

## ISSAI analysis for COMP-project

Summary of references in the existing IFPP to competence, competence development, professional development or similar terms

2018/19 CBC / TFIAP internal working document

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**Assumption** – that the majority of pronouncements will contain references to the competence of staff, the audit team or the SAI, and that some of these pronouncements may go further by unpacking this in more detail, although not in contradiction with the two guides produced by the TFIAP in the period 2013 to 2019.

Reference is made to the two TFIAP guides as these two documents, together with what is in the existing pronouncements, will form the body of knowledge that will feed into the proposed COMP project.

Note:

IAESB - International Accounting Education Standards Board

IAASB - International Auditing and Assurance Standards Board

| Pronouncement   | Reference  | Extract   | Comment  |
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| <p style="text-align: center;">INTOSAI-P 1<br/>(Lima Declaration)</p> | <p style="text-align: center;">Audit methods,<br/>audit staff,<br/>international<br/>exchange of<br/>experiences</p> | <p><b>Section 14. Audit staff</b></p> <p>1) The members and the audit staff of Supreme Audit Institutions shall have the qualifications and moral integrity required to completely carry out their tasks.</p> <p>2) In recruiting staff for Supreme Audit Institutions, appropriate recognition shall be given to above-average knowledge and skills and adequate professional experience.</p> <p>3) Special attention shall be given to improving the theoretical and practical professional development of all members and audit staff of SAIs, through internal, university and international programmes. Such development shall be encouraged by all possible financial and organisational means. Professional development shall go beyond the traditional framework of legal, economic and accounting knowledge, and include other business management techniques, such as electronic data processing.</p> <p>4) To ensure auditing staff of excellent quality, salaries shall be commensurate with the special requirements of such employment.</p> <p>5) If special skills are not available among the audit staff, the Supreme Audit Institution may call on external experts as necessary.</p> | <p>Basic competence requirements are set for staff at SAI level, to be able to carry out tasks.</p> <p>Some unpacking of ways to ensure competence are provided (HR practices and professional development options), which dovetail with options described in the TFIAP guides, albeit not at the same level of detail and completeness.</p> |

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| <p>INTOSAI-P 10<br/>Mexico Declaration<br/>on SAI Independence</p>                                    | <p>Principle 8</p>          | <p><b>Principle 8:<br/>Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources</b></p> <p>SAIs should have available necessary and reasonable human, material, and monetary resources - the Executive should not control or direct the access to these resources.</p> <p>SAIs manage their own budget and allocate it appropriately.</p> <p>The Legislature or one of its commissions is responsible for ensuring that SAIs have the proper resources to fulfil their mandate.</p> <p>SAIs have the right of direct appeal to the Legislature if the resources provided are insufficient to allow them to fulfil their mandate.</p> | <p>Outlines the need for adequate resourcing (which by implication include competent staff). No further unpacking beyond the statement around adequacy. No contradiction with TFIAP guides.</p>   |
| <p>INTOSAI-P 12<br/>The value and benefits of SAIs – making a difference to the lives of citizens</p> | <p>Principle 11, line 4</p> | <p><b>Principle 11: Striving for service excellence and quality</b></p> <p>4) SAIs should have sufficient and appropriate resources to perform their work in accordance with relevant standards and other requirements, including having timely access to external and independent advice where necessary.</p>   | <p>Similar to the response on INTOSAI-P 10. No contradiction with TFIAP guides</p>  |
|   | <p>Principle 12</p>         | <p><b>Principle 12: Capacity building through promoting learning and knowledge sharing</b></p> <p>1) SAIs should promote continuing professional development that contributes to individual, team and organisational excellence.</p> <p>2) SAIs should have a professional development strategy, including training, that is based on the minimum levels of qualifications, experience and competence required to carry out the SAI’s work.</p>  | <p>Outlines the need for competent staff at SAI level, including a commitment to (initial) professional development, continuing professional development – again in line with the narrative in the TFAIP guides. No specific unpacking pf these principles are contained.</p> |

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|   |                       | <p>3) SAIs should strive to ensure that their staff have the professional competencies and the support of colleagues and management to do their work.</p> <p>4) SAIs should encourage knowledge sharing and capacity building in support of the delivery of outputs.<sup>18</sup></p> <p>5) SAIs should draw on the work of others, including peer SAIs, INTOSAI and relevant regional working groups.</p> <p>6) SAIs should strive to co-operate with the broader auditing profession in order to enhance the profession.</p> <p>7) SAIs should strive to participate in INTOSAI activities and build networks with other SAIs and relevant institutions, to keep abreast of emerging issues and promote knowledge sharing to benefit other SAIs.</p> |  |
| INTOSAI-P 20<br>Principles of<br>Transparency and<br>Accountability | Principle 6, bullet 4 | <p><b>Principle 6: SAIs manage their operations economically, efficiently, effectively and in accordance with laws and regulations and reports publicly on these matters.</b></p> <p>SAIs maintain and develop skills and competencies needed to perform the work to achieve their mission and meet their responsibilities.</p>  | <p>Outlines a commitment to develop skills and competencies.<br/>No contradiction with TFIAP guides.</p>                 |
|   | Principle 9, bullet 1 | <p><b>Principle 9: SAIs make use of external and independent advice to enhance the quality and credibility of their work.</b></p> <p>SAIs comply with the International Standards of Supreme Audit Institutions and strive for continued learning by using guidance or expertise from external parties.</p>  | <p>Outlines a commitment to continued (continuing) professional development.<br/>No contradiction with TFIAP guides.</p> |

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| <p>INTOSAI-P 50 principles of jurisdictional activities of SAIs</p> | <p>Section 2.1.1</p>      | <p><b>2.1 Explanations and definitions</b></p> <p>2.1.1 <u>General Jurisdictional competences</u>: These consist in powers vested in a SAI recognized as jurisdictional, either as a whole or through one of its components. These powers grant the SAI with the authority to issue judgements passed following an independent and contradictory procedure. Those judgements tend to assert or reassert a right or an obligation or impose a sanction and they are enforceable decisions (<i>res judicata</i>).</p>  | <p>Highlights the uniqueness of competencies in SAIs with Jurisdictional Responsibilities. This principle is accepted in the TFIAP guides and is unpacked in detail in the competency framework for jurisdictional SAIs (which will at most feature in the IFPP at the level of guidance).</p>   |
| <p>ISSAI 100 Fundamental Principles of public-sector auditing</p>   | <p>General principles</p> | <p>Ethics and independence</p> <p><b>36) Auditors should comply with the relevant ethical requirements and be independent.</b></p> <p>Ethical principles should be embodied in an auditor’s professional behaviour. The SAIs should have policies addressing ethical requirements and emphasising the need for compliance by each auditor.</p> <p>Auditors should remain independent so that their reports will be impartial and be seen as such by the intended users.</p> <p>Auditors can find INTOSAI Core Principles on independence in the <i>INTOSAI P-10 Mexico Declaration on SAI Independence</i>. The key ethical principles of integrity, independence and objectivity, competence, professional behaviour and confidentiality and transparency are defined in <i>ISSAI 130 Code of Ethics</i>, together with related requirements and application material.</p> <p>Audit team management and skills</p> <p><b>39) Auditors should possess or have access to the necessary skills</b></p> <p>The individuals in the audit team should collectively possess the knowledge, skills and expertise necessary to successfully complete the audit. This includes an understanding and practical experience of the</p> | <p>Outlines the requirement for auditor to be competent and behave professionally. No contradiction with TFIAP guides.</p> <p>Detail unpacking of concepts (such as the elements of competence required, the way these should be developed, etc) are not done, potentially in the expectation that this will be done elsewhere (in a way similar to how the IAASB crafted its pronouncements on the understanding that competency considerations will be dealt with in a separate framework by the IAESB).</p> <p>Highlights the requirements for competence at the level of individual and audit team. Does deal with breakdown of the term competence, although one can argue that personal attributes are not addressed appropriately. Also does include some elements that should be</p> |

