HUMAN RESOURCE
MANAGEMENT

A GUIDE FOR SAIs

INTOSAI

CAPACITY BUILDING COMMITTEE

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INDEX

FUTURE ORIENTED HRM

FOREWORD

Human beings are the most important resource of a Supreme Audit Institution (SAI). They plan everything and execute everything that happens in the organisation. The quality of all outputs as well as all strategic considerations of a SAI are almost always affected by decisions about and by human resources. We can even go so far as to say that our human resources do or undo all outcomes of the SAI's operations and create or bypass opportunities for the success of the organisation.

But managing human beings is tough, and knowing how to effectively manage our human resources is therefore a vital factor in the success and failure of any supreme audit institution. While a SAI's goal is to improve its performance to achieve greater impact, it can only do this through staff that are well managed. Human resource management (HRM) is a specialised and organised branch of management concerned with the acquisition, maintenance, development, utilisation and coordination of people at work in such a way that they will give their best to the organisation. It is also about the systematic planning of human resource needs and requirements.

Through effective human resource management we can both support organisational goals and nurture and develop our staff. On an organisational level, having the right people, with the right experiences in the right place will help us succeed in our strategy and achieve sustainable impact. For individual staff members, it is a matter of thriving in the work place and managing their professional development. If done right, it is a win-win situation for both the SAI and its employees.

This guide was compiled to support SAI leaders and their HR specialists to deal with this most important process of managing people. The HR process involves many steps and each chapter deals with one of the steps in a practical way so that the guide will have value for all SAIs, whether small or large.

I trust that this guide will inspire renewed attention on the importance of human resource management and that it will assist SAI leaders and HR managers to maximise their employees' contribution to the success of their SAIs at the same time as raising job satisfaction.

Competent people, credible results, public trust!

Tsakani Maluleke
Chair: INTOSAI Capacity Building Committee

CHAPTER 1
INTRODUCTION

A supreme audit institution (SAI) is a people business – the success of a SAI largely depends on its people. It is critical for any SAI to pay attention to the motivation and competence of its staff and therefore to prioritise human resource management (HRM).

Without competent people, it will be difficult to implement audit standards. INTOSAI places considerable emphasis on the development and implementation of auditing standards. Although, this is justified, we need to place equal emphasis on the staff who we rely on to implement these standards. Competent staff means credible results for a SAI, which in turn results in public trust in the SAI. This is confirmed by _ISSAI 150 (Auditor Competence)_ which requires of all SAIs to have appropriate HRM processes and practices to ensure that its auditors have the relevant competencies determined by the SAI (see Requirement 2). The benefits of competency-based HRM practices is acknowledged by the audit profession in both the private and the public sectors – basing HRM on competencies, makes for better processes.

HRM in a SAI is a broad area that ideally should encompass all people-related approaches that enables the SAI's organisational strategy and therefore the SAI's success. HRM is more than personnel management; it has a strategic approach based on the needs of the SAI. Successfully including HRM as a central element of organisational strategy, will ensure that HRM processes are successfully informed by SAI strategy, including organisational competencies. Moreover, HRM should help define how the SAI's policies and approaches are aligned to the structural and cultural context of the SAI, because SAIs differ greatly in size, model and development levels.

As can be seen in the illustration below, there are various sub-functions within HRM that support one another in order to help the SAI to have the right number of competent and high-performing staff.

The aim of this Guide is therefore to help SAIs to fully succeed at HRM by providing guidance regarding the key dimensions and activities of a modern HRM function.

The Guide is aimed mainly at HRM practitioners, but it is also a valuable tool for SAI leadership and line managers to understand the workings of HRM. The Guide furthermore recognises that it may take SAIs some time to put all these dimensions in place, and that each SAI will travel its own unique journey to establish and fully develop its HRM.

Traditionally, HRM at a SAI involved employing personnel officers or relying on the Public Service Commission (PSC) or a similar body to recruit staff, manage the payroll, organise training and so forth. However, with greater independence and professionalisation, many SAIs are establishing HRM functions to support line managers to play a proper strategic role in helping SAIs identify and meet their long-term strategic human resource needs. The visual below from the *2020 Global SAI Stocktaking Report* indicates that more SAIs now have control over a sizable number of HRM dimensions. As SAIs strive for more independence, a key objective should be to further increase their control over all these dimensions. In the interim, although SAIs may not have full control, they can use the competency requirements and practices set out in *GUID 1950* to better engage (or negotiate) with the PSC.

