syllabus.

**Figure 4 ACCA Competency framework**

Education towards the pronouncements

The ACCA has defined a journey through which the competency pronouncements are operationalized (i.e. acquired) and monitored (i.e. assessed). This pathway involves three primary approaches: exams, experience and ethics.

To promote the professionalization of interested individuals, the ACCA has defined different accountancy qualifications. These include foundational, professional and post-membership levels. At each level there are number of options.

ACCA qualification can be achieved through different study options. Mainly these are face-to-face and online learning. Face-to-face learning offers full-time, part-time, and revision courses while online format offers full-time, revision and ACCA-X online courses.

More information on ACCA can be found in Annex 2.
2.2.4 International Accounting Standards Board

The IASB is the independent, private sector body that develops and approves International Financial Reporting Standards (IFRS). IASB operates under the oversight of the IFRS Foundation. Under the IFRS Foundation Constitution, the IASB has complete responsibility for all technical matters of the IFRS Foundation including:

- Full discretion in developing and pursuing its technical agenda, subject to certain consultation requirements with the Trustees and the public;
- The preparation and issuing of IFRSs (other than Interpretations) and exposure drafts, following the due process stipulated in the Constitution;
- The approval and issuing of Interpretations developed by the IFRS Interpretations Committee.

IASB is not tasked with developing accounting or auditing education standards which may serve as professional pronouncements. Education and training in IFRSs is largely delivered through the member organisations of IFAC and other academic institutions. Further consideration of IASB will therefore not add to our understanding of the professional education of accountants.

2.2.5 Association of International Certified Professional Accountants

The AICPA is a global body of professional accountants, combining the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA). The AICPA develops standards for audits of private companies and other services by CPAs, provides educational guidance materials to its members, develops and grades the Uniform CPA Examination, and monitors and enforces compliance with the profession’s technical and ethical standards. It complies with the IAESB’s International Education Standards

Professional Pronouncements

AICPA developed Uniform CPA Examination Blueprints the purpose of which is to:

- Document the minimum level of knowledge and skills necessary for initial licensure;
- Assist candidates in preparing for the Exam by outlining the knowledge and skills that may be tested;
- Apprise educators about the knowledge and skills candidates will need to function as newly licensed CPAs;
- Guide the development of Exam questions.

The AICPA has adopted a skill framework for the exam based on the revised Bloom’s Taxonomy of Educational Objectives. Bloom’s Taxonomy classifies a continuum of skills that students can be expected to learn and demonstrate. Approximately 600 representative tasks that are critical to a newly licensed CPA’s role in protecting the public interest have been identified. The representative tasks combine both the applicable content knowledge and skills required in the context of the work of a newly licensed CPA.

In addition to the Blueprints, AICPA along with CIMA (Chartered Institute of Management Accountants) powered the Chartered Global Management Accountant (CGMA) designation. The designation is available through either an AICPA or CIMA pathway. For CGMA competency framework has been developed (see Figure 5). The framework is the foundation that will demonstrate the relevance and capabilities of a CGMA as a trusted finance and business strategist.
Education towards the pronouncements

CPA Exam and Licensure Center at AICPA provides extensive support for interested individuals to get acquainted with the pathway to CPA designation. To earn a CPA three so called E’s are required: education, Exam or Uniform CPA Examination, experience.

For AICPAs credentials and designations there are various pathways. For instance, to become a CGMA designation holder one needs to complete the CGMA Finance Leadership Program and pass the exam. Pathway to Personal Financial Specialist (PFS for CPAs) credential includes learning, examination, gaining experience and getting credentialed.

To promote the professionalization of interested individuals, the AICPA substantively contribute with variety of outputs it produces. AICPA provides guidance and support for pathways to all credentials and designations. Course and exam materials can be purchased directly from its web-page. AICPA also provides various publications related to professional topics with a subscription options.

Further information on AICPA can be found in Annex 3.

2.2.6 Chartered Institute Public Finance and Accountancy

CIPFA, the Chartered Institute of Public Finance and Accountancy, is a professional accountancy body that is specialised in the public domain. CIPFA has developed a portfolio of qualifications for various functions in the management of public finances. It complies with the IAESB’s International Education Standards.

Professional Pronouncements

CIPFA has developed the competency framework requirements designed as specific learning outcomes for CIPFA delivered courses which serve the objectives to measure acquired knowledge and skills of those seeking the qualifications.

The CIPFA has developed syllabuses for each component of the CIPFA qualification. The syllabus defines overall aim of the course, specific learning outcomes and content. Aim of the
course is formulated as a few general statements of course objectives a qualification seeker needs to meet as a result of learning. Under each general statements learning outcomes specifies capabilities of an individual. Then the syllabus lists content of these capabilities in more details.

**Education towards the pronouncements**

CIPFA has defined a journey through which full range of skills and competences required for a successful finance career in public services are operationalized and assessed. There are various entry routes to the CIPFA professional qualifications designed to suit graduates, fully qualified accountants, and senior professionals. The route to qualification includes learning and exams.

To promote the professionalization of interested individuals, the CIPFA has defined different professional qualifications (PQ) tailored to individual aspirations (e.g. Professional Qualification in International Public Finance Management, etc).

CIPFA qualifications can be achieved through different study options. It includes face-to-face, web-class, self-study, self-study plus, and employing other training partners. As self-study, CIPFA provides access to all workbooks, revision and assessment materials for independent study.

Further information on CIPFA can be found in Annex 4.

**2.2.7 Institute of Internal Auditors**

The Institute of Internal Auditors (IIA) is an international professional association. The mission of the Institute of Internal Auditors is to provide dynamic leadership for the global profession of internal auditing.

**Professional Pronouncements**

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by The IIA. These are principle-focused and provide a framework for performing and promoting internal auditing.

The competencies needed to meet the requirements of the IPPF are formulated in the IIA Global Internal Audit Competency Framework. The framework provides a structured guide, enabling the identification, evaluation and development of those competencies in individual internal auditors (see Figure 6).

*Figure 6 IIA Competency framework structure*
The Framework outlines the 10 core competencies recommended for each broad job level, namely internal audit staff, internal audit management, and the chief audit executive. Each core competency is supported by a list of more detailed competencies that further define the core competency statement.

**Education towards the pronouncements**

The competency framework for internal audit professionals are operationalized by IIA in a way that the IIA offers five specialty certifications which are globally accepted designations. These certifications include various designations such as Certified Internal Auditor (CIA), Certification in Control Self-Assessment (CCSA), Certified Government Auditing Professional (CGAP), Certified Financial Services Auditor (CFSA), Certification in Risk Management Assurance (CRMA), Qualification in Internal Audit Leadership (QIAL), and Certifications for Environmental, Health and Safety Auditors (BEAC).