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|  |  | <p>type of audit being conducted, familiarity with the applicable standards and legislation, an understanding of the entity's operations and the ability and experience to exercise professional judgement. Common to all audits is the need to recruit personnel with suitable qualifications, offer staff development and training, prepare manuals and other written guidance and instructions concerning the conduct of audits, and assign sufficient audit resources.</p> <p>Auditors should maintain their professional competence through ongoing professional development.</p> <p>Where relevant or necessary, and in line with the SAI's mandate and the applicable legislation, the auditor may use the work of internal auditors, other auditors or experts. The auditor's procedures should provide a sufficient basis for using the work of others, and in all cases the auditor should obtain evidence of other auditors' or experts' competence and independence and the quality of the work performed. However, the SAI has sole responsibility for any audit opinion or report it might produce on the subject matter; that responsibility is not reduced by its use of work done by other parties.</p> <p>The objectives of internal audit are different from those of external audit. However, both internal and external audit promote good governance through contributions to transparency and accountability for the use of public resources, as well as economy, efficiency and effectiveness in public administration. This offers opportunities for coordination and cooperation and the possibility of eliminating duplication of effort.</p> <p>Some SAIs use the work of other auditors at state, provincial, regional, district or local level, or of public accounting firms that have completed audit work related to the audit objective. Arrangements</p> | <p>considered in determining competence, although not a complete list</p> <p>Does further deal with means of initial development of competence and continuing professional development, but does not unpack these in detail.</p> <p>Also flags the use of other auditors, experts and internal audit. While the TFIAP guides are written from the point of view of the audit professional, the engagement team and the SAI, the same principles apply to other auditors, internal audit and experts regarding competence.</p> <p>No contradictions noted with TFIAP guides.</p> |
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|                             |  | <p>should be made to ensure that any such work was carried out in accordance with public-sector auditing standards.</p> <p>Audits may require specialised techniques, methods or skills from disciplines not available within the SAI. In such cases experts may be used to provide knowledge or carry out specific tasks or for other purposes.</p>   |  |
| ISSAI 130<br>Code of Ethics | Fundamental ethical value, section 9 (c) | <p>9) This Code is based on five fundamental values. These values, and the respective summarised guiding principles, follow:</p> <p>....</p> <p>c) Competence – to acquire and maintain knowledge and skills appropriate for the role, and to act in accordance with applicable standards, and with due care;</p>  | <p>Highlights the need for competence and suggest elements of competence, but excludes personal attributes (although some of these may be covered under ethics). No contradiction noted with TFIAP guides.</p>   |
|                             | Competence, Section 50 to 58             | <p><b>50. Requirements at the level of SAI</b></p> <p>a) The SAI shall adopt policies to ensure that tasks required by its mandate are performed by staff that have the appropriate knowledge and skills to complete them successfully, including:</p> <p>I. putting in place competence-based recruitment and human resources policies;</p> <p>II. assigning work teams that collectively possess the needed expertise for each assignment;</p> <p>III. providing staff with appropriate training, support and supervision;</p> <p>IV. providing tools to enhance knowledge and information sharing, and encourage staff to use these tools;</p> <p>V. addressing challenges arising from changes in the public sector environment.</p> <p><b>51. Requirements at the level of SAI staff</b></p> <p>a) SAI staff shall perform their job in accordance with applicable standards and with due care.</p> | <p>Outlines the principle of competent auditors and audit teams, volunteer some practices to develop these. Also confirm the principles of initial professional development (by implication) and continuing professional development, but do not attempt to unpack these concepts</p> <p>Deals with some of the sub-elements of competence, although personal attributes are again not too prominent.</p> <p>HR processes are touched upon, but the full HR value chain required is not addressed and the basic concepts (e.g. recruitment, or the sub-elements of professional development) are not fully unpacked.</p> |

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|  |  | <p>b) SAI staff shall act in accordance with the requirements of the assignment, carefully, thoroughly and on a timely basis.</p> <p>c) SAI staff shall maintain and develop their knowledge and skills to keep up with the developments in their professional environment in order to perform their job optimally.</p> <p><b>APPLICATION GUIDANCE</b><br/> <b>APPLICATION GUIDANCE AT THE LEVEL OF SAI</b></p> <p>52) Stakeholders’ trust in a SAI’s judgements, and the credibility of those judgements, rely on work being performed competently. Thus, a SAI must assemble the appropriate competences needed as well as provide support to continuing professional development.</p> <p><b>Assembling the appropriate competences</b></p> <p>53) In order to ensure that tasks are performed by competent staff, that resources are managed in an efficient and effective way, and that staff work on assignments for which they are competent, the SAI:</p> <p>a) identifies the adequate knowledge and skills needed to perform each type of engagement required by its mandate; this may include setting up multidisciplinary teams that collectively have the required knowledge and team-working skills;</p> <p>b) assigns staff to specific tasks according to their identified capabilities and according to their capacities.</p> <p>54) Some tasks, for example performance audits and special investigations, may require specialised techniques, methods or skills from disciplines not available within a SAI. In such cases, external experts may be used to provide knowledge or carry out specific tasks.</p> <p><b>Continuing professional development</b></p> <p>55) Maintaining and developing professional competence is a key way to keep up with technical, professional and business developments, to</p> | <p>No contradictions noted with TFIAP guides.</p> |
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|  |  | <p>respond to a changing environment and increased stakeholders' expectations. Examples of fields where the SAI may need to invest time and resources to remain current include information technologies, and evolving public sector management and accounting frameworks.</p> <p>56) A continuous learning environment to support staff in applying and developing their competence is implemented by:</p> <ul style="list-style-type: none"> <li>a) initial and continuous training strategies and programmes in key areas for the SAI's performance;</li> <li>b) development and updating of manuals and written guidance;</li> <li>c) coaching, supervision and feedback mechanisms;</li> <li>d) personal development plans;</li> <li>e) knowledge-sharing tools, such as Intranet and databases.</li> </ul> <p><b>APPLICATION GUIDANCE AT THE LEVEL OF SAI STAFF</b></p> <p>57) In meeting the requirements, SAI staff:</p> <ul style="list-style-type: none"> <li>a) understand the role and tasks to be performed;</li> <li>b) know the applicable technical, professional and ethical standards to be followed;</li> <li>c) are able to work in a variety of contexts and situations, depending on the requirements of the job or task;</li> <li>d) acquire new knowledge and abilities, updating and improving skills as needed.</li> </ul> <p>58) In case their expertise is not appropriate or sufficient to perform a specific task, SAI staff raise this with their superiors or the responsible management.</p> |  |
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| ISSAI 140<br>Quality Control for<br>SAIs | General   | Reference to ISQC 1 – see below<br>Reference to professional / ethical behaviour – see comments on ISSAI 130  |   |
|  | Element 2 –<br>Relevant ethical<br>requirements | <p><b>ISQC- 1 Key Principle:</b><br/><i>“The firm shall establish policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements”</i></p> <p><b>APPLICATION GUIDANCE FOR SAIs</b></p> <ul style="list-style-type: none"> <li>• ....</li> <li>• SAIs should ensure policies and procedures are in place in line with ISSAI 130, i.e.: <ul style="list-style-type: none"> <li>- integrity;</li> <li>- independence, objectivity and impartiality;</li> <li>- professional secrecy; and</li> <li>- competence.</li> </ul> </li> <li>• .....</li> </ul>   | Highlights principle of competence as a requirement to be able to perform an audit, but does not expand. No contradictions noted with TFIAP guides.   |
|  | Element 3 –<br>Acceptance and<br>continuance    | <p><b>ISQC-1 Key Principle:</b><br/><i>“The firm shall establish policies and procedures for the acceptance and continuance of client relationships and specific engagements, designed to provide the firm with reasonable assurance that it will only undertake or continue relationships and engagements where the firm:</i></p> <ol style="list-style-type: none"> <li><i>a) is competent to perform the engagement and has the capabilities, including time and resources, to do so;</i></li> <li><i>b) ....</i></li> </ol> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><b>Key principle adapted for SAIs</b><br/>An SAI should establish policies and procedures designed to provide the SAI with reasonable assurance that it will only carry out audits and other work where the SAI:</p> </div> | <p>Highlights principle of competence as a requirement to be able to perform an audit, but does not expand. No contradictions noted with TFIAP guides.</p> <p>As noted earlier level of detail assumes unpacking of competency requirements elsewhere (in this case the pronouncements of the IAESB).</p> |

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|   |                                      | <p>a) is competent to perform the work and has the capabilities, including time and resources, to do so;<br/>b) ....</p> <p><b>APPLICATION GUIDANCE FOR SAIs</b></p> <ul style="list-style-type: none"> <li>• ...</li> <li>• SAIs normally operate with limited resources. SAIs should consider their work programme and whether they have the resources to deliver the range of work to the desired level of quality. To achieve this, SAIs should have a system to prioritise their work in a way that takes into account the need to maintain quality. If resources are not sufficient and pose a risk to quality, the SAI should have procedures to ensure that the lack of resource is brought to the attention of the Head of the SAI and, where appropriate, the legislature or budgetary authority.</li> <li>• ....</li> </ul> |   |
| <p>ISSAI 140<br/>Quality Control for<br/>SAIs</p> | <p>Element 4, Human<br/>Resource</p> | <p><b>ISQC-1 Key Principle:</b><br/><i>“The firm shall establish policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the competence, capabilities and commitment to ethical principles necessary to:</i><br/><i>a) perform engagements in accordance with professional standards and applicable legal and regulatory requirements; and</i><br/><i>b) enable the firm or engagement partners to issue reports that are appropriate in the circumstances”.</i></p> <p><b>APPLICATION GUIDANCE FOR SAIs</b></p> <ul style="list-style-type: none"> <li>• SAIs may draw on a number of different sources to ensure they have the necessary skills and expertise to carry out the range of their work, whether carried out by SAI personnel or contracted out.</li> </ul>        | <p>Highlights need for competent auditors and deal with elements of competence and, for once, makes the link with personal attributes. Shares a detailed (although perhaps not complete) list of HR practices associated with the development and maintenance of competence. Unfortunately, in these instances the references stand in isolation to defining competence, sources of competence considerations, initial professional development and continuing professional development. No contradictions noted with TFAIP guides.</p> |

