**INTERNATIONAL STANDARD FOR SUPREME AUDIT INSTITUTIONS (ISSAI) 150**

**Auditor Competence**

**INTRODUCTION**

1. The ability of a Supreme Audit Institution(SAI) to fulfil its mandate and conduct high-quality, effective audits depends to a large extent on the quality, integrity and competence of its staff. The competency requirements of auditors, as well as how they are recruited, managed, developed and assessed, are and have always been of fundamental importance to a SAI.
2. Auditing standards give structure to the execution of a SAI’s mandate and work, but these can only be implemented by staff with the appropriate competencies. The inclusion of a pronouncement on auditor competence in the *INTOSAI Framework of Professional Pronouncements* (IFPP) emphasises that the employment of competent auditors is an integral part of a SAI’s identity, professionalism, credibility and relevance.
3. It is important that the leadership of the SAI assigns sufficient strategic importance to setting up and maintaining a sound framework for auditor competence. To this end, the framework shall be integrated into the SAI’s culture, strategies, functions, policies and procedures.
4. ISSAI 150 – *Auditor Competence* is intended to be used in conjunction with other ISSAIs and with due consideration of SAIs’ mandates, enabling legislation, structure, size and other considerations. This follows ISSAI 100, which recognises that a SAI may choose to adopt the ISSAIs as the authoritative standards that will determine the execution of its work, or use the ISSAIs as a basis to develop own standards or to adopt consistent national standards. It also embraces the motto of “global profession, local solution”, allowing for some flexibility in the application of the organisational requirements contained in the document, to cater for specific considerations that are unique to the relevant SAI.

**SCOPE**

1. The purpose of ISSAI 150 is to set out the organisational requirements that a SAI shall follow in determining auditor competencies, as well as the recruitment, development, maintenance and assessment thereof.
2. ISSAI 150 addresses the SAI’s role and responsibilities, listing the competency requirements of auditors in the areas of financial auditing, performance auditing and compliance auditing, while also recognising the unique considerations of SAIs with jurisdictional responsibilities.
3. The IFPP includes many pronouncements which refer to the concept of auditor competence. ISSAI 150 brings together all such references at the level of the organisational requirements in the IFPP. It shall be used in conjunction with statements in the fundamental principles of public sector auditing (ISSAI 100), quality control for SAIs (ISSAI 140), auditing principles (ISSAI 200 and beyond) and auditing standards (ISSAI 2000 and beyond).

**Overview**

1. In the introductory comments to ISSAI 100 – *Fundamental Principles of Public-Sector Auditing* – professional pronouncements (standards and guidelines) are described as essential for the credibility, quality and professionalism of public-sector auditing.
2. Professional pronouncements alone, however, cannot enable a SAI to deliver on its mandate and make a difference to the lives of citizens. It requires all the elements of professionalism that have been described by INTOSAI over the past number of years, namely:
3. an appropriate working environment;
4. auditing standards and guidelines to give effect to the SAI’s mandate;
5. competent people to execute the mandate in line with the auditing standards and guidelines; and
6. a holistic performance measurement process to ensure that the above is in place and functioning appropriately and effectively.

Appropriate organisational capability and strategic focus, as outlined in the INTOSAI Principles within the IFPP, cannot be overstated as an enabling context for this pronouncement.

1. ISSAI 100 – *Fundamental Principles of Public-Sector Auditing* provides that each SAI should establish and maintain procedures for ethics, quality control and auditor competence at an organisational level, which will provide reasonable assurances that the SAI and its personnel are complying with professional standards and the appropriate ethical, legal and regulatory requirements. In dealing with auditor competence, it provides that a SAI shall:
   1. determine relevant competencies required for all auditors;
   2. implement appropriate human resource processes and practices to ensure that its auditors have appropriate competencies;
   3. develop dedicated pathways for professional development of auditors, specifically tailored to the SAI’s mandate, regulatory framework, organisational structure and needs; and
   4. develop and implement the means for assessment of competencies and monitoring of auditor progression/self-development on a periodic basis.

A SAI shall comply with all organisational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs.

