

INTERNATIONAL STANDARD FOR SUPREME AUDIT INSTITUTIONS (ISSAI) 150

AUDITOR COMPETENCE

INTRODUCTION

1. The ability of a Supreme Audit Institution) SAI to fulfil its mandate and carry out high quality, effective audits depend to a large extent, on the quality, integrity and competence of its staff. The competency requirements of auditors, as well as how to recruit, manage, develop and assess them is and has always been of fundamental importance to a SAI. ISSAI 150 sets out the principles that SAIs should following this respect purpose of ISSAI 150— Auditor Competence is to formalise the principles that will inform the responsibilities of a Supreme Audit Institution (SAI) towards the development of auditor competence. As such, it will assist a SAI to design professional development plans to enable its staff to carry out their audit responsibilities in line with the specific audit standards adopted by the SAI.
2. While auditing standards, which give structure to the execution of a SAI's mandate and work, but these can only be implemented by staff with the appropriate competencies. Including a pronouncement on auditor competence in the INTOSAI Framework of Professional Pronouncements (IFPP) underlines the fact that the need for competent auditors is an integral part of a SAIs identity, professionalism, credibility and relevance, are the foundation of its credibility and relevance to the citizens of the country that it serves, it is only when these standards are implemented by competent staff in an independent and fully capacitated audit office that they will truly give effect to the purpose of public sector auditing—to strengthen accountability for the use of public funds.
3. It is important that the leadership of the SAI assigns sufficient strategic importance to setting up and maintaining a sound framework for auditor competence. For it to succeed, this framework should be integrated into the SAIs culture, strategies, functions, policies and procedures. The SAI leadership should also encourage individual auditors to commit to take responsibility for their own development in the context of life-long learning. The success of any initiative in developing auditor competence depends on the strategic importance that the SAI leadership assigns to

it. The value proposition related to these development initiatives should be a central driving force in any SAI strategies, work plans and culture.

4. By deciding to include a pronouncement on auditor competence in the INTOSAI *Framework of Professional Pronouncements (IFPP)*, the INTOSAI community confirms that the need for competent auditors, who are able to give effect to the SAI mandate, is not a separate consideration or a luxury, but rather an integral part of a SAI's professionalism, credibility and relevance.

5.4. ISSAI 150 is intended to be used in conjunction other ISSAIs and with due consideration of SAIs' mandates, enabling legislation, structure, size and other considerations. This follows ISSAI 100, which recognises that a SAI may choose to adopt the ISSAIs as the authoritative standards that will determine the execution of its work or use the ISSAIs as a basis to develop own standards or to adopt consistent national standards. Given the inherent evolutionary nature of the process of competency development, SAIs should be able to adhere to the principles on auditor competence with relative ease, and move towards closer alignment in the longer term. In this respect, this ISSAI follows the slogan of "global profession, local solution", often associated with INTOSAI's capacity development initiatives. In formalising principles that will give structure to a SAI's investment in the development of the competence of its auditors, this pronouncement recognises that a SAI has to implement the principles of ISSAI 150 with due consideration of its mandate, its enabling legislation, structure, size and other considerations. The slogan "global profession, local solution", often associated with INTOSAI's capacity development initiatives, should find true expression in the way that this pronouncement is implemented.

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SCOPE

5. The purpose of ISSAI 150 – Auditor Competence is to set out the principles that a SAI should follow in recruiting for and developing auditor competence. Guidelines to support implementation of this ISSAI can be found in the GUID 7500 – 7900 series.

6. In keeping with ISSAI 100, which recognises that a SAI may choose to adopt the ISSAIs as the authoritative standards that will determine the execution of its work or use the ISSAIs as a basis to develop own standards or to adopt consistent national

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~~standards, ISSAI 150 aims to enable SAIs to development matching competencies to be able to implement these adopted standards.~~

6. ~~ISSAI 150 is intended to addresses~~ how to recruit for, develop, manage and assess the competency requirements of auditors development in the areas of financial auditing, performance auditing and compliance auditing, while also recognising the unique ~~considerations~~requirements of SAIs with jurisdictional responsibilities.