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|  |  | <ul style="list-style-type: none"> <li>• SAls should ensure that responsibility is clearly assigned for all work carried out by the SAI.</li> <li>• SAls should ensure that personnel, and parties contracted to carry out work for the SAI (e.g. from chartered accountancy or consulting firms), have the collective competencies required to carry out the work.</li> <li>• SAls should recognise that in certain circumstances personnel and, where relevant, any parties contracted to carry out work for the SAI, may have personal obligations to comply with the requirements of professional bodies in addition to the SAI's requirements.</li> <li>• SAls should ensure that Human Resources policies and procedures give appropriate emphasis to quality and commitment to the SAI's ethical principles. Such policies and procedures related to human resources include: <ul style="list-style-type: none"> <li>- recruitment (and the qualifications of recruited staff);</li> <li>- performance evaluation;</li> <li>- professional development;</li> <li>- capabilities (including sufficient time to perform assignments to the required quality standard);</li> <li>- competence (including both ethical and technical competence);</li> <li>- career development;</li> <li>- promotion;</li> <li>- compensation; and</li> <li>- the estimation of personnel needs.</li> </ul> </li> <li>• SAls should promote learning and training for all staff to encourage their professional development and to help ensure that personnel are trained in current developments in the profession.</li> <li>• SAls should ensure that personnel and any parties contracted to carry out work for the SAI have an appropriate understanding of the public sector environment in which the SAI operates, and a good understanding of the work they are required to carry out.</li> </ul> | <p>As in documents that were assessed earlier in this analysis, reference is made to others (contracted auditors, etc) in the competence definition.</p> |
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|  |  | <ul style="list-style-type: none"> <li>• SAls should ensure that quality and the SAI’s ethical principles are key drivers of performance assessment of personnel and any parties contracted to carry out work for the SAI.</li> </ul>  |   |
| <p>ISQC 1<br/>Quality Control for firms that perform audits and reviews of financial statements, and other assurance and related service engagements</p> <p>(as referenced in ISSAI 140)</p> | <p>Acceptance and continuance of client relationships and specific engagements</p> | <p>26. The firm shall establish policies and procedures for the acceptance and continuance of client relationships and specific engagements, designed to provide the firm with reasonable assurance that it will only undertake or continue relationships and engagements where the firm:</p> <ul style="list-style-type: none"> <li>(a) Is competent to perform the engagement and has the capabilities, including time and resources, to do so;</li> <li>(b) ....</li> </ul>   | <p>Highlights principle of competence as a requirement to be able to perform an audit, but does not expand. No contradictions noted with TFIAP guides.</p>                    |
|  | <p>Human Resource</p>  | <p>29. The firm shall establish policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the competence, capabilities, and commitment to ethical principles necessary to:</p> <ul style="list-style-type: none"> <li>(a) Perform engagements in accordance with professional standards and applicable legal and regulatory requirements; and</li> <li>(b) Enable the firm or engagement partners to issue reports that are appropriate in the circumstances.</li> </ul> <p><i>Assignment of Engagement Teams</i></p> <p>30. The firm shall assign responsibility for each engagement to an engagement partner and shall establish policies and procedures requiring that:</p> <ul style="list-style-type: none"> <li>(a) The identity and role of the engagement partner are communicated to key members of client management and those charged with governance;</li> <li>(b) The engagement partner has the appropriate competence, capabilities, and authority to perform the role; and</li> <li>(c) The responsibilities of the engagement partner are clearly defined and communicated to that partner.</li> </ul> | <p>Highlights principle of competence as a requirement to be able to perform an audit (engagement level), but does not expand. No contradictions noted with TFIAP guides.</p> |

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|  |   | <p>31. The firm shall also establish policies and procedures to assign appropriate personnel with the necessary competence, and capabilities to:</p> <p>(a) Perform engagements in accordance with professional standards and applicable legal and regulatory requirements; and</p> <p>(b) Enable the firm or engagement partners to issue reports that are appropriate in the circumstances.</p>   |  |
|  | <p>Relevant ethical requirements</p>  | <p><i>Compliance with Relevant Ethical Requirements</i></p> <p>A7. The IESBA Code establishes the fundamental principles of professional ethics, which include:</p> <p>...</p> <p>(c) Professional competence and due care;</p> <p>...</p> <p>(e) Professional behavior.</p>  | <p>Highlights principle of competence as a requirement to be able to perform an audit, but does not expand. Limited reference to personal attributes as part of the competence definition.</p> <p>No contradictions noted with TFIAP guides.</p> |
| <p>ISQC 1<br/>Quality Control for firms that perform audits and reviews of financial statements, and other assurance and related service engagements</p> <p>(as referenced in ISSAI 140)</p> | <p>Acceptance and continuance of client relationship and specific engagements</p> | <p><i>Competence, Capabilities, and Resources</i></p> <p>A18. Consideration of whether the firm has the competence, capabilities, and resources to undertake a new engagement from a new or an existing client involves reviewing the specific requirements of the engagement and the existing partner and staff profiles at all relevant levels, and including whether:</p> <ul style="list-style-type: none"> <li>• Firm personnel have knowledge of relevant industries or subject matters;</li> <li>• Firm personnel have experience with relevant regulatory or reporting requirements, or the ability to gain the necessary skills and knowledge effectively;</li> <li>• The firm has sufficient personnel with the necessary competence and capabilities;</li> <li>• Experts are available, if needed;</li> <li>• Individuals meeting the criteria and eligibility requirements to perform engagement quality control review are available, where</li> </ul> | <p>Highlights principle of competence as a requirement to be able to perform an audit, but does not expand. No contradictions noted with TFIAP guides.</p>   |

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|  |                        | <p>applicable; and</p> <ul style="list-style-type: none"> <li>• The firm is able to complete the engagement within the reporting deadline.</li> </ul>  |   |
|  | <p>Human Resources</p> | <p>A24. Personnel issues relevant to the firm’s policies and procedures related to human resources include, for example:</p> <ul style="list-style-type: none"> <li>• Recruitment.</li> <li>• Performance evaluation.</li> <li>• Capabilities, including time to perform assignments.</li> <li>• Competence.</li> <li>• Career development.</li> <li>• Promotion.</li> <li>• Compensation.</li> <li>• The estimation of personnel needs.</li> </ul> <p>Effective recruitment processes and procedures help the firm select individuals of integrity who have the capacity to develop the competence and capabilities necessary to perform the firm’s work and possess the appropriate characteristics to enable them to perform competently.</p> <p>A25. Competence can be developed through a variety of methods, including the following:</p> <ul style="list-style-type: none"> <li>• Professional education.</li> <li>• Continuing professional development, including training.</li> <li>• Work experience.</li> <li>• Coaching by more experienced staff, for example, other members of the engagement team.</li> <li>• Independence education for personnel who are required to be independent.</li> </ul> <p>A26. The continuing competence of the firm’s personnel depends to a significant extent on an appropriate level of continuing professional development so that</p> | <p>Shares a detailed (although perhaps not complete) list of HR practices associated with the development and maintenance of competence. Unfortunately, in these instances the references stand in isolation to defining competence, sources of competence considerations, initial professional development and continuing professional development.</p> <p>No contradictions noted with TFAIP guides.</p> <p>Briefly but perhaps inadequately deals with concepts of initial and continuing professional development.</p> <p>Very little unpacking of concepts (such as professional education, continuing professional development, etc) is done.</p> <p>No contradictions noted with TFIAP guides.</p> |

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|  |  | <p>personnel maintain their knowledge and capabilities. Effective policies and procedures emphasize the need for continuing training for all levels of firm personnel, and provide the necessary training resources and assistance to enable personnel to develop and maintain the required competence and capabilities.</p> <p>A27. The firm may use a suitably qualified external person, for example, when internal technical and training resources are unavailable.</p> <p>A28. Performance evaluation, compensation and promotion procedures give due recognition and reward to the development and maintenance of competence and commitment to ethical principles. Steps a firm may take in developing and maintaining competence and commitment to ethical principles include:</p> <ul style="list-style-type: none"> <li>• Making personnel aware of the firm’s expectations regarding performance and ethical principles;</li> <li>• Providing personnel with evaluation of, and counselling on, performance, progress and career development; and</li> <li>• Helping personnel understand that advancement to positions of greater responsibility depends, among other things, upon performance quality and adherence to ethical principles, and that failure to comply with the firm’s policies and procedures may result in disciplinary action.</li> </ul> <p><i>Considerations Specific to Smaller Firms</i></p> <p>A29. The size and circumstances of the firm will influence the structure of the firm’s performance evaluation process. Smaller firms, in particular, may employ less formal methods of evaluating the performance of their personnel.</p> <p><i>Assignment of Engagement Teams</i><br/>Engagement Partners</p> |  |
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|  |                               | <p>A30. Policies and procedures may include systems to monitor the workload and availability of engagement partners so as to enable these individuals to have sufficient time to adequately discharge their responsibilities.</p> <p>Engagement Teams</p> <p>A31. The firm’s assignment of engagement teams and the determination of the level of supervision required, include for example, consideration of the engagement team’s:</p> <ul style="list-style-type: none"> <li>• Understanding of, and practical experience with, engagements of a similar nature and complexity through appropriate training and participation;</li> <li>• Understanding of professional standards and applicable legal and regulatory requirements;</li> <li>• Technical knowledge and expertise, including knowledge of relevant information technology;</li> <li>• Knowledge of relevant industries in which the clients operate;</li> <li>• Ability to apply professional judgment; and</li> <li>• Understanding of the firm’s quality control policies and procedures.</li> </ul> |  |
| <p>ISQC 1<br/>Quality Control for firms that perform audits and reviews of financial statements, and other assurance and related service engagements</p> <p>(as referenced in ISSAI 140)</p> | <p>Engagement performance</p> | <p><i>Supervision</i> (Ref: Para. 32(b))</p> <p>A34. Engagement supervision includes the following:</p> <ul style="list-style-type: none"> <li>• Tracking the progress of the engagement;</li> <li>• Considering the competence and capabilities of individual members of the engagement team, whether they have sufficient time to carry out their work, whether they understand their instructions and whether the work is being carried out in accordance with the planned approach to the engagement;</li> </ul>   | <p>Highlights principle of competence as a requirement to be able to perform an audit, but does not expand. No contradictions noted with TFIAP guides.</p> |