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

**Elements of auditor competence**

1. ***Competence*** is the measurable or observable knowledge, skills and personal attributes critical to successful job performance, where:
2. knowledge is the theoretical or practical understanding of a topic;
3. skills are the abilities to accomplish specific tasks, developed through learning or experience; and
4. personal attributes are the mind-set, qualities, characteristics and traits of a person.
5. A ***competency framework*** is a conceptual model that details and defines the ideal competencies expected of an individual auditor for a specific task and for a specific position within an organisation. Competency frameworks need to be largely stable and timeless at a broad level. At a more granular level, they need to be dynamic, reflecting the expectations of an ever-changing world. They seek to define the elements needed to drive success and high performance, and will change depending on the circumstances.
6. A ***pathway for professional development*** is a formalised, structured development programme chosen by a SAI and aimed at developing and maintaining competent, professional auditors in the SAI.

**ORGANISATIONAL REQUIREMENTS underpinning A SAI’s responsibilities towards auditor competence**

**ORGANISATIONAL REQUIREMENT 1**

1. **A SAI shall determine relevant competencies required for all auditors.**

**Application material**

1. A SAI’s organisational strategy spells out the way in which the SAI will translate its mandate into action through auditing to the benefit of citizens. An important part of the strategy deals with the human resourcing of the organisation and especially its audit capacity.
2. A SAI needs auditors with the right competencies to fulfil its legislated mandate and address the challenges of the environment in which audits take place, to remain relevant in an ever-changing world.
3. In pronouncing on the competency needs of a SAI and dealing with the related means of recruitment and development, the SAI leadership elevates auditor competence as one of the cornerstones of the credibility of the SAI’s work.
4. The process of determining competencies will have to be designed in ways that are appropriately transparent and inclusive to ensure the quality and relevance of the end-result. Furthermore, such a process will also ensure that the competency determination contains an element of future readiness for the SAI.
5. It is good practice for a SAI to document the competencies required of its auditors in a competency framework, at the level of full and complete ability to function in the positions in which they have been appointed.
6. At a minimum, it will be important for a SAI to describe the competencies of an auditor who is fully able to manage an audit in line with the auditing standards that the SAI has adopted, thereby creating a baseline for all other positions in the SAI.
7. The extent of documenting competencies for auditors will depend on many factors within the SAI, including access to relevantly qualified human resources, size of the SAI, cost and cost-effectiveness considerations, the envisaged return on investment related to competence development, etc. It is good practice to develop separate competency profiles per type of position throughout the organisation, but it can also be done in groups, broad categories or team context. Alternatively, the SAI may consider using job profiles – a short statement that links job requirements to competencies – to expand on its overall detailed competency description.

1. Elements to consider when determining the competencies required of an individual auditor, audit team or the grouping of positions within a specific SAI, include:
2. competencies which are unique to the role of a public-sector auditor, defined by the specific audit responsibilities associated with the auditing standards that the SAI has adopted;
3. competencies that are unique to the SAI (determined by its enabling legislation, mandate, strategy, stakeholder expectations, etc.); and
4. the SAI’s strategic thinking about an appropriate foundation of personal qualities and values, as well as underlying knowledge and skills necessary to ensure the appropriate application of the two groups of competencies referred to above.
5. The determination of competencies in a SAI is also impacted by career progression. Where technical competence may be the overriding consideration at the start of an auditor’s career, managerial and leadership competencies may become increasingly important as the auditor progresses career-wise. The SAI needs to find an appropriately practical way to reflect this progression in its documentation of competencies.

**ORGANISATIONAL REQUIREMENT 2**

1. **A SAI shall have appropriate human resource management processes and practices to ensure that its auditors have appropriate competencies.**

**Application material**

1. To attract, develop and maintain the competence of individual auditors, the SAI shall invest in sound human resource management practices and processes, including the following:
2. Human resource management strategy;
3. Human resource planning;
4. Attraction and recruitment;
5. Performance management;
6. Learning and development;
7. Reward and recognition; and
8. Retention, replacement and succession,

to the extent that the SAI has control over these processes. Where the SAI does not have control over such processes (for instance, where they are dealt with by a central, government-controlled human resource function), it will benefit the SAI to proactively communicate its needs to the entity undertaking such processes on its behalf and to influence the processes to fit its needs.