7. ~~The IFPP includes many pronouncements which refer to the concept of auditor competence. ISSAI 150 aims to bring together all such references at the level of the organisation, dealing with both audit team and individual competence. It should be used in conjunction with statements on in the fundamental principles of public sector auditing (ISSAI 100), quality control for SAIs (ISSAI 140), auditing principles (ISSAI 200 and beyond) and auditing standards (ISSAI 2000 and beyond).~~

8. ~~While ISSAI 150 focuses on a SAI's responsibility to develop auditor competence, it does not remove the responsibility of leadership support for competence development and/or an individual auditor having to commit to and take responsibility for his/her own development in the context of life-long learning.~~

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OVERVIEW

9.8. In the introductory comments to ISSAI 100 – *Fundamental Principles of Public-Sector Auditing*, professional pronouncements (standards and guidelines) are described as essential for the credibility, quality and professionalism of public-sector auditing.

10.9. Professional pronouncements alone, however, cannot enable a SAI to deliver on its mandate, and to make a difference to the lives of citizens. It requires all the elements of professionalism that have been described by INTOSAI over the past number of years, namely:

- a) an appropriate working environment;
- b) auditing standards and guidelines to execute the SAI's mandate;

- c) competent people to execute the mandate in line with the auditing standards and guidelines; and
- d) a holistic performance measurement process to ensure that the above is in place and functioning appropriately and effectively.

~~11. In recent years, INTOSAI has adopted the SAI Performance Measurement Framework (SAI PMF), an assessment tool based on the principles of INTOSAI P 12, to enable a SAI to test itself against these broad requirements of professionalism, either to confirm compliance (essentially confirming that it remains a “member in good standing”) or to identify institutional capacity development needs.~~

~~12. The purpose of ISSAI 150 — Auditor Competence — is to confirm the principles that underpin a SAI’s responsibilities towards the development of auditor competence in the organisation. It expands on the key principle around the competence of audit staff and audit teams as found in ISSAI 100.~~

10. ISSAI 150 sets out the principles underpinning a SAI’s responsibilities towards auditor competence and provides application guidance for recruiting, developing, managing and assessing the competency requirements of auditors. These principles relate to the way in which a SAI should:

- a) Determine competencies for auditors within its organisational strategy;
- b) Put in place processes to ensure the appropriate competence for auditors;
- c) Develop pathways for initial and continuing professional development of auditors; and
- d) Set up and implement an assessment of auditor competencies.

The GUID 7500-7900 series provides guidance to support these principles.

~~The existing professional pronouncements contained in the INTOSAI Framework of Professional Pronouncements (IFPP) include many references, some in principle and some in detail, to the concept of auditor competence. ISSAI 150 serves as a single anchor point to bring together all references to auditor competence at the level of organisational requirements in the IFPP. It also contextualises the references at engagement level, dealing with both audit team and individual competence, as~~

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~~contained in the auditing principles (ISSAI 200 and beyond) and auditing standards (ISSAI 2000 and beyond).~~

~~13.~~

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ELEMENTS OF AUDITOR COMPETENCE

~~44.11. The term **Competence** is can be described as~~ the measurable or observable knowledge, skills and personal attributes critical to successful job performance, ~~where. In turn, the three sub-elements can be defined as follows:~~

- a) Knowledge ~~is~~—the theoretical or practical understanding of a topic;
- b) Skills ~~are~~—the ~~abilities~~~~proficiencies~~ developed through learning or experience; and
- c) Personal attributes ~~are~~— the qualities, characteristics and traits of a person.

~~45.12. A **competency framework or profile** is can be described as a~~ conceptual model that details and defines the ideal competencies ~~required or~~ expected of an individual auditor's ~~professional capacity for~~ a specific task, and for a specific position in an organisation ~~that contributes to success / high performance. While in the short term competency frameworks need to be largely stable, predictable and certain, in the long term these need to be dynamic in nature, reflecting the expectations of an ever-changing world. Competency frameworks are not static but rather dynamic in nature. They and~~ seek to define the elements needed to drive success ~~and high performance, and. These elements tend to will~~ change depending on the circumstances.