The IIA provides extensive support to individuals’ journey with the resources and tools to pass all certification exams. It publishes exam preparation resources for all types of its certificates. These include study resources, exam syllabus, practices for exams, practice tests, sample exam questions, and exam review course. The latter is offer by IIA and a variety of independent third parties.

Further information on IIA can be found in Annex 5.

**2.2.8 International Public Sector Accounting Standards Board**

IFAC contributes to the development, adoption, and implementation of high-quality international public sector accounting standards, primarily through its support of the International Public Sector Accounting Standards Board (IPSASB).

IPSASB works to improve public sector financial reporting worldwide through the development of IPSAS, international accrual-based accounting standards, for use by governments and other public sector entities around the world.

Education and training in IPSAS is largely delivered through the member organisations of IFAC and other academic institutions. Further consideration of IPSASB will therefore not add to our understanding of the professional education of accountants.

**2.3 Summary of observations**

From the above findings on the practices of global standard-setters’ and their member organizations in developing professional pathways, the following lessons learned are derived:

- At the top, IFAC and IAESB establish the professional framework of standards and educational requirements, they hold their member organisations to account for upholding them. These requirements are strategic and broadly formulated. They do not provide certification or professional qualification status to individuals. Professional pronouncements are developed in a form of international education standards;

- The requirement for professional standards and high-level frameworks for professional education are driven by the needs of users. In the private sector this means the needs of the capital markets reflected in IFAC context by the oversight of IOSCO and the Public Interest Oversight Board.

- Members of these standard setters are Professional Accounting Organisations (PAOs) which set out the detailed requirements and expectation for individuals who aspire to be qualified professionals. These group of organizations provide PQ status to individuals usually through examination. The case studies show they all conform to the higher tier framework but in many different ways. This allows PAOs to tailor their educational offer to particular sectors (e.g.
CIPFA for the public sector, ACCA—for the private) or to national requirements (e.g. legislative frameworks, constitutional mandates etc.);

- At the level of PAOs, professional pronouncements are developed in a form of competency frameworks or learning outcomes. All concepts refer to specific expectations to be met by the professional.

- The pronouncements are ‘action-oriented’ combining theory and practice in desired professional conduct. The depth and specificity of these learning outcomes vary across the different global standard-setters. Some are quite specific and detailed (e.g. CIPFA, and ACCA), while others are general and define the expected behavior/application of knowledge at strategic level (e.g. IIA, and AICPA).

- Many of the providers of professional qualifications require the programme of academic learning and work experience to be supervised by a senior qualified professional in a work environment where there is a commitment to upholding a transparent code of ethics (e.g. IFAC Code of Ethics) or code of conduct.

- While the precise terms and scope of the pronouncements vary across the global qualifications, all professional pronouncements for global qualifications have in common that they distinguish three categories: knowledge of and skills in applying professional methods, broader personal attributes and ethical values.

- The professional pronouncements of the various PAOs are structured into multiple levels. First, an overall area or domain is identified. Next, the overall objective of the pronouncement is defined which explains the importance of the knowledge or skill for the professional. At the third level, the pronouncement is broken down into specific numerous actions or tasks that demonstrate how the pronouncement is applied.

- The precise form of the multi-layered structure of pronouncements differs across professional organizations. Some of them do not formulate specific pronouncements and keep their pronouncement general (for example, the IIA). Others do not mention the general statement and focus on specific action-oriented statements (for example, CIPFA).

- Proficiency levels usually involve a stepped approach with three levels: foundational, intermediate and advanced levels. This multi-level approach supports the fairness and link with achievements.

- While some professional organizations define one professional pronouncement for multiple proficiency levels, is a complete set of pronouncements for various levels offered by others. The latter approach seems more guiding for professionals who aspire a higher level of professionality.

- The PAOs define and offer various pathways to award certifications and designations. These pathways mostly rely on self-study supported with multiple options of online or face-to-face trainings for which the PAOs provide detailed syllabi and support materials for their student members.

- All of the schemes set requirements for continuous professional development (CPD) on annual basis after the professional qualification is achieved. Meeting this requirement is a necessary condition for maintaining the acquired qualification;
3. Private Audit Firms

3.1 Introduction

From the population of operating private audit firms, two audit firms were selected for this research. To protect their commercial privacy the research team agreed not to identify them by name. The two firms are referred as private audit firm X and Y.

In case studies of private audit firms, the following additional specific questions guided the data collection:

- How do the firms organize the professionalization of its audit staff (in-house or outsourced, the scope and length of these efforts, the implication for human resource management)?
- How does the professionalization program relate to the sectoral pronouncements?
- Do these entities use their own professional pronouncements/competency frameworks or they rely on those set by the standard-setting entities?
- If these entities have their own framework, what is the difference between the two?

Detailed answers on these questions can be found in the case studies presented in annexed document.

It is noted that the country branches of audit firms are subject to specific national regulatory frameworks. Many national regulatory frameworks, comply with International Education Standards (IES) developed by the IFAC/IAESB. For this reason, the research focuses on the global practices.

3.2 Summary of Case Studies

The section provides the case study summary on professional pronouncement and professionalization pathways in each subject entities. Full case study reports are provided in the relevant annexes.

3.2.1 Private Audit Company X

Private audit company X is a country branch of global enterprise delivering assurance, tax, transactions, and advisory services. Country branch employs approximately 280 staff across its portfolio. As private audit company, it employs international standards of auditing (ISA) developed by the International Auditing and Assurance Standards Board (IAASB).

Professional Pronouncements

In addition to the country specific legal requirements, the company largely relies on ACCA competency framework through providing opportunities of its staff to acquire ACCA professional qualification.

Education towards the pronouncements

To ensure that it has highly skilled and competent employees, company X uses both in-house and outsourcing approaches. Achievements in learning is one of the KPIs used in staff regular appraisals.

- In-house trainings

For new-joiners company uses induction program. Approach to learning and development involves coaching, teaching and sharing experience. Learning comprises both core and selective elements. Former mostly consists of technical trainings, while latter may be essential for some
roles or for meeting specific developmental needs. Training format is diverse: classrooms, work-based learning, virtual trainings/webinars.

Approximately 70% of professional competency is acquired through on-the-job training when staff learn from their senior peers and through practice.

The country office is actively engaged with local universities offering students internship opportunities. For selected staff grades there are selected learnings which are set as prerequisites for promotion.

- **Outsourced qualification**

Country branch provides opportunities for its employees to obtain international professional certification such as ACCA, CPA, CFA, CISA, BAR and also national statutory licenses and other qualifications which may be necessary for their professional growth. It pays for employees’ global certification programs as a part of employee benefit policy.

More information on private company X can be found at Annex 6.