PERCENTAGE OF SAIS WITH FULL CONTROL OF EACH THE FOLLOWING HR FUNCTIONS

Internal organisation	HR planning	Promotions	Recruitment	Remuneration
82%	78%	70%	63%	44%
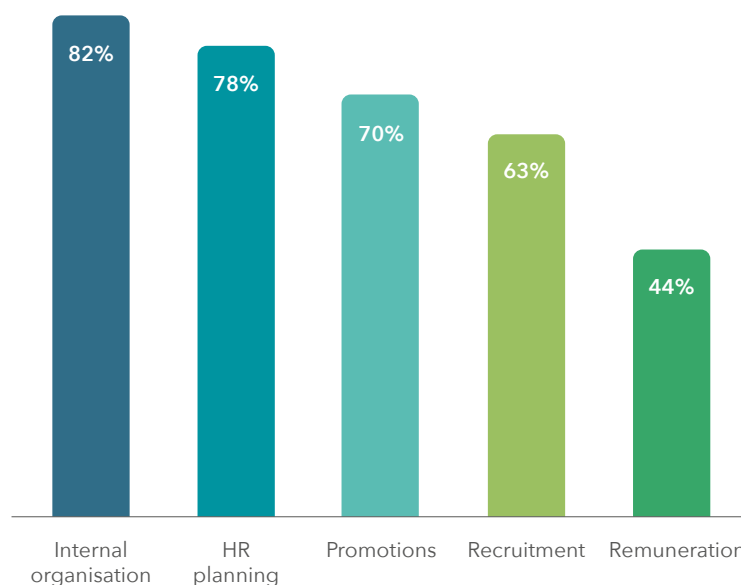
Key to the successful introduction and maturing of an HRM function is the establishment of a strong HRM team. However, HRM is also about the relationship between HRM professionals, on the one hand, and management on the other hand. Successful HRM is about cooperation where the strengths of HRM professionals (knowledge of the HRM area, systems and tools) are combined with the power and position of management (with regard to business/SAI operations). This Guide is therefore not only for HRM professionals, but also for managers.

Bear in mind that some SAIs may have a large HRM department with many specialists, which means that the managers can afford to have limited focus on HRM. At small SAIs, however, where one or two staff members are charged with HRM, the HRM functions will have to be fulfilled mainly by managers.

The Guide recognises that some of the HRM dimensions may not be applicable to SAIs that are not fully independent or are too small to employ many full-time HR specialists. For example, aspects such as transformative HR and HR optimisation covered in chapter 3, or the new ways of work covered in chapter 11, may not be a priority for all SAIs. However, much can be done internally by small SAIs or SAIs still on their way to full independence, to maximise the use of available expertise and, so doing, ensure that the SAI's human resources are better supported and managed.

This Guide acknowledges that SAIs' HRM functions understandably find themselves at different levels of development or maturity. The visual below illustrates four broad maturity levels of typical HRM functions. This can help SAIs to better understand the development level of their HRM functions and to determine what will be required to advance to more mature levels of HRM, where applicable.

HRM MATURITY LEVELS

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
COMPLIANCE-DRIVEN HR SERVICES	FUNDAMENTAL HR SERVICES	STRATEGIC HR DEPARTMENT	BUSINESS-INTEGRATED HR
• No HR strategy • "Personnel" function, mostly separate from business and talent needs • Line managers perform HR activities as they see best	• HR strategy partially or fully defined. HR functions still working in silos • Some standardized processes and policies; core services managed well • Some automated talent systems, but little integration of data	• HR strategy aligned with the business strategy. HR functions supporting business needs • Initiatives split between HR process improvements and talent needs • Some system integration	• HR strategy part of business strategy • HR helps to develop business decisions through people, data and insights • Business and HR systems integrated and advanced

Most of the chapters in this Guide use the maturity model to illustrate the broad development levels of the particular HR function being discussed.

THE GUIDE COVERS THE FOLLOWING KEY ASPECTS OF MODERN HRM:

- Chapter 2 – HRM strategy/planning
- Chapter 3 – Setting up HRM
- Chapter 4 – Competence management
- Chapter 5 - Recruitment and selection
- Chapter 6 – Performance management
- Chapter 7 – Diversity management
- Chapter 8 – Learning and development
- Chapter 9 – Employee assistance, health and wellness
- Chapter 10 – Future-relevant, future-proof SAI professionals
- Chapter 11 – New ways of work

Each chapter deals with a specific HRM dimension in the context of the overall HRM "value circle". The Guide explains the essential steps towards establishing the various HRM sub-functions, and also describes how to develop them to full maturity. Most chapters also provide advice on the more important things to keep in mind, the challenges regularly faced and some success factors in overcoming these challenges.