~~46.13. A **pathway for professional development** is a formalised, structured development programme chosen by a SAI aimed at developing and maintaining competent, professional auditors in the SAI.~~

~~17. The above concepts create a broad context for the development of auditor competence at the level of a SAI. Each SAI will have to determine the extent to which it is able to give effect to these considerations with due consideration of its enabling legislation, mandate, strategy, resource availability, size, etc.~~

PRINCIPLES UNDERPINNING A SAI'S RESPONSIBILITIES TOWARDS AUDITOR COMPETENCE

PRINCIPLE 1

~~18.14.~~ A SAI should, within its organisational strategy, determine relevant competencies required for all auditors.

Application guidance

~~19.15.~~ A SAI's organisational strategy spells out the way in which the SAI's mandate will translate its mandate into action through auditing to the benefit of citizens. An important part-critical element of the such an organisational strategy deals with the human resourcing of the organisation and especially its audit capacity.

~~20.16.~~ Competent auditors are a prerequisite for An important element of a SAI's human resourcing deals with the competence of its auditors to ensure that a SAI fulfills it gives full effect to its legislated mandate and addresses the challenges of the environment in which audits will take place, and that the SAI remains relevant in an ever-changing world.

~~21.17.~~ In pronouncing on the competency needs of a SAI and dealing with the means of recruitment acquisition and development of auditor competence, the SAI leadership commits to lead by example and to elevate competence as a cornerstone of the credibility of the SAI's work.

~~18.~~ It is good practice to describe these competencies in a competency framework or a competency profile. Typically, cCompetencies, for specific positions within a SAI are described at the level of full proficiency, for that position, and deal with the full spectrum of competencies required, for example technical, managerial and other soft competencies. Ideally this grouping of competencies is described in a competency framework or a competency profile.

~~19.~~ The extent of documenting competencies for auditors will depend on many factors in the SAI, including access to relevantly qualified human resources, size of the SAI, cost and cost-effectiveness considerations, the envisaged return on investment related to competence development, etc. It is good practice to develop separate

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competency profiles per type of position throughout the organisation, but it can also be done in groups, broad categories or team context.

~~22-~~

~~23. In giving effect to the mandate of a SAI, distinction needs to be made between:~~

- ~~a) the competencies required to provide the SAI leadership with comfort that the individual auditor is able to execute an audit in line with the standards that the SAI has adopted (as defined in ISSAI 100, with due cognisance of the added requirements associated with SAIs with jurisdictional responsibilities); and~~
- ~~b) the competencies that an individual auditor requires in the context of a specific assignment. These can be in the form of specific additional competencies that relate to the industry/sector in which the auditor is deployed or, in the case of a performance audit engagement, the competencies that need to be assessed at the level of the audit team.~~

~~24-20.~~ Elements to consider when determining the competencies required for an individual specific auditor, position or audit team or other grouping of positions within a specific SAI, ~~as envisaged in par. 24(a),~~ it is important/critical to consider the following elements:

- a) Competencies which are unique to the role of a public sector auditor, defined by virtue of the specific audit responsibilities associated with the auditing standards that the SAI has adopted, ~~and should have a fair level of universal applicability throughout INTOSAI;~~
- b) Competencies that are unique to the SAI (determined by virtue of its enabling legislation, mandate, strategy, etc.); and
- c) The SAI's strategic thinking about an appropriate foundation of personal qualities and values, as well as underlying knowledge and skills necessary to ensure the appropriate application of the two groups of competencies referred to above.

~~As an example, when a specific SAI determines the competency requirements of a performance auditor who will primarily audit infrastructure projects, the competencies will potentially be determined by the competencies derived from the audit~~

requirements found in the ISSAI 300 and ISSAI 3000 pronouncements, the competencies unique to that SAI's enabling legislation (perhaps the fact that the SAI is required to test building specification requirements in addition to the expectation to deal with questions of efficiency, effectiveness and economical use of resources), and the SAI's decision that the ideal educational background for this would be engineering.