### 3.2.1 Private Audit Company Y

Private audit company Y is a country branch of one of the big four audit companies. It employs approximately 200 staff across its portfolio. As private audit company, it employs international standards of auditing (ISA) developed by IAASB.

**Professional Pronouncements**

The company has developed global competency framework which includes professional pronouncements grouped around five components:

- Leadership;
- Technical capabilities;
- Business acumen;
- Global acumen;
- Relationship.

The framework sets specific minimal requirements of its staff for all grades.

**Education towards the pronouncements**

To ensure that company employees highly skilled and competent staff, it uses both in-house and outsourcing approaches.

- **In-house trainings**

Company has developed 5 tier learning programs conventionally called program 1 to 4. Each program level is designed for staff at various levels. The audit staff seniority varies between assistant (the lowest) to manager (the highest) comprising of five levels. Annual length of training sessions varies across learning program levels:

- Program 1 – 8 days;
- Program 2 – 6 days;
- Program 3 – 5 days;
- Program 4 – 4 days.

The program levels ascend according to staff seniority levels. For instance, lowest staff level (assistant) are mandatorily engaged in program 1. The fifth level of training is designed for highest staff level.

- **Outsourced qualification**
Company provides opportunities for its employees to obtain international professional certification such as ACCA. Company pays for employees’ global certification programs as a part of employee benefit policy.

The case study report on private audit company Y can be found in the annex 7.

### 3.3 Summary of observations

From the above findings on practices from two private audit firms, the following lessons learned are derived:

- Private audit companies choose to develop their own competency frameworks, but in doing so, they align themselves largely with the pronouncements of the global standard-setters.
- The competency requirements apply globally for all regional branches. The audit firms do not adjust their competences to national context except where there are specific national legislative requirements.
- Similar to the global standard-setters, are the competency framework of the private audit firms differentiated across various seniority levels;
- The competency framework for private auditing entities are generally more detailed and specific compared to competency frameworks of most SAIs (for details, refer to the Chapter 4);
- Continuous adherence to the required competence and skill levels are assessed by means of annual performance appraisal schemes. Competency framework and annual performance appraisal systems also feed into talent management as a future- and performance-oriented approach;
- Private auditing entities develop annual training plans for its staff at all seniority levels. Annual plan includes mandatory and optional annual trainings covering technical and soft skills; The length of these training range from 40 to 80 hours per year
- Trainings are generally developed and delivered in-house by senior staff offering face-to-face delivery and e-learning opportunities. As an outsourcing option, private audit companies also allocate corporate funds to junior staff to obtain qualifications from global standard setters such as ACCA;
- The approach to learning and development involves coaching, and sharing experience as part of continuous professional development (CPD) programmes. Practical experience is gained under the supervision of an individual who holds the professional qualification. Often, formal CPD requirements followed by individuals are imposed by PAOs.
4. Supreme Audit Institutions

4.1 Introduction

This chapter reports on the findings of current practices among Supreme Audit Institutions (SAIs) to ensure the professionalization of its audit staff. Given that each SAI operates in its own national, specific context that affects its approach towards professionalization, this research does not aim to provide a comprehensive overview of practices. Rather, the research explores a variety of SAIs in different continents to identify good practices from which lessons can be learned.

The following SAIs have been included in the research (see Figure 7):

![Figure 7 SAIs included in the research](image)

The research was guided by the following questions

- What are the competence standards that apply to the audit staff in the SAI?
- Do the competence standards distinguish between financial audit, compliance audit and performance audit?
- By what process were the competence standards developed? Why were these specific competences selected?
- Do the competence standards relate to the professional pronouncements of any higher, professional body?
- How does your SAI ensure that the audit staff achieve the competence standards? Please refer to the table overleaf.

4.2 Summary of Case Studies

4.2.1 United Kingdom

Professional pronouncements

For Financial Audit, the United Kingdom National Audit Office (UK-NAO) makes use of the pronouncements of the UK's Financial Reporting Council (FRC). These pronouncements on the International Standards on Auditing (ISAs) and International Standard on Quality Control (ISQC) of the same titles that have been issued by the International Auditing and Assurance Standards Board (IAASB), published by the International Federation of Accountants (IFAC) in 2009 and are used with the permission of IFAC.

In addition, the UK-NAO has adopted a generic set of competencies that apply to all staff (audit and non-audit support staff). The competences are not framed as skills and do not differentiate between the different forms of audit (FA, CA and PA). Instead, they focus on behaviours of the staff. In this way, the UK-NAO embedded the organisations values and its key corporate objectives (see Figure 8).
Figure 8 Framework of behaviours applied by UK-NAO

<table>
<thead>
<tr>
<th>Behaviours</th>
<th>Examples of the way we work</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Our strategic objectives</strong></td>
<td></td>
</tr>
<tr>
<td>1 Deliver high performance</td>
<td>Do great quality work to achieve a real impact with your clients and stakeholders, be bold in driving improvement, innovative and efficiencies externally and internally, seek out and seize opportunities to add value. Deliver efficiently and for the right product or service. Be transparent about your activities and keep your data up-to-date.</td>
</tr>
<tr>
<td>2 Develop and apply knowledge</td>
<td>Get an external perspective on the world – go and find out what really matters to your clients and stakeholders. Get to the knowledge and insights that really matter for your clients and stakeholders. Use the best and insights from across the NAO.</td>
</tr>
<tr>
<td>3 Increase our influence</td>
<td>Focus on your clients’ and stakeholders’ strategic challenges and how they can be overcome. Build an external profile and networks – get known and be mobile. Use your external perspective to plan and drive influence.</td>
</tr>
</tbody>
</table>

| Our values | |
| 4 Be independent | Be curious and objective. Get to what really matters for your clients and stakeholders. |
| 5 Be authoritative | Build credibility with clients and colleagues – show confident understanding of key issues. Challenge, influence and decide by using evidence, data, and an up-to-date position. Generate ideas, insights and judgements that count. |
| 6 Collaborate | Build constructive working relationships with clients and stakeholders. Involve and consult colleagues across the NAO to access the right skills and knowledge. |
| 7 Be fair | Deliver fair, sound and balanced work. Be inclusive, value difference, and treat everyone with dignity. |
| 8 Be ambitious | Get involved in things that will challenge and develop you and make a real difference. Challenge, develop, engage and motivate others to achieve our ambitions. |

**Education towards the pronouncements**

The UK-NAO provides extensive technical training on both accounting standards and audit methodology and standards. Depending on the nature and content of the training it can be delivered in house or by external contractors. It supports new graduate trainees undertake professional training to gain the ACA qualification a qualification issued by the Institute of Chartered Accountants in England and Wales and become chartered accountants. This is a three-year programme in which the trainees intermittently attend college to undertake their audit and accountancy studies. A similar programme exists for school leavers (without university education) which leads to the AAT (Associate Accounting Technician) qualification.