1. The expectation of SAI leadership to have access to competent resources to give effect to the SAI’s mandate also implies an investment in individual capacity development and creating a culture of life-long learning in the organisation. This can be in the form of:
2. establishing clear and ongoing channels of communication with staff about the SAI’s expectations regarding competence and continuous self-development in the context of its human resource management strategy, giving context to its human resource management practices and processes, as well as opportunities for development of competencies;
3. investing in the education of auditors through the availability of scholarships, bursaries or by other similar means;
4. providing access, internally or externally, to relevant training interventions;
5. providing specifically structured practical experience opportunities;
6. providing access to regularly updated audit manuals;
7. providing opportunities for on-the-job training, supervision and feedback mechanisms;
8. providing access to appropriate coaching and mentoring opportunities; and/or
9. providing opportunities for appropriate knowledge sharing.

**ORGANISATIONAL REQUIREMENT 3**

1. **A SAI shall develop dedicated pathways for professional development of auditors, specifically tailored to the SAI’s mandate, regulatory framework, organisation structure and needs.**

**Application material**

1. Good practice suggests that, in applying its mind to the development of pathways for professional development, a SAI can consider distinguishing between processes of initial professional development (developing a baseline of competence to be able to manage an audit in line with the auditing standards that the SAI has adopted or linked to a specific position in the SAI) and continuing professional development (maintaining and keeping competencies relevant).
2. The SAI’s mandate, strategy and needs play a guiding role in the professional development options that a SAI will consider as appropriate for its circumstances. Options to consider may include:
3. creating an own academy (or similar structure) to conduct professional education and training;
4. partnering directly with a university to deal with the educational element of a professional development pathway, while handling the other requirements on an in-house basis;
5. partnering with a professional accounting organisation (PAO) or similar provider to design and deliver professional development opportunities;
6. sourcing resources from a central government human resource function (such as a Public Service Commission, where certain human resource functions are performed on behalf of the SAI), supplemented by in-house audit-specific learning opportunities;
7. following a dedicated recruitment strategy focused on sourcing professionally qualified auditors, supplemented by in-house public-sector audit-specific learning opportunities; and/or
8. partnering with specific INTOSAI bodies or fellow SAIs to institutionalise professional development options.
9. All pathways for professional development contain appropriate elements of:
10. external learning opportunities (such as a degree at a university, SAI academy or similar institution);
11. internal learning opportunities (such as specific training courses); and
12. practical experience.
13. The competencies related to a pathway for professional development are typically clearly analysed in their sub-elements of knowledge, skill and personal attributes, as appropriate and relevant to the SAI, to the point where the detailed design and implementation of a related development programme, including assessment per specific competency, are possible.
14. In circumstances where the SAI is faced with conditions requiring external accreditation of auditors who have completed their initial professional development processes or require a form of “licence to audit”, these considerations will have to be taken into account during the design of the pathway for professional development.
15. A SAI will have to clearly set out the processes that will maintain and keep relevant the competencies of its auditors. Considerations in this regard can include:
16. encouraging auditors to set a self-development plan based on the career progression that they envision for themselves;
17. confirming outcome-driven expectations (proving a level of competence through assessment);
18. confirming input-driven expectations (investing in a certain number of hours of learning within a specific period of time); and/or
19. expecting staff to confirm a specific level of competence (self-assessment).

**ORGANISATIONAL REQUIREMENT 4**

1. **A SAI shall develop and implement the means for assessment of competencies and monitoring of auditor development progression/self-development on a periodic basis.**

**Application material**

1. To ensure that its auditors obtain and maintain the competencies required, a SAI can develop an appropriate, relevant and preferably independent means of assessment and monitoring. Examples of such activities include:
2. submission of a portfolio of evidence for consideration by an internal or external moderator;
3. workplace observation by a supervisor;
4. examinations and tests;
5. staff appraisal systems, etc.
6. In assessing competence, it is important to:

* confirm the auditor’s successful development of competence based on specific pre-determined assessment criteria; and
* provide the SAI with reliable information about the success of development interventions undertaken and the impact of these interventions on the work of the SAI.

1. Where any deviations from the expected competencies are identified, a clear remedial plan will have to be agreed with the relevant auditor to ensure that the competency gap is addressed in a focused and transparent manner.
2. To apply the concept of assessment to the SAI as an organisation, its practices for competence development can also be independently assessed at regular intervals.