This Guide, however, is not meant to be a detailed instruction manual. Given the unique circumstances within which SAIs find themselves, they should build on, or borrow ideas from the Guide (and the various reference sources mentioned in the Guide) to find local solutions of their own. The advice provided in this Guide, although relevant to all SAIs, recognises that SAIs operate under different mandates and legal systems. When using the Guide, SAIs also need to consider and adapt to the mandates and country-specific legal requirements around labour relations, privacy, data protection, and so forth.

Throughout the various chapters, the reader will find hyperlinks embedded in highlighted text which will direct them to useful reference materials and resources – simply hover your mouse over the relevant text and click. In some cases, useful templates are also included to provide the reader with guidance on how to implement certain approaches or procedures. In developing this Guide, we also considered the pronouncements in INTOSAI's Framework of Professional Pronouncements relevant to HRM issues – see Annexure below.

ANNEXURES

- Annexure 1: *ISSAI 100* - *Fundamental Principles of Public-Sector Auditing, especially paragraph 39*
- Annexure 2: *ISSAI 150* – *Auditor Competence, and the accompanying GUIDS* *1950* *and* *1951*

CHAPTER 2

HUMAN RESOURCE MANAGEMENT STRATEGY

1. WHAT IS HRM STRATEGY?

HRM strategy is about choosing. Choosing your direction with regard to the most crucial aspect of a SAI: the staff who must help the SAI fulfil its mandate. HRM Strategy is about sticking to the course decided on and doing this together with the most important players in this field: HRM professionals and line managers.
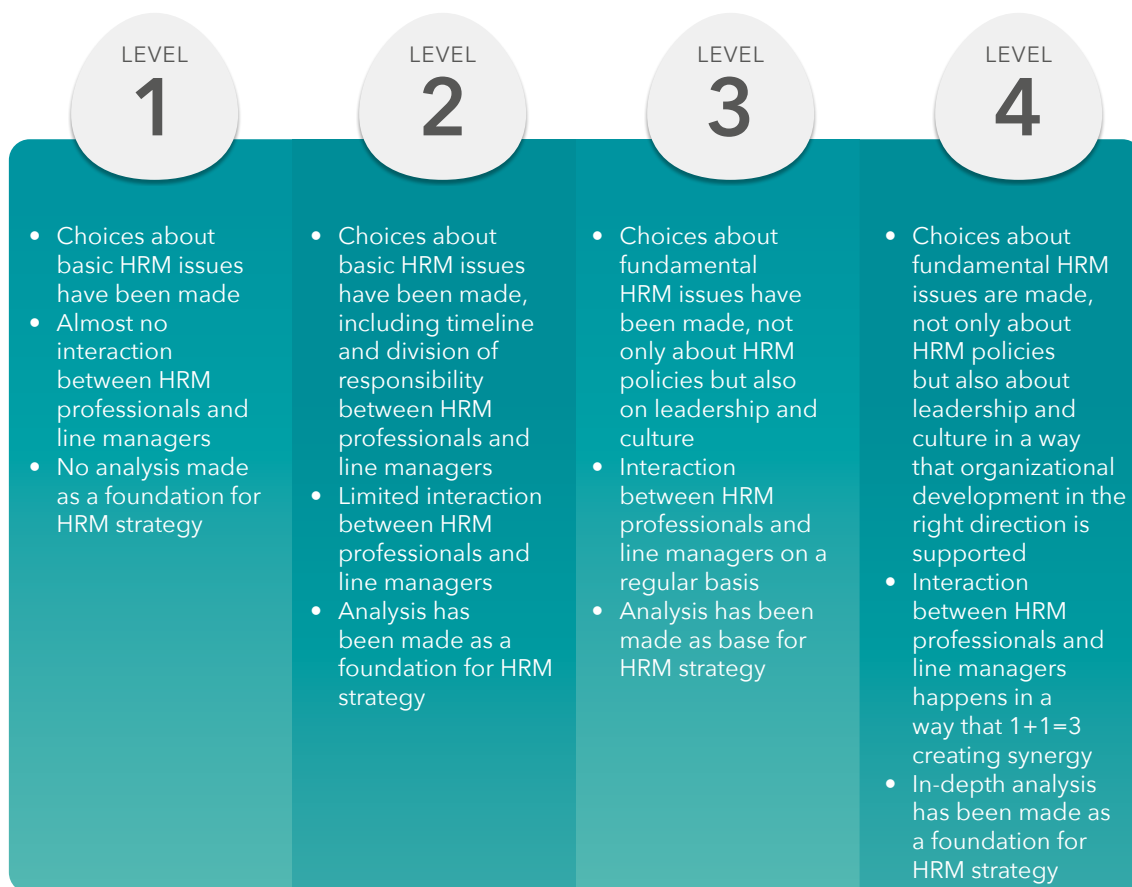
Choosing your direction and keeping course are equally important. In this chapter, we will make clear that it takes two to tango: cooperation between HRM professionals and managers is key to success. Using the strength of the HRM professionals combined with the strength of the managers is crucial for the process of developing the HRM strategy, the first part, as well as for the execution of the HRM strategy, the second part. These are two sides of the same coin.