For compliance audit, there is no separate programme. For performance audit, the UK NAO relies on an in-house professional development programme.

**4.2.2 Netherlands**

**Professional pronouncements**

The Netherlands Court of Audit (NL-CoA) applies a trapped framework of competences in which the competences are described as personal result areas (see Figure 9). The framework does not distinguish between different types of audit and there is no reference to the ISSAIs.

Figure 7 Trapped framework of Competencies applied by NL-CoA

<table>
<thead>
<tr>
<th>Result areas</th>
<th>Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of work</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Complexity of audit</td>
<td></td>
</tr>
<tr>
<td>Derive audit implications of external developments</td>
<td></td>
</tr>
<tr>
<td>Reporting writing and publication of reports</td>
<td></td>
</tr>
<tr>
<td>Professional expertise</td>
<td></td>
</tr>
<tr>
<td>Planning / personal time management</td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td></td>
</tr>
</tbody>
</table>
Education towards the pronouncements

The NL-CoA distinguishes between an induction programme for newly recruited auditors that needs to be followed in the first twelve months of the employment.

For the permanent staff, the NL-CoA provides a wide scope of trainings distinguishing between basic audit knowledge and skills, advanced audit knowledge and skills and other professional tools (see Figure 10).

Figure 10 Training approach applied by NL-CoA

4.2.3 Rwanda

Professional pronouncements

The Office of the Auditor General of State Finances (OAG) is the SAI of Rwanda. Since 2018, the OAG started using an integrated competence framework developed by AFROSAI-E that was launched in 2017.

The framework integrates financial, compliance, performance and specialized audit competences (see Figure 11). In addition, the framework distinguishes between knowledge, skills, behavior and leadership. The following figure depicts the framework schematically.
The framework defines specific items for functional knowledge, functional skills, behavioural competencies and leadership competencies. The items are strongly inspired by the ISSAI. The following Table 1 provides examples.

**Table 1 Examples of functional knowledge, functional skills, behavioural competencies and leadership competencies at the OAG**

<table>
<thead>
<tr>
<th>Functional audit professional knowledge</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit of non-financial information (ISAE 3000 and ISSAI)</td>
<td>Understand the performance and governance information which are of a non-financial nature in addition to financial information. Understand the mandate, business operations and results in terms of output without a direct link with a financial registration system. Possess knowledge of the INTOSAI Guidance on Good Governance.</td>
</tr>
<tr>
<td>Quality control standards (ISQC/INTOSAI)</td>
<td>Knowledge of control procedures in accordance with ISSAI 40 – Quality Control for SAIs, which provides the context for the IAASB’s International Standards on Quality Control (ISQC 1) in a public-sector environment. Knowledge of ISQC 1 which establishes standards and provides guidance for quality control.</td>
</tr>
<tr>
<td>Etc</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Functional audit professional skills</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Criteria</td>
<td>Ability to set measures for the audit in terms of policies, procedures, and requirements.</td>
</tr>
<tr>
<td>Audit Risk and Analysis</td>
<td>Ability to reduce audit risk to an acceptably low level in the circumstances of the audit to obtain reasonable assurance as the basis for an opinion expressed in a positive form. Able to draw conclusions from evidence compiled during the audit, and to formulate appropriate audit findings and recommendations.</td>
</tr>
<tr>
<td>Etc</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Behavioural competencies</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountable</td>
<td>Demonstrate responsibility for personal performance, not blaming others, are open to scrutiny and criticism and display willingness to take corrective action.</td>
</tr>
<tr>
<td>Independent</td>
<td>Work autonomously and demonstrate the courage to act upon own convictions. Ability to work with limited supervision.</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Etc</td>
<td></td>
</tr>
</tbody>
</table>

In addition to the three above competence domains, separate domains exist for SAI management and SAI support staff.

**Education towards the pronouncements**

The OAG Rwanda relies heavily on the recruitment of high potential graduates with outstanding academic performance in field of accounting. They are trained internally on the OAG audit methodology. Audit teams conduct both financial and compliance audits per each auditee which is reflected for the competency standards at the entry level.

For performance audit, the OAG mostly recruits internally from financial and compliance auditors. However, to have a performance audit team with a diverse knowledge and skills, some staff such as statisticians and environmentalists are recruited from outside the office.

**4.2.4 Japan**

**Professional pronouncements**

SAI Japan does not divide its auditing works into financial audit, compliance audit and performance audit. Instead, SAI Japan divides its audit divisions by Ministry and each audit division is responsible for auditing from the objectives of accuracy, regularity, economy, efficiency and effectiveness.

SAI Japan distinguishes three categories of competences, namely, (1) competencies on ethics, (2) competencies on professional knowledge, and (3) competencies on professional skills.

With regard to professional knowledge, all of the auditors in SAI Japan are expected to have extensive knowledge on the State government activities including procurement, management and usage of movable and immovable property, public constructions works (from planning to completion as well as maintenance), social security, subsidies to local government, financial statements and IT.

With regard to professional skills, the following competences are listed for auditors of SAI-Japan:

- to be able to devise an audit plan appropriately, bearing in mind where problem lies;
- to be able to find out problems through in-office documentary audits and/or field audits;
- to be able to analyze identified problems (found out) and clarify the relations between causes and effects based on appropriate evidence;
- to be able to show a course of action to be taken against the identified problems (found out);
- to be able to decide a course of action to be taken, through negotiation with auditees during the whole audit process;
- to be able to explain the contents of audit to be implemented and audit results accurately and plainly to the persons involved including internal stakeholders such as our management and external stakeholders such as auditees, legislature and the media, when necessary, before, during and after the implementation of audit;
- to be able to write up the audit report accurately and plainly;

---

4 The text in this section is based on the Paper ‘Competency development of auditors in SAI Japan’, presented at TFIAP workshop in Luxemburg, November 2018.
to be able to work as a member of the audit team, working in close cooperation with other audit team members.

Beside the competencies mentioned above, officials who are in charge of management and supervision at SAI Japan also need to have competency on management.

Education towards the pronouncements

In general SAI Japan recruits its personnel from those who have passed the Public Service Entrance Examination (PSEE) conducted by the National Personnel Authority and trains them after their joining SAI Japan so that they can acquire necessary competencies for SAI Japan’s auditors. Since the PSEE requires a wide variety of knowledge, from general to technical, the newly recruited staff is assumed to have high general administrative competency. However, new recruits are not expected to have technical knowledge about audit. Thus, SAI Japan will train these new recruits from the very basic level. Competencies on ethics and professional knowledge are developed mainly by off-the-job trainings. Competencies on professional skills are developed mainly by practical audit experience and on-the-job trainings at assigned audit divisions.