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| <p>ISQM 1<br/>Proposed international standard on quality management – quality management for firms that perform audits of reviews of financial statements, or other assurance or related services engagements (evaluated in the context of determining whether changes to COMP project body of knowledge will be required, once this proposed work is finalised)</p> | <p>General</p>   | <p>Comments regarding comments, experience and knowledge of QC related positions</p>  | <p>Proposed COMP project will focus on principles of engagement team competence and not deal with specialised detail.</p>   |
|  | <p>Governance and leadership</p>   | <p><b>Governance and Leadership</b></p> <p>23. The firm shall establish the following quality objectives that address the aspects of the firm’s environment that support the design, implementation and operation of the other components of the system of quality management, including the firm’s culture, decision-making process, actions, organizational structure and leadership:<br/>...<br/>(e) The firm plans for its resource needs, including financial resources, and obtains, allocates or assigns resources in a manner that supports the firm’s commitment to quality and enables the design, implementation and operation of the firm’s system of quality management.<br/>...</p> | <p>Confirms the need for an integrated consideration of resources that hints at key elements found elsewhere in document re team composition and competence.</p> <p>No contradictions with TFAIP guides were noted.</p> |
|  | <p>Acceptance and continuance of client relationships and specific engagements</p> | <p><b>Acceptance and Continuance of Client Relationships and Specific Engagements</b></p> <p>34. The firm shall establish the following quality objectives that address the acceptance and continuance of client relationships and specific engagements that are appropriate in the circumstances:<br/>...<br/>(b) The firm makes appropriate judgments about the firm’s ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements when determining whether to accept or continue a client relationship or specific engagement, including that the firm has:<br/>(i) Resources to perform the engagement; and</p>              | <p>Confirms the need for an integrated consideration of resources that hints at key elements found elsewhere in document re team composition and competence.</p> <p>No contradictions noted with TFIAP guides.</p>      |

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|  |                  | <p>(ii) Access to information to perform the engagement, or to the persons who provide such information.</p> <p>...</p>   |  |
|  | <p>Resources</p> | <p><b>Resources</b></p> <p>38. The firm shall establish the following quality objectives that address appropriately obtaining, developing, using, maintaining, allocating and assigning resources, including human resources, technological resources, and intellectual resources, in a timely manner to enable the design, implementation and operation of the system of quality management:</p> <p>(a) The firm hires, develops and retains personnel, including engagement partners, who have the competence and capabilities to:</p> <p>(i) Consistently perform quality engagements, including knowledge or experience regarding professional standards and applicable law or regulation relevant to the engagements the firm performs; or</p> <p>(ii) Perform activities or carry out responsibilities in relation to the operation of the firm's system of quality management.</p> <p>(b) The firm assigns an engagement partner and other human resources to each engagement who have appropriate competence and capabilities, including being given sufficient time, to consistently perform quality engagements.</p> <p>(c) The firm assigns human resources to perform activities within the system of quality management who have appropriate competence and capabilities, including sufficient time, to perform such activities.</p> <p>(d) Personnel demonstrate a commitment to quality through their actions and behaviors, develop and maintain the appropriate competence to perform their roles, and are held accountable through timely evaluations, compensation, promotion and other incentives.</p> <p>...</p> | <p>Establishes the principle of competent auditors and links it to necessary HR practices and means of professional development.</p> <p>No contradictions noted with TFAIP guides.</p> |

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|  | Information and communication | The principle of communicating with an engagement team to enable them to do their work is addressed in several requirements.   | No contradiction with TFIAP guides noted.  |
|  | Governance and leadership     | <p><b>Governance and Leadership</b></p> <p><i>Culture</i></p> <p>A26. The firm’s culture is an important factor in influencing the behavior of personnel. Relevant ethical requirements ordinarily establish the principles of professional ethics, and are further addressed in the relevant ethical requirements component of this ISQM. Professional values and attitudes may include, for example:</p> <ul style="list-style-type: none"> <li>• Professional manner, for example, timeliness, courteousness, respect, accountability, responsiveness, and dependability;</li> <li>• A commitment to teamwork;</li> <li>• Maintaining an open mind to new ideas or different perspectives in the professional environment;</li> <li>• Pursuit of excellence;</li> <li>• A commitment to continual improvement (e.g., setting expectations beyond the minimum requirements); and</li> <li>• Social responsibility.</li> </ul> <p>A27. A culture that promotes a commitment to quality is likely to involve clear, consistent, frequent and effective actions, including communications, at all levels within the firm, that emphasize the firm’s commitment to quality. The tone at the top and the attitude towards quality, including reinforcing the importance of professional ethics, values and attitudes, are set by the individual(s) assigned ultimate responsibility and accountability for the system of quality management through their personal conduct, communication and actions. The attitude towards quality is further shaped and reinforced by other personnel who are expected to embed or demonstrate the behaviors that reflect the firm’s commitment to quality.</p> | <p>A clear link between quality and competence and a fairly extensive indication that personal attributes play a huge part in the competence / quality management consideration.</p> <p>No contradictions with TFIAP guides noted.</p> |

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| <p style="text-align: center;">ISQM 1<br/>Proposed international standard on quality management – quality management for firms that perform audits of reviews of financial statements, or other assurance or related services engagements<br/>(evaluated in the context of determining whether changes to COMP project body of knowledge will be required, once this proposed work is finalised)</p> | <p style="text-align: center;">Resources</p> | <p><b>Resources</b></p> <p>A33. The quality objective in this component for resources addresses all categories of resources. The resources component includes quality objectives that address specific aspects of human resources, technological resources and intellectual resources. Financial resources are necessary for obtaining, developing, using and maintaining human resources, technological resources and intellectual resources. The quality objectives and responses in governance and leadership, such as those that address financial and operational priorities, address financial resources.</p> <p>A34. The individuals(s) assigned ultimate responsibility and accountability or operational responsibility for the system of quality management are in most cases able to influence the nature and extent of resources that the firm obtains, develops, uses and maintains, and how those resources are allocated or assigned, including the timing of when they are used. The firm’s strategic decisions and actions may affect decisions about obtaining, allocating or assigning resources. Paragraph 23(c) requires that the strategic decisions and actions, including the firm’s financial and operational priorities, demonstrate a commitment to quality, including not leading to inappropriate decisions about obtaining, allocating or assigning resources for the system of quality management.</p> <p>A35. Resource needs may change over time as a result of changes in the nature and circumstances of the firm (e.g., the emergence of new or advanced technology or evolution in the firm’s business model) and the engagements performed by the firm. The firm’s resource planning involves determining the resources currently required and forecasting the firm’s future resource needs. However, given the continual changes in the nature and circumstances of the firm and its engagements, it may not be practicable for the firm to anticipate all</p> | <p>Highlights the importance of resource management and by implication links this to competence of staff and professional development.</p> <p>No contradictions with TFIAP guides noted.</p> |
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|  |   | possible resource needs or changes to the resource needs and therefore, in most cases, the firm’s resource planning includes processes to deal with resource needs that cannot be anticipated as and when they arise.  |  |
|  | The firm’s ability to perform engagements | <p><b>The Firm’s Ability to Perform Engagements</b></p> <p>A83. The consideration of whether the firm is able to perform engagements in accordance with professional standards and applicable legal and regulatory requirements includes determining that the firm, its personnel and others are able fulfil their responsibilities in relation to the relevant ethical requirements.</p> <p>A84. The judgments about whether the firm has the resources to perform the engagement may involve reviewing the specific circumstances of the engagement and considering whether the firm has the resources to perform the engagement within the reporting deadline, including whether there are:</p> <ul style="list-style-type: none"> <li>• Human resources with the appropriate competence and capabilities, including sufficient time, to perform the engagement. This includes: <ul style="list-style-type: none"> <li>o Personnel to direct and supervise the engagement and take overall responsibility; and</li> <li>o Human resources with knowledge of the relevant industry or the underlying subject matter or criteria to be applied in the preparation of the subject matter information and experience with relevant regulatory or reporting requirements.</li> </ul> </li> <li>• Experts that are available, if needed.</li> <li>• Engagement quality reviewers who meet the eligibility requirements in ISQM 2, if applicable.</li> <li>• Technological resources, for example, IT applications that enable the engagement team to perform procedures on the entity’s data.</li> <li>• Intellectual resources, for example, a methodology, industry or subject matter-specific guides, or access to information sources.</li> </ul> | <p>Clear emphasis on competent staff and the need for firms (SAIs) to invest in development of staff. Does deal with some of the HR practices required to enable these principles.</p> <p>No contradictions noted with TFIAP guides.</p> |