25.21. The determination of competencies in a SAI is also impacted by career progression. Where technical competence may be the overriding consideration at the start of an auditor's career, managerial and leadership competencies may be come increasingly important as the auditor progresses career-wise. The SAI needs to find an appropriately practical way to reflect this progression in its documentation of competencies. ~~It does imply the need to consider different competency profiles for different positions in an organisation.~~

26. ~~The extent of documenting competencies for auditors will depend on many factors in the SAI, including access to relevantly qualified human resources, size of the SAI, cost and cost effectiveness considerations, the envisaged return on investment related to competence development, etc. While the ideal is certainly to develop competency profiles per position or type of position throughout the organisation, documentation can also be done in groups or broad categories.~~

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PRINCIPLE 2

27.22. A SAI should have appropriate put in place the relevant organisational processes, in particular human resource management processes and practices, to ensure the appropriate competence of its auditors.

Application guidance

28.23. To develop the competence of ~~The investment in the development of~~ individual auditors will require a strategy for and investment in institutional capacity development. This ~~can imply many considerations at SAI level, but~~ will definitely impact on certain human resource management practices and processes ~~practices and policies~~ within a SAI, including the following:

- a) Human resource management strategy;

- b) Human resource planning;
- c) Attraction and recruitment;
- d) Performance management;
- e) Learning and development;
- f) Reward and recognition; and
- g) Retention, [replacement](#) and succession,

to the extent that the SAI has control over these processes. [Where the SAI do not have control over these processes \(such as instances where these will be handled by central government controlled human resource function\), it will benefit the SAI to proactively communicate its needs to the entity handling these and influence these processes to fit its needs.](#)

~~The principles outlined in INTOSAI P 12 and the related SAI Performance Measurement Framework (SAI PMF) are particularly useful in determining these institutional capacity development considerations.~~

~~29-24.~~ The expectation of SAI leadership to have access to competent resources to give effect to the mandate of the SAI, implies an investment in individual capacity development [and creating a culture of life-long learning in the organisation](#). This can come in the form of:

- ~~a)~~ [creating a culture of life-long learning in the organisation](#);
- ~~b)~~a) investing in the education of auditors through the availability of [scholarships](#), bursaries or by other [similar](#) means;
- ~~c)~~b) providing access, internally or externally, to relevant training interventions;
- ~~d)~~c) providing specifically structured practical experience opportunities;
- ~~e)~~d) providing access to regularly updated audit manuals;

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e) providing opportunities for on-the-job training, ~~coaching~~ supervision and feedback mechanisms;

f) providing access to appropriate coaching and mentoring opportunities and/or

g) providing opportunities for appropriate knowledge-sharing.

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PRINCIPLE 3

30-25. A SAI should develop dedicated pathways for professional development of auditors, specifically tailored to the SAI's mandate and needs. These pathways for professional development should reflect the need for initial professional development and continuing professional development.

Application guidance

34-26. The SAI's mandate, organisational strategy and organisational needs play a guiding role in the professional development options that a SAI will consider as appropriate for its circumstances. Options to consider may include:

a) creating an own academy (or similar structure) to conduct professional education and training;

a)b) partnering directly with a university to handle the educational element of a professional development pathway and handling the other requirements on an in-house basis;

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b)c) partnering with a professional accounting organisation (PAO) or similar provider to design and deliver professional development opportunities;

e)d) sourcing resources ~~ferom~~ a central government human resource function (such as a Public Service Commission, where certain human resource functions are handled on behalf of the SAI), supplemented by in-house audit-specific learning opportunities;

e)e) following a dedicated recruitment strategy focused on sourcing professionally qualified auditors, supplemented by in-house public-sector audit-specific learning opportunities; and/or

e)f) partnering with specific INTOSAI bodies or fellow-SAIs to institutionalise professional development options.