4.2.5 Mauritius

Professional pronouncements

The competence standards applied by the Mauritius National Audit Office (MNAO) were developed by the Ministry for Civil Service and Administrative Reforms and apply to the whole Civil Service. These competence standards depicted in the Table 2 below do not distinguish between financial audit, compliance audit and performance audit.

Table 2 Competency framework applied by the MNAO

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Communication</td>
<td>a. Writes in a clear and concise manner;</td>
</tr>
<tr>
<td></td>
<td>b. Demonstrates effective listening skills;</td>
</tr>
<tr>
<td></td>
<td>c. Speaks clearly, using appropriate verbal and non verbal language;</td>
</tr>
<tr>
<td></td>
<td>d. Shares relevant, accurate and up to date information with others, using the range of methods and tools available.</td>
</tr>
<tr>
<td>2. Customer Focus</td>
<td>a. Displays a positive outlook, pleasant manner, courtesy and respect in dealing with both internal and external customers;</td>
</tr>
<tr>
<td></td>
<td>b. Listens and responds effectively to customers’ needs and expectations;</td>
</tr>
<tr>
<td></td>
<td>c. Develops trust and credibility with customers;</td>
</tr>
<tr>
<td></td>
<td>d. Uses customer feedback to improve own performance.</td>
</tr>
<tr>
<td>3. Ethical Conduct &amp; Personal Grooming</td>
<td>a. Takes care not to jeopardize the reputation of the organisation and upholds its core values;</td>
</tr>
<tr>
<td></td>
<td>b. Shows commitment in terms of honesty, loyalty and integrity as specified in the “Code of Ethics for Public Officers”;</td>
</tr>
<tr>
<td></td>
<td>c. Makes use of Government resources responsibly;</td>
</tr>
<tr>
<td></td>
<td>d. Takes care for personal grooming and office etiquette in order not to cause any embarrassment to others.</td>
</tr>
<tr>
<td>4. Job Knowledge</td>
<td>a. Applies technical or professional knowledge and skills to work situations;</td>
</tr>
<tr>
<td></td>
<td>b. Keeps abreast of current developments and adapts to new technology;</td>
</tr>
<tr>
<td></td>
<td>c. Incorporates new learning in related work activities;</td>
</tr>
<tr>
<td></td>
<td>d. Requires minimal guidance and supervision.</td>
</tr>
<tr>
<td>5. Reliability</td>
<td>a. Shows commitment, dedication and accountability in carrying out allocated tasks;</td>
</tr>
</tbody>
</table>
b. Is available whenever required and complies with regulations in force with respect to attendance;
c. Makes rational use of leave privileges thereby causing no inconvenience to colleagues and customers;
d. Shows willingness to accept additional responsibility as and when required.

| 6. Teamwork | a. Puts team success above own interest;  
b. Participates actively and positively towards achieving team goals;  
c. Works harmoniously within and across group(s);  
d. Shows respect for others’ views and opinions and values contribution. |

| 7. Management Skills | a. Plans, organises and monitors work through efficient and effective use of all resources;  
b. Coaches and mentors staff to help develop their full potential;  
c. Demonstrates effective decision making and problem solving skills;  
d. Inspires respect and trust; leads by example. |

In addition to the above competences, the MNAO defines ‘key result areas’, ‘key tasks’ and ‘performance standards’ for each of its staff in a performance agreement.

4.2.6 Philippines⁵

Professional pronouncements

The Commission on Audit (Ph-CoA) is the Supreme Audit Institution (SAI) of the Republic of the Philippines. The Commission conducts comprehensive audits combining financial, compliance and performance audit of its annual audits of every agency. Special audit teams are created, as may be necessary, for the conduct of fraud audit, government-wide and sectoral performance audits.

The Ph-CoA does not have pronouncements on the knowledge, skills, behaviors and attitudes expected from the employees. Currently, such Competency Framework is being developed with the assistance of the Philippine Civil Service Commission. The framework involves Technical Competence, Professional Skills and Professional Values, Ethics and Attitudes.

Education towards the pronouncements

COA employs a total of 9,133 staff (as of October, 2018). More than half (5,050 staff) of the staff has a Certified Public Accountant (CPA) qualification. Other staff have degrees in law, engineering, information technology or other.

The high number of staff with a CPA qualification has resulted among others from a program in which the Ph-CoA cooperated with 36 Colleges and Universities on a crash course in accounting. The crash course consisted of six basic subjects: financial accounting, management and controls, government accounting, government auditing, public fiscal administration, and legal responsibilities for state auditors.

In addition to the crash course in accounting, the Ph-CoA relies heavily on an extensive in-house training program. The COA has a training centers in its Central Office and in each of the 15 regional offices. The training program is ‘stepped’ which implies that trainings courses are provided in four levels: Level I (Basic Skills Courses), Level II (Advanced Skills Courses), Level III (Basic Executive and Highly Technical Courses) and Level IV (Managerial/Executive Courses).

---

⁵ The text in this section is based on the Paper “Professional development of auditors in the Commission on Audit (CoA), Philippines, A Case Study on the Learning and Development Initiatives of SAI Philippines,” Presented during the Meeting of the Task Force on INTOSAI Auditor Professionalization November 6 – 7, 2018, Luxembourg.
The in-house training program distinguishes between ‘Auditing and Accounting Courses’, ‘Engineering / Technical Courses’, ‘Human Resource / Administrative Courses’ and ‘Courses for Resource Persons and Course Designers’ (see Figure 12).