In developing this human resource strategy, a SAI needs to be mindful that the strategy is supportive of the International Standards of Supreme Audit Institutions (ISSAIs). From an HR perspective, this means the organisational requirements in ISSAI 100 and ISSAI 150 relating to staff competency management and the HR processes and practices that will ensure that SAI staff are competent and able to execute the SAI's mandate.

It is important to stress that we consider HRM as a wide field of all human aspects that influence the success of a SAI's core business. So, this is a broad definition of HRM, meaning that besides HRM policy in the areas of recruitment, competence and performance management, diversity management, employee wellness, etc., we also focus on aspects such as culture and leadership. Why is that? We know from experience that organisational culture influences people's behaviour to a very high degree. For instance: what is normal? Is it normal to work outside of office hours or not? Or is it common to give open feedback to each other? Is it acceptable to disagree with top management?

The table on the next page illustrates the different levels of maturity at which a SAI may find itself as far as HRM strategy is concerned. There are four broad maturity levels of a typical HRM strategy illustrating what is required to advance from a basic to a more mature level of HRM strategy, considering each SAI's unique circumstances.

HRM STRATEGY MATURITY MODEL

LEVEL 1

- Choices about basic HRM issues have been made
- Almost no interaction between HRM professionals and line managers
- No analysis made as a foundation for HRM strategy

LEVEL 2

- Choices about basic HRM issues have been made, including timeline and division of responsibility between HRM professionals and line managers
- Limited interaction between HRM professionals and line managers
- Analysis has been made as a foundation for HRM strategy

LEVEL 3

- Choices about fundamental HRM issues have been made, not only about HRM policies but also on leadership and culture
- Interaction between HRM professionals and line managers on a regular basis
- Analysis has been made as base for HRM strategy

LEVEL 4

- Choices about fundamental HRM issues are made, not only about HRM policies but also about leadership and culture in a way that organizational development in the right direction is supported
- Interaction between HRM professionals and line managers happens in a way that 1+1=3 creating synergy
- In-depth analysis has been made as a foundation for HRM strategy

1.2 OTHER HR PROCESSES THAT INTERLINK WITH HRM STRATEGY

In this chapter, it will become clear that the HRM strategy flows from the SAI's organisational strategy, and that all HR processes and practices, in turn, flow from the HRM strategy, the extent to which depends on the content of the HRM strategy. In theory, all other topics covered in this guide can be part of the HRM strategy. You will therefore find in the text several hyperlinks to the other parts of this guide. This is also an illustration of the potential wide scope of an HRM strategy: it can vary from recruitment to leadership, from organisational development to remuneration, and from training to staff wellness.

HELPFUL DEFINITIONS

- *HRM strategy:* staff helping the SAI be successful (shortest definition). The HRM strategy is an overall plan for managing a SAI's human capital to align it with its mission and strategic objectives and sets the direction for all the key areas of HRM, presenting people-centric solutions for strategic priorities.

- *HRM function:* HRM is a function that should encompass all people-related approaches that will support the SAI's strategic objectives and operational systems in order to maximise its performance.

2. HOW TO...

In advance we will start with a reassurance. HRM strategy could unintentionally have the effect that it seems magical or mythical, or it could even be considered as the holy grail of HRM: attractive but unreachable. And for that reason: better not to start than to fail...

None of this is true. Yes, HRM strategy means that it takes effort. And yes, you have to act wisely. And yes, some experience is helpful.

And yes, this requires some *specific skills*. But investing in your HRM strategy is critical and makes sense.

We will introduce you to a 5-step model in order to build an HRM strategy with the right content.