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|  | Human Resources | <p><b>Human Resources</b></p> <p>A117. Competence is the ability of the individual to perform a role to a defined standard and goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of technical competence, professional skills, and professional ethics, values and attitudes. Competence can be developed through a variety of methods, including professional education, continuing professional development, training, work experience or coaching of less experienced engagement team members by more experienced engagement team members.</p> <p>A118. Professional standards, law or regulation may establish requirements addressing competence and capabilities. For example, law or regulation of a jurisdiction may establish requirements for the professional licensing of engagement partners, including requirements regarding their professional education and continuing professional development.</p> <p>A119. The firm's responses that relate to the hiring, development and retention of personnel may include:</p> <ul style="list-style-type: none"> <li>• Recruitment strategies that focus on selecting individuals who have the ability to develop the competence necessary to consistently perform quality engagements or activities in relation to the operation of the system of quality management.</li> <li>• Training programs, which may form part of the firm's intellectual resources, to develop personnel's competence to enable them to perform their roles and responsibilities.</li> <li>• Policies addressing the continuing professional development of personnel, including personnel's responsibility to maintain an appropriate level of continuing professional development, and training resources and other assistance provided by the firm.</li> </ul> | <p>Clear emphasis on competent staff and the need for firms (SAIs) to invest in development of staff. Does deal with some of the HR practices required to enable these principles.</p> <p>Good definition of competence with reference to all required elements, although one may argue that public sector context is still missing. Detail explanations of concepts is missing.</p> <p>No contradictions noted with TFIAP guides.</p> |
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|  |  | <ul style="list-style-type: none"> <li>• Evaluation mechanisms that establish competency areas and other performance measures, and facilitate the evaluation of personnel at appropriate intervals.</li> <li>• Compensation, promotion and other incentives, appropriate to the nature and circumstances of the firm, for all personnel, including engagement partners, the individuals assigned ultimate responsibility and accountability for the firm’s system of quality management, and the individual(s) assigned operational responsibility the firm’s system of quality management or other aspects of the system of quality management.</li> </ul> <p>A120. Human resources assigned to engagements or other roles may include personnel in a service delivery center, human resources engaged by the firm (i.e., a service provider) or human resources from a network or network firm.</p> <p>A121. Timely evaluations and feedback help support and promote the continual development of the competence of personnel. Less formal methods of evaluation and feedback may be used, for example, in the case of smaller firms with fewer personnel.</p> <p>A122. Evaluations of personnel may be used by the firm in determining the compensation, promotion, or other incentives. In some circumstances, simple or informal incentives that are not based on monetary rewards may be appropriate.</p> <p>A123. The firm may take action for personnel who demonstrate actions or behaviours that negatively affect quality, including failing to demonstrate a commitment to quality, develop and maintain the competence to perform their role or implement the firm’s responses as designed (e.g., an individual breaches the firm’s policies or procedures related to independence). The consequences or actions</p> |  |
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|  |                                  | <p>taken by the firm may depend on the severity of the failure and the frequency of occurrence and may include, for example:</p> <ul style="list-style-type: none"> <li>• Training or other professional development;</li> <li>• Considering the effect of the matter on the evaluation, compensation, promotion or other incentives of the individual(s); or</li> <li>• Taking disciplinary action against the individual(s), if appropriate, depending on the severity of the failure and the frequency of occurrence.</li> </ul>   |  |
| ISQM 2<br>Proposed international standard on quality management – engagement quality reviews | N/a                              | Deals with competencies of the engagement quality reviewer and team. Requirements regarding competence and capability are listed in this context.   | N/a  |
| ISSAI 200<br>Financial Audit Principles  | Principles of financial auditing | <p>28) The general principles of public sector auditing are set out in ISSAI 100, and in standards on ethics, quality control, and on overall responsibilities of an auditor in an audit of financial statements. They cover:</p> <ul style="list-style-type: none"> <li>• ethics and independence;</li> <li>• professional judgment, due care and scepticism;</li> <li>• quality control;</li> <li>• audit team management and skills;</li> <li>• audit risk;</li> <li>• materiality;</li> <li>• documentation;</li> <li>• reporting and follow up, and</li> <li>• communication.</li> </ul> | <p>Outlines the requirement for auditor to be competent and behave professionally.</p> <p>Given that FIPP has just considered this document, this is seen as an appropriate level reference to competence, at engagement level, in a pronouncement at this level, understanding that the detail definition, sub-elements and development means will be addressed in the competency section of the IFPP. When the likes of ISSAI 300 and 400 are revised, a similar streamlining of references and concepts should be considered.</p> |

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|  |   |   | No contradiction with TFIAP guides.  |
| ISSAI 2000, etc  |   | See analysis of relevant ISAs below, all dealing with competence considerations <u>at engagement level</u> .  | -  |
| ISA 200<br>Overall objectives of the independent auditor and the conduct of an audit in accordance with ISAs | Ethical requirements relating to an audit of financial statements | A17 Part A of the IESBA Code establishes the fundamental principles of professional ethics relevant to the auditor when conducting an audit of financial statements and provides a conceptual framework for applying those principles. The fundamental principles with the auditor is required to comply by the IESBA Code are:<br>...<br>(c) Professional competence and due care<br>...   | Establishes the principle of competence as a requirement to be able to audit, leaving unpacking elsewhere (in reality to the IAESB's pronouncements – the so-called "education standards").        |
| ISA 210<br>Agreeing the terms of audit engagements   | Scope of this ISA   | A1 Assurance engagements, which include audit engagements, may only be accepted when the practitioner considers that the relevant ethical requirements, such as independence and professional competence will be satisfied, and when the assignment exhibits certain characteristics.....   | No contradictions noted with TFIAP guides.   |
| ISA 220<br>Quality control for an audit of financial statements  | Assignment of engagement teams                                    | 14. The engagement partner shall be satisfied that the engagement team, and any auditor's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to:<br>(a) perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements, and<br>(b) enable an auditor's report that is appropriate in the circumstances to be issued. | Establishes the principle of requiring competent staff (individually or in team context) but does not venture into a structured definition. Does touch on some elements of competence development. |
|  | System of Quality control and role of engagement partner          | A1 ISQC1 or national requirements that are at least as demanding, deals with the firm's responsibilities to establish and maintain its system of quality control for audit engagements. The system of quality control includes policies and procedures that address each of the following elements:<br>• ...<br>• Human Resources   |  |

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|   |  | <ul style="list-style-type: none"> <li>• ...</li> </ul> <p><i>Reliance on the firm’s system of quality control</i></p> <p>A2 Unless information provided by the firm or other parties suggest otherwise, the engagement team may rely on the firm’s system of quality control in relation to, for example:</p> <ul style="list-style-type: none"> <li>• Competence of personnel through their recruitment and formal training</li> <li>• ....</li> </ul>  | No contradictions noted withn TFIAP guides.   |
|   | Relevant ethical requirements  | <p><i>Compliance with relevant ethical requirements</i></p> <p>A4 The IESBA Code establishes the fundamental principles of professional ethics, which include:</p> <p>...</p> <p>( c ) professional competence and due care</p> <p>...</p>  | <p>Establishes the principle of competence as a required to be able to audit, leaving unpacking elsewhere (in reality to the IAESB’s pronouncements – the so-called “education standards”).</p> <p>No contradictions noted with TFIAP guides.</p> |
| ISA 220<br>Quality control for an audit of financial statements | Acceptance and continuance of client relationships and audit engagements | <p>A8 ISQC 1 requires the firm to obtain information considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue with an existing engagement, and when considering acceptance of a new engagement with an existing client. Information such as the following assists the engagement partner in determining whether the conclusions reached regarding the acceptance and continuance of the client relationship and the audit engagements are appropriate:</p> <ul style="list-style-type: none"> <li>• ...</li> <li>• Whether the engagement team is competent to perform the audit engagement and has the necessary capabilities, including time and resources,</li> <li>• ....</li> </ul> | <p>Reconfirms the principle, of requiring competent auditors.</p> <p>No contradiction noted with TFIAP guides.</p>  |