Figure 12 In-house training courses at Ph-CoA

<table>
<thead>
<tr>
<th>Auditing and Accounting Courses</th>
<th>Engineering/Technical Courses</th>
<th>Human Resource/Administrative Courses</th>
<th>Managerial/Supervisory Courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Performance Audit</td>
<td>• Inspection of Deliveries</td>
<td>• Orientation</td>
<td>• Supervisory Development</td>
</tr>
<tr>
<td>• Compliance Audit</td>
<td>of Supplies and Materials,</td>
<td>• Basic Technical Writing</td>
<td>Course</td>
</tr>
<tr>
<td>• Audit of GAD Funds</td>
<td>• Repairs and</td>
<td>• Basic Information and</td>
<td>Course on Managing Self</td>
</tr>
<tr>
<td>• Internal Control</td>
<td>Infrastructure Projects</td>
<td>Communication Technology</td>
<td>Course on Managing People</td>
</tr>
<tr>
<td>• Audit of Government</td>
<td>• Contracts Review</td>
<td>• Records and Archive Management</td>
<td>Course on Policy Formulation</td>
</tr>
<tr>
<td>• Expenditures</td>
<td>• Appraisal and Disposal of</td>
<td>• Mandatory Continuing</td>
<td>and Development</td>
</tr>
<tr>
<td>• Writing Audit</td>
<td>Unserviceable Properties</td>
<td>Legal Education for lawyers</td>
<td>Course on Managing Work</td>
</tr>
<tr>
<td>• Observation Memorandum</td>
<td></td>
<td>• Retirement Planning</td>
<td>Courses on Philippine</td>
</tr>
<tr>
<td>• Cash Examination</td>
<td></td>
<td></td>
<td>Administrative System,</td>
</tr>
<tr>
<td>• Law on Procurement</td>
<td></td>
<td></td>
<td>• Financial Mgt,</td>
</tr>
<tr>
<td>• Planning, Budgeting and</td>
<td></td>
<td></td>
<td>• COA Social Responsibility</td>
</tr>
<tr>
<td>• Auditing Standards for</td>
<td></td>
<td></td>
<td>• Strategic Leadership in</td>
</tr>
<tr>
<td>• the Philippine Public Sector</td>
<td></td>
<td></td>
<td>COA</td>
</tr>
<tr>
<td>• Government Accounting</td>
<td></td>
<td></td>
<td>• E-Learning Course on</td>
</tr>
<tr>
<td>Manual</td>
<td></td>
<td></td>
<td>Delegation</td>
</tr>
<tr>
<td>• Filipino Financial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reporting Standard</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Accounting for Non-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Accountants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Enhanced eNGAS and eBudget</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review for Certified</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraud Examiner</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In addition to the above in-house training program, there are specific courses for resource persons and in-house trainers and a specific course for management (Senior Executive Development Program and Strategic Leadership Training Program).

Finally, the Ph-CoA provides scholarships to its staff. There are two types of scholarship programs in COA: (1) full scholarship for a bachelor or a master’s degree sponsored by Ph-CoA either local or international, and (2) authorized study leave on official time on a full time basis for a period not exceeding the required period to complete the study/examination.

4.2.7 Georgia

Professional pronouncements

The State Audit Office of Georgia (SAOG) is the SAI of Georgia organised as a Westminster model mandated to conduct all three types of audit i.e. financial, compliance, and performance audit both at central and local government levels. The SAO consists of approximately 300 staff among which 70% are auditors working from three different locations across the country.

The SAOG applies a competence framework that is aligned with the Georgian Civil Service Law but adds certain requirements based on the SAO’s needs and good practices (see Table 3). The competency framework does not distinguish between the financial, compliance and performance audit.

The following competences are included:

Table 3 Competence Structure Applied by the SAOG

<table>
<thead>
<tr>
<th>Academic background</th>
<th>University degree either in:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Economics, Finances, Business Administration, Law, Public Administration</td>
</tr>
</tbody>
</table>
Work experience/ Knowledge of: At least three years of experience either in: Auditing or Finances Legal Framework:

- The Constitution of Georgia
- The Law on State Audit Office
- The Law on Public Service;
- Budget Code
- Law on Public Procurement
- Decree of the Ministry of Finance (bylaw) on Public Sector Accounting and Financial Reporting requirements etc.

International public sector audit standards

- Financial
- Compliance audit standards
- Performance audit standards

Skills and Abilities

Required

- Effective communication
- Change management and innovation
- Independent and team-work ability
- Time management
- Planning and organizing
- Data-gathering and analysis
- Proficiency in Microsoft Office

Supplementary (advantage)

- Experience in working in audit management software
- Report writing skills
- Proficiency in English language

Education towards the pronouncements

The SAO has established a policy through which it regularly trains newly recruited and current staff.

Through the annual training planning the SAO schedules the circles of trainings for selected staff. The core trainings focus on financial audit, compliance audit and performance audit based on the three SAO manual.

In addition to these core audit competencies, the following trainings are offered for further professional development:

- Auditing Public Procurement;
- Microsoft Excel;
- Audit Management Software (AMS);
- E-Treasury;
- Public Property Management and Evaluation;
- Internal Audit Methodology;
- Performance Management.

The SAO delivers the majority of its trainings by using the Public Audit Institute (PAI) which is an independent legal entity established under the SAO Law. The PAI serves as training center for the SAO through which SAO the outsources most of its training activities.
In addition to the PAI, the SAO provides co-funding for staff to engage in the certification programs from global providers such as ACCA, CPA and CISA\(^6\).

### 4.2.8 France\(^7\)

**Professional pronouncements**

The Cour des Comptes (CdC) is the SAI of France. In addition to the Central Court, there are 15 regional and territorial chambers of accounts (RTCAs) in France and a number of RTCA’s in the French overseas territories.

In addition to the mandate to conduct financial, compliance and performance audit, the CdC has a mandate to carry out jurisdictional audit. Such a jurisdictional audit follows when it is observed during the audit stage that public accounting officers have failed to fulfil their obligations, they may be held personally and financially liable in a trial stage by the CdC.

The importance of judicial judgements is also apparent from the CdC’s annual list of publications

*Table 4 List of publications by the CdC France*

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports on public finance and social finance</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Reports at the Parliament’s request</td>
<td>13</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td>Organizations calling on public generosity</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Annual public reports</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Thematic public reports</td>
<td>7</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Communications of the General Prosecutor</td>
<td>30</td>
<td>41</td>
<td>51</td>
</tr>
<tr>
<td>Summary judgments (référes)</td>
<td>24</td>
<td>32</td>
<td>35</td>
</tr>
</tbody>
</table>

The CdC does not have a set of competences at the individual level to guide the professionalization of its staff. Based on the French Law, it is provided that magistrates as well as chief and senior auditors, external rapporteurs and advisory experts “are bound to comply, while carrying out their duties, with the Professional Standards set out by the First President”. These professional standards are based on the ISSAIs for the various types of audit and constitute the terms of reference for the staff of the CdC.

Instead, to ensure a high level of professionalism in carrying out jurisdictional cases, an auditor needs to be sworn in as ‘magistrate’. Magistrates may play the role of investigators (the one making the report), public prosecutor (bringing the charges or as members of the judgement collegial body (taking the decision). In order to be sworn in as magistrate, a candidate must have achieved a high level of educational attainment combined with broad work experience in the public sector. Most magistrates are graduates from the Ecole National d’Administration (ENA) and are recruited as junior auditors. After 4 years, they become auditors and after 12 years they become senior auditors. Overall, magistrates represent over 50 % of the audit staff. They are appointed for life by a decree signed by the President of the Republic.\(^8\)

---

\(^6\) Certified Information Systems Auditor  
\(^7\) The text in this section is based on a presentation given by CdC at a Meeting of the Task Force on Auditors professionalization, Stockholm, June 2018  
\(^8\) In the Central Court in France, out of a total audit staff of 400 audit personnel, 235 staff is sworn in as magistrates. In the RTCA’s out of 358 out of 700 audit personnel are sworn in as magistrates.
Education towards the pronouncements

The CoC employs a separate Training Division with 9 full time employees dedicated to set up and implement the professionalization strategy of the Court (see figure 13).