Before starting with the first step, there is one question to be answered: what will be the time horizon of the strategy? The answer depends on the following:
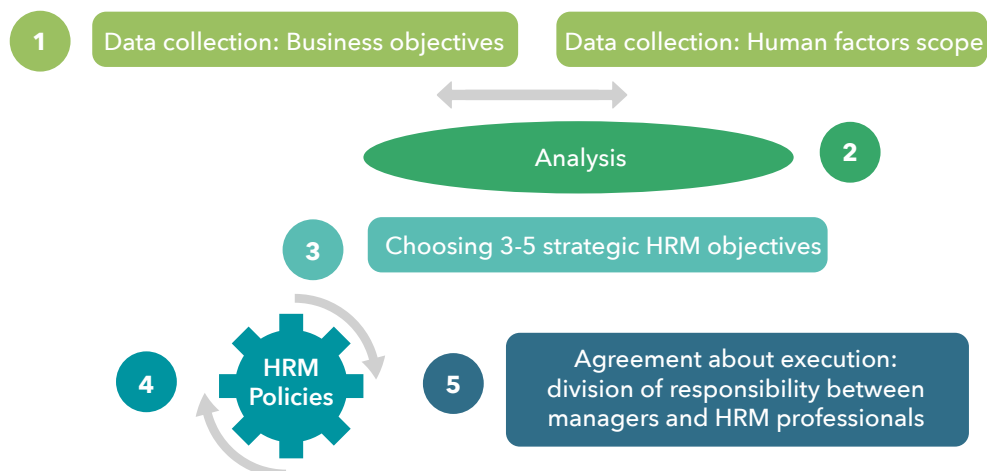
- What is the implementation timeline of SAI's institutional strategy? It is advisable to connect with this timetable?

- How predictable is the SAI business/practices and the context within which it operates? The more predictable it is, the wider the horizon to choose.

KEY CONCEPTS

- *Cooperation between managers and HRM professionals:* close cooperation creates synergy. Using the strength of managers (sense of the core business, leadership, authority) and combining this with the strength of HRM professionals (state-of-the-art knowledge of wide HRM field).

- *5-step model:* the 5 steps of the HRM strategy process, ideally developed jointly by HRM professionals and managers (see next page).

THE 5-SET HRM MODEL

1	Data collection: Business objectives		Data collection: Human factors scope
2	Analysis
3	Choosing 3-5 strategic HRM objectives
4	HRM Policies
5	Agreement about execution: division of responsibility between managers and HRM professionals

STEP 1:
COLLECTING THE DATA FROM BOTH A STRATEGIC BUSINESS PERSPECTIVE AND A HUMAN FACTOR PERSPECTIVE

Starting with the HRM strategy process means starting by collecting data (such as the strategic objectives of the SAI, the number of staff, their competencies, sick leave, staff turnover, job residence time, etc.). The HRM strategy bridges between the SAI's overall strategy, goals and objectives and specific HR areas for development. For this reason, it is important to bring the relevant data and information to the table.

With regard to the core business issues, think about the following:

• What is the change that the organisational strategy is driving and that you would like to see on ground, and what goals and indicators would support that change?

• On which aspects will the organisation have been judged in years to come?

• What competencies are required by staff to support the mandate of the SAI and what capacity will be required in future given the extent and nature of audits to be conducted by the SAI? (See also Chapter 4: Competence management.)

• What are the most important changes to be expected in the internal organisational structure or in the core business processes?

• What are the subjects that top management spontaneously talk about? This is a good indication of where top management's energy is focused.

Note that the first four questions ideally have been answered by managers and not by HRM professionals. For this reason, it is essential that managers contribute to the process of building a HRM strategy. If so, the chance of getting a strong relation between organizational strategy and HRM strategy is optimal. Find a way to cooperate that suits the culture of your SAI.

With regard to the human factor scope, think about the following:

• What is the current composition of staff: gender, age, length of employment, competency levels/qualifications, expected outflow due to retirement, etc.?

• What changes in legislation can be expected, for example labour law, public service regulations, etc?

• Do employees meet competency requirements? In which areas do you have competency gaps? In general, are people motivated; if not, what processes can you choose to improve that?

• What are the expectations of the labour market? (Where the SAI is still linked to the PSC, what is the nature of the relationship?) Will it be easy to recruit talented candidates from the labour market? Which are the scarcest positions and/or competencies? (See also Chapter 5: Recruitment and selection.)

• How can the culture be described? Is the current culture helpful in meeting the SAI's objectives? What aspects of culture could you try to improve?

• What is the assessment of leadership? Are leaders fully equipped? What is the strength of leadership and what are the weaker points?