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|   | Assignment of engagement team | <p>A12 When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner may take into account considerations such as the team's:</p> <ul style="list-style-type: none"> <li>• Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.</li> <li>• Understanding of professional standards and applicable legal and regulatory requirements.</li> <li>• Technical expertise, including expertise with relevant information technology and specialised areas of accounting and auditing.</li> <li>• Knowledge of relevant industries in which the client operates.</li> <li>• Ability to apply professional judgment.</li> <li>• Understanding of the firm's quality control policies and procedures</li> </ul> | <p>Reconfirms the principle, of requiring competent auditors, with handy examples of matters to consider at engagement level.</p> <p>No contradiction noted with TFIAP guides.</p>           |
| ISA 220<br>Quality control for an audit of financial statements | Assignment of engagement team | <p>A13 In the public sector, additional appropriate competence may include skills that are necessary to discharge the terms of the audit mandate in a particular jurisdiction. Such competence may include an understanding of the applicable reporting arrangements, including reporting to the legislature or other governing body or in the public interest. The wider scope of the public sector audit may include, for example, some aspects of performance auditing or a comprehensive assessment of compliance with law, regulation or other authority and preventing and detecting fraud and corruption.</p>  | <p>Reconfirms the outcome of the TFIAP research that pronouncements on auditor competence is necessary, but that the uniqueness of the public sector needs to be specifically addressed.</p> |

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|   | Engagement performance | <p>A16 Supervision includes matters such as:</p> <ul style="list-style-type: none"> <li>• ...</li> <li>• Considering the competence and capabilities of the individual members of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions and whether the work is being carried out in accordance with the planned approach to the audit.</li> <li>• ...</li> </ul> | <p>Reconfirms the principle, of requiring competent auditors.</p> <p>No contradiction noted with TFIAP guides.</p> |
| ISA 230<br>Audit documentation  | -                      | No references noted  | -  |
| ISA 240<br>The auditor's responsibilities relating to fraud in an audit of financial statements | -                      | No references noted  | -  |
| ISA 250<br>Consideration of laws and regulations in an audit of financial statements            | -                      | No references noted  | -  |
| ISA 260<br>Communicating with those charged with governance                                     | -                      | No references noted  | -  |

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| ISA 265<br>Communicating deficiencies in internal control to those charged with governance                                  | -                                 | No references noted  | -  |
| ISA 300<br>Planning an audit of financial statements  | The role and timing of planning   | <p>2. Planning an audit involves establishing the overall audit strategy for the engagement and developing an audit plan. Adequate planning benefits the audit of financial statements in several ways, including the following:</p> <ul style="list-style-type: none"> <li>• ...</li> <li>• Assisting in the selection of engagement team members with appropriate levels of capabilities and competence to respond to anticipated risks, and the proper assignment of work to them</li> <li>• ...</li> </ul> | <p>Reconfirms the principle, of requiring competent auditors.</p> <p>No contradiction noted with TFIAP guides.</p>                               |
|   | Direction, supervision and review | <p>A16 The nature, timing and extent of the direction and supervision of the engagement team members and the review of their work vary depending on many factors, including:</p> <ul style="list-style-type: none"> <li>• ...</li> <li>• The capabilities and competence of the individual team members performing the audit work.</li> <li>• ...</li> </ul>   | <p>Reconfirms the principle, of requiring competent auditors in the context of supervision.</p> <p>No contradiction noted with TFIAP guides.</p> |
| ISA 315<br>Identifying and assessing the risk of material misstatement through understanding the entity and its environment | -                                 | No references noted  | -  |

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| ISA 320<br>Materiality in<br>planning and<br>performing an audit                            | - | No references noted  | - |
| ISA 330<br>The auditor's<br>responses to<br>assessed risks                                  | - | No references noted  | - |
| ISA 402<br>Audit considerations<br>relating to an entity<br>using a service<br>organisation | - | Not considered, as the competence requirements for the auditor of the service organisation falls outside the competence requirements of the engagement auditor and thus outside the scope of the proposed COMP project | - |

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| ISA 450<br>Evaluation of<br>misstatements<br>identified during the<br>audit     | - | No references noted | - |
| ISA 500<br>Audit evidence   | - | No references noted | - |
| ISA 501<br>Audit evidence –<br>specific<br>considerations for<br>selected items | - | No references noted | - |
| ISA 505<br>External<br>confirmations  | - | No references noted | - |
| ISA 510<br>Initial audit<br>engagement –<br>opening balances                    | - | No references noted | - |
| ISA 520<br>Analytical<br>procedures   | - | No references noted | - |
| ISA 530<br>Audit Sampling   | - | No references noted | - |

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| <p>ISA 540<br/>Auditing accounting estimates, including fair value accounting estimates and related disclosures</p> | <p>Considering whether specialised skills or knowledge are required</p> | <p>A96 In planning the audit, the auditor is required to ascertain the nature, timing and extent of resources necessary to perform the audit engagement. This may include, as necessary, the involvement of those with specialised skills and knowledge. In addition, ISA 220 requires the engagement partner to be satisfied that the engagement team, and any auditor’s experts who are bit not part of the engagement team, collectively have the appropriate competence and capabilities to perform the audit engagement. During the audit of accounting estimates the auditor may identify, in light of the experience of the auditor and the circumstances of the engagement, the need for specialised skills or knowledge to be applied in relation to one or more aspects of the accounting estimates.</p> | <p>Reconfirms the principle, of requiring competent auditors, with emphasis on specific circumstances requiring very unique specialist competence.</p> <p>No contradiction noted with TFIAP guides.</p> |
| <p>ISA 550<br/>Related parties</p>  | <p>-</p>  | <p>No references noted</p>   | <p>-</p>  |
| <p>ISA 560<br/>Subsequent events</p>  | <p>-</p>  | <p>No references noted</p>   | <p>-</p>  |
| <p>ISA 570<br/>Going concern</p>  | <p>-</p>  | <p>No references noted</p>   | <p>-</p>  |
| <p>ISA 580<br/>Written representations</p>  | <p>-</p>  | <p>No references noted</p>   | <p>-</p>  |

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| <p>ISA 600<br/>Special considerations – audits of group financial statements (including the work of component auditors)</p> | <p>Scope of this ISA</p>                               | <p>4 In accordance with ISA 220, the group engagement partner is required to be satisfied that those performing the group audit engagement, including the component auditors, collectively have the appropriate competence and capabilities. The group engagement partner is also responsible for the direction, supervision and performance of the group audit engagement.</p>   | <p>Reconfirms the principle, of requiring competent auditors, with emphasis on specific circumstances of group audits.</p> <p>No contradiction noted with TFIAP guides.</p>  |
|   | <p>Understanding the component auditors</p>            | <p>19 If the group engagement team plans to request a component auditor to perform work on the financial statements of a component, the group engagement team shall obtain an understanding of the following:<br/>...<br/>(b) the component auditor’s professional competence<br/>...</p>   |  |
|   | <p>Communication with the component auditor</p>        | <p>41 The group engagement team shall request the component auditor to communicate matters relevant to the group engagement team’s conclusion with regard to the group audit. Such communication shall include:<br/>(a) Whether the component auditor has complied with the ethical requirements that are relevant to the group audit, including independence and professional competence.<br/>(b) ....</p>   | <p>Reconfirms the principle, of requiring competent auditors, with emphasis on specific circumstances of group audits. Also confirm the principle of having to tailor and add to standard competency requirements, as outlined in the TFIAP guides.</p> <p>No contradiction noted with TFIAP guides.</p> |
|   | <p>The component auditor’s professional competence</p> | <p>The group engagement team’s understanding of the component auditor’s professional competence may include whether the component auditor:</p> <ul style="list-style-type: none"> <li>• Possesses an understanding of auditing and other standards applicable to the group audit that is sufficient to fulfil the component auditor’s responsibilities in the group audit.</li> <li>• Possesses the special skills (for example industry specific knowledge) necessary to perform the work on the financial information of the particular component.</li> <li>• Where relevant, possesses an understanding of the applicable financial reporting framework that is sufficient to fulfil the component auditor’s responsibilities in the group audit.</li> </ul> |  |

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| ISA 610<br>Using the work of internal auditors                                 | -  | Not considered, as the competence requirements for internal audit and experts falls outside the competence requirements of the engagement auditor and thus outside the scope of the proposed COMP project   | -   |
| ISA 620<br>Using the work of an auditor's expert                               | Determining the need for an auditor's expert | <p>A7 An auditor who is not an expert in a relevant field other than accounting or auditing may nevertheless be able to obtain a sufficient understanding of that field to perform the audit without and auditor's expert. This understanding may be obtained through, example:</p> <ul style="list-style-type: none"> <li>• Experience in auditing entities that require such expertise in the preparation of their financial statements.</li> <li>• Education or professional development in the particular filed. This may include formal courses, or discussions with individuals possessing expertise in the relevant field for the purpose of enhancing he auditor's own capacity to deal with matters in that filed. Such discussion differs from consultation with an auditor's expert regarding a specific set of circumstances encountered on the engagement where that expert is given all the relevant facts that will enable the expert to provide informed advice about the particular matter.</li> <li>• Discussion with auditors who have performed similar engagements.</li> </ul> | <p>Reconfirms the principle, of requiring competent auditors, with emphasis on specific circumstances requiring very unique specialist competence.</p> <p>No contradiction noted with TFIAP guides.</p> |
| ISA 700<br>Forming and opinion and reporting on financial statements           | -  | No references noted   | -   |
| ISA 701<br>Communicating Key Audit Matters in the independent auditor's report | -  | No references noted   | -   |