Figure 13 Overview of CdC professionalisation strategy 2018/ 2021

The training of the magistrates in jurisdictional audit is part of the general training strategy: specific training, events, guides and communication. The CdC’s Training Division, Liaison officers reporting and making the specific training. In addition, the magistrates are informed by the jurisdictional committee who disseminates relevant jurisprudence on an annual basis.

4.2.9 South Africa

Professional pronouncements

The Auditor General of South Africa (AGSA) is the SAI of South Africa and operates on a Westminster model. The AGSA has a broad mandate, but most of its resources are dedicated to its mandatory task to audit and to report on the accounts, financial statements and financial management of central, provincial and municipal government entities.

To comply with the mandatory tasks, the AGSA sets the following requirements for its financial audit staff (see Table 5):^9^

Table 5 Baseline professional qualification for financial auditors in AGSA

| Minimum academic requirement for entry: | : | a B Com (honours) post-graduate degree in accounting and auditing, with specific SAICA accredited subject choices studied at a SAICA accredited university. |
| Professional qualification as CA(SA)^10 | : | full package of competencies defined by the South-African Institute of Chartered Accountants (SAICA) |
| Exposure to public sector | : | three year training contract with AGSA |

At the core of the requirements are the competences defined by SAICA which is member of IFAC member body. The competences are categorized under three headings - compulsory skills,

^9 For performance auditors, the professional requirements of AGSA are less structured.
^10 South Africa Certified Accountant
elective skills and residual skills - and domains. The Table 6 below provides an example of the competences as part of the compulsory skills. Each competence is further broken down in specific tasks that the auditor should be able to carry out in order to demonstrate that he masters the competence.

Table 6 SAICA Competences as part of the compulsory skills

<table>
<thead>
<tr>
<th>Domain</th>
<th>Competency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting and external reporting</td>
<td>Evaluates appropriate accounting frameworks and policies</td>
</tr>
<tr>
<td></td>
<td>Evaluates or accounts for the entity’s transactions, including non-routine transactions</td>
</tr>
<tr>
<td></td>
<td>Prepares or evaluates financial statements and accompanying notes</td>
</tr>
<tr>
<td></td>
<td>Interprets financial statements</td>
</tr>
<tr>
<td>Professional conduct</td>
<td>Acts ethically and in accordance with the rules of professional conduct</td>
</tr>
<tr>
<td>Management and leadership</td>
<td>Demonstrates an ability to manage and lead</td>
</tr>
<tr>
<td>Personal attributes</td>
<td>Maintains awareness of new developments, exercises initiative and communicates effectively</td>
</tr>
<tr>
<td>Information technology</td>
<td>Uses IT as a means of working more efficiently and effectively</td>
</tr>
</tbody>
</table>

In addition to the alignment with the competences promulgated by SAICA, the AGSA has formulated a set of behavioural, soft competences including: (-) Strategic Thinking; (-) Communication; (-) Building Relationships; (-) Client Service Excellence; (-) Drive Performance Excellence; (-) Leadership, Teamwork and Collaboration; (-) Demonstrate Initiative and Innovation; and (-) Embrace Change.11

Education towards the pronouncements

For education towards the pronouncements, AGSA relies heavily on external educational institutions that provide accountancy training with an accreditation by SAICA.

In addition, the AGSA is responsible for the three-year trainee program. The program is very strictly controlled and accredited by SAICA. Each trainee work under a mentor, and a group of roughly 20 to 25 trainees report (for purposes of the monitoring of experience) to a training officer. Experience is monitored on at least a quarterly basis to ensure adherence to all the competency requirements set. Training offices (in each of the nine regional office of the AGSA) are also accredited by SAICA to ensure that the trainees work in an appropriately professional environment.

Finally, the AGSA has developed a Continuous Professional Development (CPD) program which is linked to the AGSA competences. Each competence is linked to one or more in-house courses. For example, the competence ‘communication’ is linked to four courses that need to be attended at least once:

- Confidence in Presentation;
- Simplicity, Clarity and Relevance in Communication;
- Art of Communication 1;
- Art of Communication 2.

11 Currently, AGSA is revising their set of competences.
4.3 Summary of observations

From the above findings on practices from sample supreme audit institutions, the following lessons learned are derived:

- The competence and skill frameworks do not differentiate between the different types of audit (FA, CA and PA). The only exception is the case of Rwanda based on the AFROSAI-E framework of competences.
- Similar to the practice of the global standard setters, the competences distinguish between skills in professional methods, ethical behavior and personal attributes.
- The SAIs themselves do not set specific competences for professional audit skills. The SAIs only formulate broader general qualification requirements for personal attributes and behaviour. For the specific financial audit professional competences, the SAIs rely on the (global) standard setters and their accompanying certifications.
- Similarly to private audit companies, SAIs recognize the global qualifications in financial audit and support their staff in obtaining these qualifications;
- As for performance audit, there is no equivalent of the well-developed global standard setters that are active in financial audit. As a consequence, there are no professional, technical competences standards in performance audit.
- A similar conclusion applies to compliance audit, but it is less obvious given that many SAIs still combine financial and compliance audit.
- Most SAIs make use of stepped schemes that differentiate between seniority levels;
- Most SAIs use a variety of approaches towards educating the professional competences to their audit staff including in-house class room training, on the job training and externally trainings involving academic and professional institutions.
- Although there is a variety of practices, in-house trainings mostly cover the soft skills and broad public sector professional capabilities while externally delivered trainings are used for the technical skills in financial audit.
- Training is linked to performance appraisal organized and delivered routinely based on annual assessments and training plans.

A specific aspect that is relevant for SAIs with a judicial function is detailed knowledge of prior jurisprudence.
5. Conclusions and recommendations

5.1 Conclusions

This research reports on case studies of various stakeholders in the accountancy and auditing sector across the private and public sector focused on the applied professionalization pathways.

Based on the findings of the case studies, this chapter answers the initial research questions.

Question 1: What is the design of these pathways (competency frameworks, methodology, standards, rulebooks, processes, etc)?

The case studies demonstrate that professional pronouncements are developed by global standard-setters, private audit firms and many SAIs. They take the form of international education standards, competency frameworks or learning outcomes. All concepts refer to specific expectations that need to be met by the professional accountant or auditor.

While the precise terms and scope of the pronouncements vary across the global qualifications, the private audit firms and the SAIs, a common feature is that they distinguish between three categories: knowledge of and skills in applying professional methods, broader personal skills and desired behaviour and ethical values (see Figure 14).

Figure 14 General categories of pronouncements

![Diagram showing the general categories of pronouncements: Knowledge of professional methods and skills in applying them, Personal skills, Desired behaviour and ethical values, Pronouncements: education standards / competences / learning outcomes.]