Take note that the above questions require some 'homework' from HRM professionals. It is very helpful if the HRM department has the relevant data regarding staff available and sound knowledge about important developments in labour market or relevant legislation.

And of course, it is very helpful that the assessment of current staff will be done jointly by HRM professionals and managers. It can also be helpful to use tools such as the SWOT (strengths, weaknesses, opportunities, threats) analysis for collecting and analysing data.

STEP 2:
ANALYSIS

The key question in this step is: If we do not change our HRM objectives, policies, culture or leadership (maintaining the status quo), is it reasonable to expect that our strategic and core business objectives will be achieved?
For instance:

- What are our organisational strategic objectives?

- What does this mean for the SAI with regard to the human factor? (See also Chapter 10: The future-relevant, value-adding auditor.)

- Is it reasonable to assume that the objectives will be achieved given the current people, current or upcoming labour legislation, labour market forecasts, etc.?

If the answer to the last question is 'yes', it means that the HRM strategy should not be altered and the organisation can continue in the same way. However, a 'yes' answer is not expected. Above we have used the metaphor of the ice floes. A characteristic of an ice floe is that it is always moving. If applied to an organisation, it means the public sector is constantly changing; core business objectives are moving. The way the organisation gives shape to internal processes is not cast in concrete; therefore this 'ice floe' is not expected to be stable. On the other hand, we have seen that developments in the human factor area are very likely, simply because the composition of staff will change in time.

So, the answer to the key question "can we go on without changes?" will most likely be 'no' because we must do something in the human factor area in order to support our core business in the best way possible.

In this step a fruitful dialogue between managers and HRM professionals is crucial. In this conversation, for example during a workshop, much insight can be gained from the input from either the core business or human factor side. A common understanding and a collective picture of the challenges ahead, are fundamental for the next steps and for a good execution. Together, they can answer questions such as: "Let us unpack and better understand the impact that changing the internal SAI processes will have on our investigation or control process?" or "Can you please explain why or how the new hiring legislation will influence our flexible resources policy?".

STEP 3:
CHOOSING 3 – 5 STRATEGIC
HRM OBJECTIVES

Strategy is about choosing, and choosing is about prioritising. It is impossible to be successful when 15 or even 10 strategic HRM objectives are on the agenda. After all, HRM professionals and managers will not only be busy with strategic issues but must also attend to daily core business. Experience has shown that it is advisable to focus on between 3 and 5 strategic issues/objectives.

After the analysis in step 2 and answering the key question ('Can we successfully move on without changing anything?'), it is time to focus and choose. In this step, managers and HRM professionals ideally also cooperate by compiling a long list of items and issues that may be of interest to bridge the gap between strategic objectives and the human factor. The main question in this step is: 'Which issue or theme will be most helpful in optimising the increased value of the human factor for the purpose of realising the core business goals?'

For example, the long list of issues could be as follows:

ISSUE	REASONS
Staff retention	Our high turnover is a risk for our knowledge retention, which is crucial for our long-term relationship with our stakeholders
Health	Our high sick leave is a risk for realising our audit objectives
Innovation	Our current dominant culture is too conservative: we are not able to integrate new investigative tools into our organisation
Teams	Our professionals are too individual oriented and for that reason we are not successful in addressing large collaborative project challenges
Reward	Our salaries are not competitive; therefore we are not able to attract the right people in labour market
Flexibility	Our organisation is too stable and therefore we are not able to respond quickly to new opportunities within our environment
Mobility	Our turnover rate is too low, which means we are not able to offer new career possibilities for talented young people. For this reason, we cannot take advantage of the latest knowledge in the area of artificial intelligence
Diversity	Our staff are not diverse enough, which results in group think. This is a pitfall because we miss some interesting non-traditional perspectives which could be very helpful in our research and diagnosis.

The next challenge is to reduce this long list to a short list of 3 to 5 issues. Criteria to be used in this selection process could be the following:

• How much resources (time, money, etc) should be / are available for investment in order to obtain desired results?

• What issue gives us the best energy? Where are we happy to start? This is an important criterion because energy is the best fuel for change.

• Can we find an issue as a lever for other important aspects? For instance, 'mobility' in order to realise more starting points for new talent. It contributes to a more flexible culture ('mobility in job also gives mobility in mindset').

The selected 3 to 5 issues are the focus for the strategic HRM agenda for the next years. These issues can be configured into specific goals. For instance: within 3 years we have decreased the number of vacancies from 25 to 10 per year. Or another goal: within 5 years we have decreased sick leave from 8% to 5% a year.