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| ISA 705<br>Modification to the opinion the independent auditor's report   | - | No references noted | - |
| ISA 706<br>Emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report                  | - | No references noted | - |
| ISA 710<br>Comparative information – corresponding figures and comparative financial statements                           | - | No references noted | - |
| ISA 720<br>The auditor's responsibilities relating to other information   | - | No references noted | - |
| ISA 800<br>Special considerations – audits of financial statements prepared in accordance with special purpose frameworks | - | No references noted | - |

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| ISA 805<br>Special considerations = audits of single financial statements and specific elements, accounts or items of a financial statement | -   | No references noted  | -  |
| ISA 810<br>Engagement to report on summary financial statements   | -   | No references noted  | -  |
| ISSAI 300<br>Performance audit principles   | The three parties in performance auditing | 16) Auditors frequently have considerable discretion in the selection of subject matter and identification of criteria, which in turn influences who the relevant responsible parties and intended users are. While auditors can give recommendations, they need to take care that they do not assume the responsibilities of the responsible parties.<br><br>Auditors in performance audits typically work in a team offering different and complementary skills.   | Confirms the important principle that competence must be seen in the context of both individuals, teams and SAI.<br><br>No contradictions with TFIAP guides noted.   |
| ISSAI 300<br>Performance Audit Principles   | Skills                                    | <b>30) Collectively, the audit team should have the necessary professional competence to perform the audit. This would include sound knowledge of auditing, research design, social science methods and investigation or evaluation techniques, as well as personal strengths such as analytical, writing and communication skills.</b> In performance auditing, specific skills may be required, such as knowledge of evaluation techniques and social science methods, and personal abilities such as communication and writing skills, analytical capacity, creativity and receptiveness. Auditors should have a sound knowledge of government organisations, programmes and functions. This will | Extensive references to competence and skill required. Compared to the recently developed ISSAI 200, perhaps this has gone too far, especially as the document rather freely mixes the elements of competence, HR practices, etc in a rather unstructured way.<br><br>Detailed skill references are also included, and although the drafters may have reasons for that in the context of |

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|  |  | <p>ensure that the right areas are selected for audit and that auditors can effectively undertake reviews of government programmes and activities.</p> <p>There may also be specific ways of acquiring the necessary skills. For each performance audit the auditors need to have a full understanding of the government measures which are the subject matter of the audit, as well as the relevant background causes and the possible impacts. This knowledge must frequently be acquired or developed specifically for the engagement.</p> <p>Performance audits often involve a learning process and the development of methodology as part of the audit itself. On-the-job learning and training should therefore be available to auditors, who should maintain their professional skills through ongoing professional development. An open attitude to learning and an encouraging management culture are important conditions for enhancing individual auditors' professional skills.</p> <p>In specialised areas, external experts can be used to complement the knowledge of the audit team. Auditors should evaluate whether and in what areas external expertise is required, and make the necessary arrangements.</p> | <p>performance audit, one may also argue that this level of detail should sit at the level of guidance. Red this in context of financial audit principles and standards where the ISAs are crafted in the context of existing education standards.</p> <p>In an ideal world, the extensive referencing to competence and skill should be "dialled back" in a future revisit to be more in line with the detail in ISSAI 200 (and perhaps also the detail in the ISSAI 2000 series) and focus more on principles, leaving the detail for either the level of a standard or even guidance.</p> <p>Although unstructured, does succeed to get around to all elements of competence and some of the means of developing competence.</p> <p>No contradictions noted with TFIAP guides.</p> |
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|  | <p>Selection of topics</p> | <p><b>36) Auditors should select audit topics through the SAI’s strategic planning process by analysing potential topics and conducting research to identify risks and problems.</b></p> <p>Determining which audits will be pursued is usually part of the SAI’s strategic planning process. If appropriate, auditors should contribute to this process in their respective fields of expertise. They may share knowledge from previous audits, and information from the strategic planning process may be relevant for the auditor’s subsequent work. In this process, auditors should consider that audit topics should be sufficiently significant as well as auditable and in keeping with the SAI’s mandate. The topic selection process should aim to maximise the expected impact of the audit while taking account of audit capacities (e.g. human resources and professional skills).</p> <p>Formal techniques to prepare the strategic planning process, such as risk analysis or problem assessments, can help structure the process but need to be complemented by professional judgement to avoid one-sided assessments.</p> | <p>Establishes the principle of requiring competent staff (individually or in team context) but does not venture into a structured definition. Does touch on some elements of competence development.</p> <p>No contradictions noted with TFIAP guides.</p> |
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| <p>ISSAI 300<br/>Performance audit<br/>principles</p> | <p>Designing the audit</p> | <p><b>37) Auditors should plan the audit in a manner that contributes to a high-quality audit that will be carried out in an economical, efficient, effective and timely manner and in accordance with the principles of good project management.</b></p> <p>In planning an audit, it is important to consider:</p> <ul style="list-style-type: none"> <li>• the background knowledge and information required for an understanding of the audited entities, so as to allow an assessment of the problem and risk, possible sources of evidence, auditability and the significance of the area considered for audit;</li> <li>• the audit objectives, questions, criteria, subject matter and methodology (including techniques to be used for gathering evidence and conducting the audit analysis);</li> <li>• the necessary activities, staffing and skills requirements (including the independence of the audit team, human resources and possible external expertise), the estimated cost of the audit, the key project timeframes and milestones and the main points for control.</li> </ul> <p>To ensure the audit is properly planned, therefore, the auditors need to acquire sufficient knowledge of the subject matter. Performance auditing generally requires that audit-specific, substantive and methodological knowledge be acquired before the audit is launched (“pre-study”).</p> <p>When planning the audit, the auditor should design the audit procedures to be used for gathering sufficient appropriate audit evidence. This can be approached in several stages: deciding on the overall audit design (which questions to ask, e.g. explanatory/descriptive/evaluative); determining the level of observation (e.g. looking at a process or individual files); methodology</p> | <p>Confirms the principle of requiring competent staff (individually or in team context) but does not venture into a structured definition. Does touch on some elements of competence development. Probably goes too far in extent of detail around skills and knowledge required.</p> <p>No contradictions noted with TFIAP guides.</p> |
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|  |  | <p>(e.g. full analysis or sample); specific data-collection techniques (e.g. interview or focus group). Data- collection methods and sampling techniques should be carefully chosen. The planning phase should also involve research work aimed at building knowledge, testing various audit designs and checking whether the necessary data are available. This makes it easier to choose the most appropriate audit method.</p> <p>Senior and operational management and the audit team should be fully cognisant of the overall audit design and what it entails. Decisions on the overall audit design and its consequences in terms of resources will often involve the senior management of the SAI, who can ensure that skills, resources and capacities are in place to address the audit objectives and the audit questions.</p> <p>Planning should allow for flexibility, so that the auditors can benefit from insights obtained during the course of the audit. The audit methods chosen should be those which best allow audit data to be gathered in an efficient and effective manner. While the auditors should aim to adopt best practices, practical considerations such as the availability of data may restrict the choice of methods. It is therefore advisable to be flexible and pragmatic in this respect. For this reason, performance audit procedures should not be overly standardised.</p> <p>Excessive prescriptiveness may hamper the flexibility, professional judgement and high levels of analytical skills that are required in a performance audit.</p> <p>In certain cases – where, for example, the audit requires data to be gathered in many different regions or areas or the audit is to be conducted by a large number of auditors – there may be a need for a more detailed audit plan in</p> |  |
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|   |            | <p>which audit questions and procedures are explicitly defined.</p> <p>When planning an audit, auditors should assess the risk of fraud. If this is significant within the context of the audit objectives, the auditors should obtain an understanding of the relevant internal control systems and examine whether there are signs of irregularities that hamper performance. They should also determine whether the entities concerned have taken appropriate action to address any recommendations from previous audits or other examinations that are of relevance to the audit objectives. Lastly, the auditors should seek contact with stakeholders, including scientists or other experts in the field, in order to build up proper knowledge regarding, for instance, good or best practices. The overall aim at the planning stage is to decide, by building up knowledge and considering a variety of strategies, how best to conduct the audit.</p> |   |
| ISSAI 3000<br>Performance audit<br>standard | Audit risk | <p>Requirement</p> <p><b>52) The auditor shall actively manage audit risk to avoid the development of incorrect or incomplete audit findings, conclusions, and recommendations, providing unbalanced information or failing to add value.</b></p> <p>Explanation</p> <p>53) Actively managing audit risk includes the following: anticipating the possible or known risks of the work envisaged, developing audit approaches to address those audit risks during audit planning and the selection of methods, and documenting how those risks will be handled.</p> <p>54) Actively managing audit risk also includes considering whether the audit team has sufficient and appropriate competence to conduct the audit, has</p>  | <p>Reconfirms the principle of competent staff, but reference may be seen as an inappropriate repetition from earlier overall concepts.</p> <p>No contradictions noted with TFIAP guides.</p> |