Question 2: What are the commonalities across these pathways and the rationale behind them?

Common feature of the pronouncements across all case studies are:

- They combine theory and practice as holders of professional qualifications need to demonstrate theoretical knowledge as well as a number of years of practical experience.

- The professional pronouncements of the various global standard setters are structured into multiple levels including:
  - Overall areas or domains comprising one or more pronouncements;
  - Description of the objective of each pronouncement;
  - Specific actions or tasks that demonstrate how the pronouncement is applied.

- The depth and specificity of these multi-level pronouncements varies across the different global standard-setters and SAIs. While some are quite specific and detailed, others are general and define the expected behaviour/application of knowledge at strategic level.

- Proficiency levels usually involve a stepped approach with three levels: foundational, intermediate and advance levels. However, differences exist as some standard-setting
entities define one professional pronouncement for multiple proficiency levels, while others offer a complete set of separate pronouncements for each level. The latter approach seems more guiding for professionals who aspire a higher level of professionalism. Many approaches also offer different entry points according to the level of educational attainment of the individual.

- With regard to educational approaches, various professional audit organisations define and offer various pathways to award certifications and designations in financial audit based on the pronouncements of the global standard setting organisations IFAC and IAESB. Private audit firms and SAIs recognize these global qualifications in financial audit.

- Both private audit firms and SAIs link competences with their performance appraisal schedules and annual training plans. Private audit firms seem to have a more structured approach for continuous professional development (CPD) on annual basis after the professional qualification is achieved.

**Question 3 What is the applicability in the public sector audit domain?**

A crucial difference between, on the one hand, the global standard setter and private audit firms and, on the other hand, the SAIs is the mandate of SAIs to carry out compliance, performance audit, and in some cases, jurisdictional audit, in addition to financial audit.

The competence frameworks of SAIs mostly focus on the categories ‘personal skills’ and ‘desired behaviours’. As these categories apply to each type of audit, the competence frameworks of most SAIs do not differentiate between the different types of audit (FA, CA and PA).

For the pronouncements on professional knowledge and skills, the SAIs rely on the detailed structure of pronouncements that has been developed by the global standard-setters for financial audit. Similarly to private audit companies, SAIs recognize the global qualifications in financial audit and support their staff in obtaining these qualifications;

However, as there is no equivalent of the well-developed global standard setters in FA for the other types of audit (CA and PA), there are no professional, technical competences standards for compliance, performance audit and jurisdictional audit. Much of the underlying knowledge and necessary skill sets exist and can be derived from other sources (e.g. social science research methodology for PA), but this knowledge and skill are not yet brought together in an audit environment.

Linked to this difference between the private and public audit environment, is the educational approach. Both private audit firms and SAIs use a variety of approaches in educating their audit staff in the required professional competences including in-house classroom training, on the job training and externally trainings involving academic and professional institutions. However, SAIs differ from the private audit firms as they rely more on external institutions for the technical skills in financial audit while they focus their in-house training mostly on the soft skills and broad public sector professional capabilities. Also, performance audit training is mostly done ‘in-house’ as, except for generic research skills taught at academic institutions, there are no private organisations provide education on skills in this type of audit.

### 5.2 Recommendations

On the basis of our research we make the following recommendations for consideration by the Taskforce on INTOSAI Auditor Professionalisation (TFIAP):

- in the private sector the value proposition for auditor professionalisation is that it builds confidence in the quality of accounting and auditing which in turn supports confidence in the information flows within capital markets. INTOSAI should develop a similar value proposition
for auditor professionalization in the public sector drawing on values and benefits statement and principles of accountability and transparency set out in ISSAIs 12 and 20 respectively.

- INTOSAI should establish a high level framework for auditor professionalization providing guidance to SAIs on the principles and prerequisites necessary to support auditor professionalization including international education standards appropriate to the public sector. This should include both the educational requirements necessary to achieve professional status and the ongoing obligation for continuous professional development (CPD). The IFAC Statement of Member Obligations and the IAESB’s International Education Standards provide a useful theoretical model but would require modification to suit INTOSAI’s requirements in a public sector context. In particular INTOSAI needs to respect the sovereignty of each member SAI to identify its own needs and the most appropriate approach to meeting them.

- The high level framework should identify the broad areas of competency and knowledge making up auditor professionalisation leaving the detail of the specific education and training programmes necessary to meet these competencies to be developed by individual SAIs and their partners. Developing a framework will require extensive consultation with SAI’s but the INTOSAI Competency Framework, the ISSAIs, the SAI Performance Management Framework and the work of the global standard setters in the private sector, taken together, provide a solid starting point;

- The frameworks developed by the global standard setters are not always a direct template for the needs of the public sector but nevertheless provide a useful benchmark for INTOSAI. More structured and specific pronouncement seem to provide more guidance, but may be less broadly applicable across the wide variety of country contexts which applies to INTOSAI.

- The high level framework whilst focused on the professionalisation requirements for individual auditors should recognize that the professionalisation pathway will often lead to broader transformational impacts on the way an SAI operates in areas such as human resource management, quality assurance, transparency and accountability and many others. An assessment of these impacts is beyond the scope of this research project but they should be considered in the Task Force’s deliberations and sign posted for SAIs.

- The high level framework should provide individual SAIs with extensive flexibility to develop professional education programmes and delivery mechanisms to meet their own local needs whilst remaining true to the criteria and principles set out in INTOSAI’s professionalization framework.

- The scope and nature of this flexibility will require extensive further discussion. However, drawing on the research findings and conscious of the wide range of experience within the member SAIs of INTOSAI the Taskforce should consider the following areas (and any others drawn from member experience):
  - The various maturity levels of member SAIs may require a stepped approach to professionalization pathways.
  - Professionalization pathways can be stepped according to recruitment entry points and/or linked to roles within the SAI;
  - Professionalisation pathways can be flexed to meet national statutory and regulatory requirements.

- SAI’s should also have flexibility to develop their own delivery mechanisms for their chosen pathway according to local circumstances and value for money considerations.

- Many SAI’s may wish to adopt a ‘mixed economy’ approach using both internal and external resources. They may also wish to work independently or in collaboration with other SAI’s.
- The Task Force should outline a range of possible operating models within the overall INTOSAI Framework. These might include some or all of the following options:

  - Individual SAI’s develop and deliver professionalisation programmes in-house (Example: China, India);
  - Individual SAI’s work in partnership with national professional accounting organisations or academic institutions (Example: South Africa, UK);
  - Groups of SAIs work collectively to develop and deliver professional programmes (Example: AFROSAI(E));
  - IDI Professional Education for SAI Auditors (PESA) programme;
  - An INTOSAI partnership with a global delivery partner such as AICPA, ACCA or CIPFA.