STEP 4:
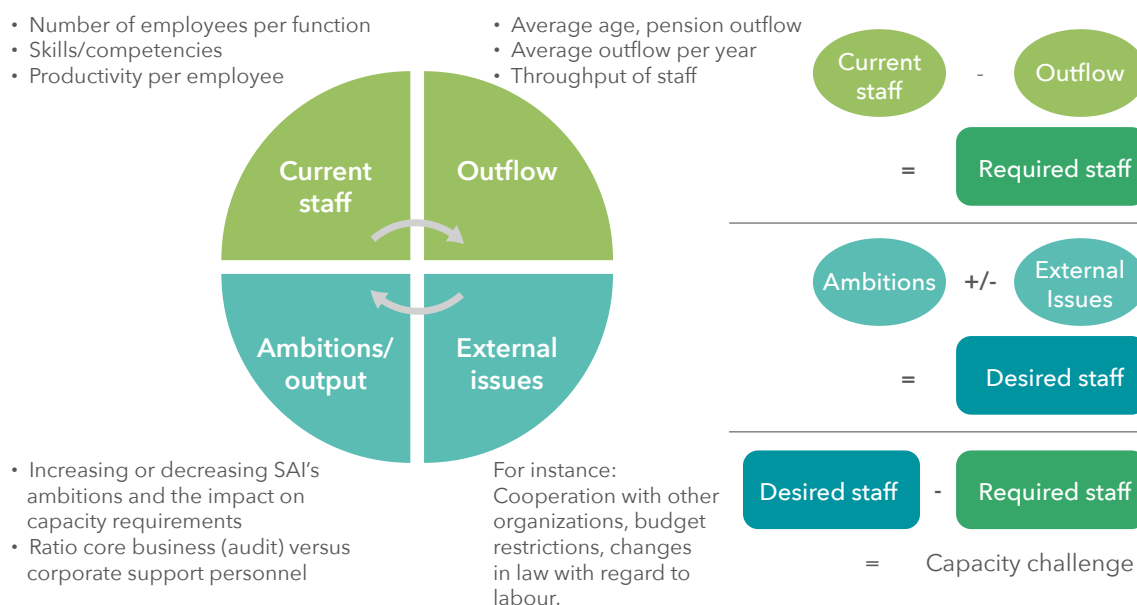## HRM PROCESSES AND POLICIES & STRATEGIC STAFF PLANNING

This step consists of two parts. The first is the challenge to consider what actions need to be taken in terms of HRM processes and policies in respect of the selected issues (such as HRM value-circle on page 1). The second challenge is to determine what the consequences of the chosen issues would be for staff in terms of either quantity or quality. We elaborate on both parts below.

The areas chosen for the strategy to focus on, and the key performance indicators linked thereto, will affect the HRM processes and policies. With reference to our example of the area 'health', imagine an organization with a high rate of sick leave of 8% and the goal is to bring this down to 5% a year. What impact will it have on the health policy? For example:

- Increasing staff awareness / staff education about this topic;

- Strengthening prevention by stimulating fitness of employees: the SAI will establish a gym at the SAI for staff use, or every staff member will be allowed an hour or two per week to exercise at their own gym;

- Strengthening prevention by promoting healthy food in the SAI restaurant;

- Strengthening prevention by offering a free annual medical examination for all staff;

- Stricter guidelines for calling in sick: staff must report personally to manager instead of by message to HR, and at least before 9 o'clock;

- Contracting a health service to check the health situation of staff who are regularly ill.

For more examples of health policies, we refer you to Chapter 9.

The second part is the challenge to determine how the consequences of the chosen strategic areas will affect the staff in terms of quantity and quality. In general, the following steps could be taken to determine the desired quantity and quality of staff required and the actions to be taken in this regard:

- Number of employees per function
- Skills/competencies
- Productivity per employee

- Average age, pension outflow
- Average outflow per year
- Throughput of staff

Current staff

Outflow

Ambitions/ output

External issues

- Increasing or decreasing SAI's ambitions and the impact on capacity requirements
- Ratio core business (audit) versus corporate support personnel

For instance: Cooperation with other organizations, budget restrictions, changes in law with regard to labour.

Current staff - Outflow = Required staff

Ambitions +/- External Issues = Desired staff

Desired staff - Required staff = Capacity challenge

For a successful HRM strategy it is crucial that both HRM professionals and managers accept responsibility for effective implementation. The above mentioned approach provides for this. A collective lateral approach makes sense: 'it takes two to tango'.