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|  |        | adequate access to accurate, reliable and relevant good quality information, has considered any new information that is available, and has considered alternative perspectives.  |  |
|  | Skills | <p>Requirement</p> <p><b>63) The SAI shall ensure that, the audit team collectively has the necessary professional competence to perform the audit.</b></p> <p>Explanation</p> <p>64) Professional competence in performance auditing includes having sound knowledge of auditing, research design, social science methods and investigation or evaluation techniques. It also includes personal abilities such as analytical capacity, writing skills and communication skills, creativity and receptiveness to views and arguments. Performance auditing also requires sound knowledge of government organizations, programmes, and functions related to the subject matter of the audit, and may require expertise in social, physical, computer, or other sciences, as well as legal expertise.</p> <p>65) If the auditor determines that external expertise is required to complement the knowledge of the audit team then the auditor may consult, as appropriate, with individuals, within and outside the SAI, who have this specialized expertise. Any external experts engaged with the audit also need to be independent from situations and relationships that could impair the external experts' objectivity. Although the auditor may use the work of experts as audit evidence, the auditor retains full responsibility for the audit work and the conclusions in the audit report.</p> | <p>Good definition of competence elements, but – again – contains too much detail around what competence may mean, matters that should perhaps be more appropriate at the level of guidance.</p> |

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|  | Supervision                      | <p>Requirement</p> <p><b>66) The SAI shall ensure that the work of the audit staff at each level and audit phase is properly supervised during the audit process.</b></p> <p>Explanation</p> <p>67) Audit supervision involves providing sufficient guidance and direction to the audit team assigned to the audit. The auditor who supervises the audit would be expected to have competence and knowledge in audit methodologies; planning and monitoring work; project management; strategic thinking; foresight and problem solving. The level of supervision provided by the auditor may vary depending upon the proficiency and experience of the audit team and the complexity of the subject matter of the audit.</p>   | <p>Links supervision to the level of competence in the team.</p> <p>No contradictions noted with TFIAP guides.</p>   |
| ISSAI 400<br>Compliance audit principles | Audit team management and skills | <p><b>45) Auditors should have access to the necessary skills.</b></p> <p>The individuals in the audit team should collectively possess the knowledge, skills and expertise necessary to successfully complete the audit. This includes an understanding and practical experience of the type of audit being undertaken, familiarity with the applicable standards and authorities, an understanding of the audited entity's operations and the ability and experience to exercise professional judgement. Common to all audits is the need to recruit personnel with suitable qualifications, offer staff development and training, prepare manuals and other written guidance and instructions concerning the conduct of audits, and assign sufficient audit resources. Auditors should maintain their professional competence through ongoing professional development.</p> <p>Audits may require specialised techniques, methods or skills from disciplines not available within the SAI. External experts may be used in different ways, e.g. to provide knowledge or conduct specific work. Auditors should evaluate whether experts have the necessary</p> | <p>Reconfirms principle of competent auditors and links it to some HR practices that may assist in professional development.</p> <p>No contradictions noted with TFIAP guides.</p> |

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|  |  | competence, capabilities and objectivity and determine whether their work is adequate for the purposes of the audit.  |  |
| ISSAI 4000<br>Compliance audit<br>standard | Identification of<br>subject matter and<br>scope | 44) The scope defines the subject matter, and what is going to be audited. The scope depends on the needs of the intended user(s), the decided level of assurance, the risk that has been assessed and the competence and resources available in the SAI.   | Defines the principle of competent auditors, but then makes a rather strange statement the scope depends on competence and resources, while scope should “determine” competence and resource required. Potentially a language issue?<br><br>Should be revisited in future revisions.<br><br>No contradictions noted with TFIAP guides. Making competence a factor that can potentially limit scope of auditing will definitely not feature in the proposed COMP project. |
|  | Objectivity and<br>ethics                        | 46) The auditor is to demonstrate professional behaviour and integrity, be objective, possess the required professional competence, and exercise due care. S/he is also to maintain independence in fact and appearance and confidentiality regarding all audit matters.  | Confirms the requirements to have competent auditors.<br><br>No contradictions noted with TFIAP guides.  |
|  | Quality control                                  | Requirement<br><br><b>85) The SAI shall ensure that the audit team collectively has the necessary professional competence to perform the audit.</b><br><br>Explanation<br><br>86) Quality control includes considering whether the audit team has sufficient and appropriate competence to conduct the audit, is capable of selecting criteria free | Reconfirms the concept that competence should be evaluated at individual and team level.<br><br>Noted some but not all competency requirements which, in reality, could be better placed at the level of guidance.<br><br>No contradiction noted with TFIAP guides.  |

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|  |  | <p>from bias, has general access to accurate information, has considered available information, and has had sufficient time to complete the audit assignment.</p> <p>87) The audit team is assembled to collectively have the necessary competence, knowledge, skills and expertise to perform the audit in accordance with professional standards.</p> <p>Depending on the subject matter, this may include:</p> <ul style="list-style-type: none"> <li>a) Auditing skills and skills regarding data collection/analysis.</li> <li>b) Legal competence.</li> <li>c) An understanding and practical experience of the type of audit being undertaken.</li> <li>d) Knowledge of the applicable standards and authorities.</li> <li>e) An understanding of the audited entity's operations and appropriate experience for the type of entity and operations being audited.</li> <li>f) The ability and experience to exercise professional judgment.</li> <li>g) Producing an auditor's report that is appropriate in the circumstances.</li> </ul> <p>88) The SAI needs to assign adequately skilled resources that are available when needed in the different phases of the audit process. Where specialized techniques, methods or skills are not available within the team or the SAI, external experts may be used in different ways, e.g. to provide knowledge or conduct specific work. When in need of external expertise, the SAI evaluates whether experts have the necessary independence, competence, capabilities and objectivity. The SAI also determines whether their work is adequate for the purposes of the audit. Even if external experts perform audit work on behalf of the SAI, the SAI is still responsible for the conclusion(s).</p> |  |
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| ISSAI 600  | N/a | N/a | N/a |
| ISSAI 6000 | N/a | N/a | N/a |

*[See outcome of analysis on next page...]*

## Outcome of analysis

(for consideration when finalising the roadmap towards the development of professional pronouncements on auditor competence)<sup>1</sup>

- All the pronouncements that were analysed, contains a requirement that auditors need to be competent to execute the audits at hand. While the requirement for competence remained ever present throughout the analysis, from fundamental principles down, the level of detail of the analysis and the extent to which the concepts are unpacked, are – at best – inconsistent and incomplete compared to the TFIAP guide (and other benchmarks flagged in the TFIAP research, e.g. the pronouncements of the IAESB). As an example - the definition of competence does not always deal with all three sub-elements knowledge, skill and personal attributes; often specific terms / concepts are introduced, but never fully defined or explained; the value of HR processes as part of competence development is mentioned, but not all processes in the HR value chain is addressed and even when these are noted, these processes are not necessarily defined or explained. For more detail, refer to the detail in the analysis at the levels of ISSAI 100, 130 and 140.
- In principles there is an unpacking of competency requirements happens at two levels:
  - Fundamental principles and SAI organisation requirements – at SAI / firm level (in the Fundamental Principles of Public Sector Auditing and SAI Organisational Requirements in the IFPP), and
  - Audit principles and standards – at engagement level (in the Principles and Standards in the IFPP),

but this split is not necessarily consistently applied between the levels in the IFPP. It also appears as though the requirements at organisational level deal with a “baseline” of competencies (the minimum that an audit professional should have to execute and audit), while the engagement level deals with baseline requirements and those competency requirements unique to the engagement.

This needs to be contrasted with the work of the TFIAP over the past 6 years, that clearly pitches its products at the level of SAI / firm level.

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<sup>1</sup> See the INTOSAI CBC's February 2020 proposal to FIPP on the drafting of professional pronouncements on auditor competence

- There is a great opportunity to create a single, complete and comprehensive definition of competencies, with reference to
  - **knowledge and skill** (which we see in almost all current pronouncements), as well as
  - **personal attributes** (which is not always consistently addressed or sometimes completely left out), and
  - **initial and continued professional qualification** with related principles relating to human resource and professional development practices.

It will also provide the opportunity to unpack these into specific SAI requirements and do so consistently, with reference to underlying knowledge / experience, ISSAI references, SAI requirements, etc.

Bringing all of this together in one document, will provide a single anchor to deal with competency requirements in a consistent way throughout the rest of the IFPP, creating appropriate context to the auditing principles and standards (ISSAI 200, 300 and 400) (engagement level).

**This commentary from an analysis done in 2018/19 has been further unpacked in specific concept examples that were developed for submission to FIPP – see preferred examples A, B and C.**

- Although the TFIAP research suggests that there is a need for unique public sector pronouncements (a fact noted in some of the pronouncements where there was commentary around public sector perspectives), the pronouncements of the IAESB<sup>2</sup> serve as a good indicator of the level of detail one may want to unpack. It is interesting to note that when the ISAs were drafted by the IAASB<sup>3</sup>, it was done at a relatively basic, principled level (confirming the need for auditor competence with limited additional references) understanding that there will Education Standards done by the IAESB that will unpack the competency requirements in adequate detail.
- The IAESB pronouncements is crafted at PAO / firm level and not at the level of engagement (it addresses the PAO / firm, rather than the engagement auditor). The IAESB pronouncements are contained in separate volume from the IAASB pronouncements. The work done by the TFIAP over the past 6 years deals with competency requirements in a similar way – at SAI level.

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<sup>2</sup> International Accounting Education Standards Board

<sup>3</sup> International Auditing and Assurance Standards Board