~~32-27.~~ All pathways for professional development ~~containshould contain~~ appropriate elements of:

- a) ~~External learning opportunities (such as a degree at a university, SAI academy or similar institution). Then give examples, e.g for external: a university degree, for internal: an audit methodology training course~~ formal education ~~(at an university, SAI academy or similar institution);~~
- b) ~~Internal learning opportunities (such as specific training courses)~~~~training of similar learning opportunities;~~ and
- c) practical experience.

~~33-28.~~ In formalising its approach to developing the competence of auditors through a pathway for professional development, it is important to consider:

- a) developing competencies linked to the requirements of a specific position or task;
- b) ensuring that competencies are maintained; and
- c) ensuring that these competencies remain relevant ~~to the rapidly changing challenges in the auditing environment (“future-proofing” the competencies).~~

~~34.~~ While a SAI is encouraged to document competency profiles for all auditor positions in the organisation, a SAI should ~~at a minimum~~ clearly and in detail set out the competencies for an auditor who is deemed fully proficient to execute an audit according to the standards adopted by the SAI, as envisaged in ISSAI 100.

~~35-29.~~ The competencies related to ~~a this~~ process of gaining proficiency to be able to audit in line with the adopted standards – referred to as a process of initial professional development (IPD) – should be clearly analysed in their sub-elements of knowledge, skill and personal attributes, as appropriate and relevant to the SAI, to the point where the detailed design and implementation of a related professional development programme, including assessment per specific competency, are possible.

~~36-30.~~ In circumstances where the SAI is faced with conditions requiring external accreditation of auditors who have completed their IPD processes or require a form of “licence to audit”, these considerations should be taken into account during the design of the pathway for professional development.

~~37-31.~~ A SAI should clearly set out the processes development expectations that will maintain and keep relevant the competencies of its auditors – referred to as continuing professional development (CPD). Considerations in this regard can include:

~~a) input-driven expectations (investing in a certain number of hours of learning within a specific period of time);~~

a) output-driven expectations (proving a level of competence through assessment);

b) input-driven expectations (investing in a certain number of hours of learning within a specific period of time);

b) and/or

c) confirming a level of competence (self-assessment).

PRINCIPLE 4

~~38. A SAI should develop and implement the means for assessment of competencies, partly to confirm the auditor’s successful development of competence and to provide the SAI with reliable information around the success of the interventions undertaken.~~

32. A SAI should develop and implement the means for assessment of competencies.

Application guidance

~~39-33.~~ The definition of competence as a measurable or observable concept implies that any process of competence development should include an appropriate, relevant and preferably independent level of assessment of individual competence. Examples of such assessment include:

~~a) examinations and tests;~~

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~~b)a)~~ submission of a portfolio of evidence;

~~b)~~ workplace observation by a supervisor;

~~c)~~ examinations and tests;

~~e)d)~~ staff appraisal systems, etc.

~~34.~~ In assessing competence, it is important to both confirm the auditor's successful development of competence, to provide the SAI with reliable information around the success of development interventions undertaken and the impact of these interventions on the work of the SAI.

~~40-35.~~ The principle of assessment should further extend to organisational level and therefore SAI practices for competence development should also be independently assessed at regular intervals.

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EFFECTIVE DATE

~~41.~~ The foundational understanding that the success of an audit office depends, amongst others, on the competency of its staff, dates back to the earliest days of INTOSAI, as indicated in INTOSAI-P 1, the Lima Declaration. As such, the principle of a SAI having to apply its mind to the competency requirements and needs of its staff, is not a new one. ISSAI 150 expands on this core principle by adding a level of formality and structure to this process, which the SAIs can choose to give effect to these new principles immediately or over a period of time. Given the inherent evolutionary nature of the process of competency development, a SAI should be able to adhere to the essence of these requirements with relative ease, while—over time—committing to mature these basic considerations into a more elaborate and strategically more aligned process. Consequently, ISSAI 150 becomes effective within a year of its adoption as part of the IFPP by the INTOSAI Governing Body and INCOSAI.

~~42.~~ Guidelines have been developed to support implementation of this professional pronouncement and can be found in the GUID 7500—7900 series.