For each chosen issue, this is the time to consider concrete actions: who is going to do what and if so, when? This can be in the form of an Annual Plan with clear deliverables, deadlines and responsibilities/roles.

The examples below show that it makes sense to share the responsibilities:

- Strengthening prevention by offering a free annual health test to all staff:
  - *HRM professional:* contracting external supplier for health test;
  - *HRM professional:* organising test facilities and communicating on intranet about the possibilities;
  - *Managers:* emphasising the importance of the health test to employees, for example during a team meeting or one-on-one conversation;
  - *Managers:* informally discussing the results of the health test with the staff member ('What was your experience with the test? Are you able to deal with your results?');
  - *HRM professional*: Receiving the anonymous test results from the external service provider and possibly translating them into a new heath policy.

- Setting stricter guidelines for calling in sick: staff must report personally to the manager instead of by message to HR, and at least before 9 o'clock:
  - *HRM professional:* adapting the guidelines and communicating in general about it;
  - *HRM professional:* offering training to managers about dealing with staff who call in sick;
  - *Managers:* announcing the new guidelines to staff in a more personal way, underlying the importance of this subject;
  - *Managers*: addressing staff about adhering to the rules with regard to calling in sick;
  - *HRM professional:* evaluating the stricter guidelines after a certain period.

- Recruiting 5 researchers in a tight labour market:
  - *Managers:* determining a job profile;
  - *HRM professional:* developing a recruitment strategy;
  - *HRM professional*: executing distinguishable steps in the recruitment process;
  - *Managers and HRM professional:* being present at meetings organised by universities;
  - *Managers:* being present at and being enthusiastic during the job interview in order to make an excellent first impression: 'I would be very happy to include you in my team!''

3. DEVELOPING THE QUALITY OF THE HRM STRATEGY

Strategic HRM is about staff being successful in helping the SAI fulfil its mandate. As articulated in the beginning of this chapter, this is the shortest possible definition of HRM..

It is important, therefore, to focus on key aspects that influence the staff. Based on research, both leadership and culture have a huge impact on staff motivation, behaviour, mindset, ambitions, etc. It follows therefore that attention should not only be given to policies to implement HRM strategy, but also to **leadership and culture**.

- Leadership is a very broad concept. It is about exemplary behaviour and direction; it is about motivation, sometimes about control and correction; it is about creating an environment where staff can flourish. As mentioned below, all HRM policies to be executed in fact require some form of leadership. For this reason, leadership should not be underestimated in strategic HRM.

- Culture is the second factor we want to emphasise. As in the case of leadership, many books have been written about culture. Organisational culture can be described as what is considered normal within an organisation, or in a department or even in a team: every organisation can have sub-cultures, for example the sub-culture within an investigation department differs from that of the HR department.

What is considered normal strongly impacts the behaviour, mindset, etc. of staff? For example, is it normal, accepted or even expected to work outside office hours? Or it is normal, accepted or even expected to give feedback to each other? Or maybe it is the opposite: it is absolutely a no-go area to give feedback... That makes a big difference.

In order to develop the quality of the HRM strategy, it is wise to broaden the scope and not to focus only on HRM policies, but also on leadership and culture. Leadership behaviour and attitudes and organisational culture are often labelled as "invisible but present". Invisible in the sense that it is often not written in a policy (although it could) but everyone is aware of what is right and wrong. Recently this has become an area within HR to address at a strategic level. However, it can be sensitive and difficult, especially if the task to develop a HR strategy belongs exclusively to a HR function/department.

The following example explains what the impact of leadership and culture can be in order to make progress in the field of HRM strategy:

- Strengthening prevention by promoting healthy food in the SAI restaurant:
  - o *Leadership dimension:* to what extent does the manager set a good example by eating healthy food him/herself?
  - o *Leadership dimension:* to what extent is the manager willing to address the health situation of the staff?
  - o *Cultural dimension:* is the topic 'health' considered private or is it acceptable for the employer or manager to address this issue?
  - o *Cultural dimension:* it is acceptable to encourage healthy eating by making food cheaper or subsidising it, or alternatively, making unhealthy food more expensive?

It is also clear that HRM policies, culture and leadership should be seen as interacting factors. Sometimes it is possible to move the organisational culture in another, desired direction through HRM policies and/or leadership. In most instances, leadership is the crucial aspect in making progress: walk the talk, exemplary behaviour, addressing issues, asking uncomfortable questions, etc. In summary, leadership normally has more impact on human behaviour than HRM policies do.

4. ROLES AND RESPONSIBILITIES

To summarise, we list below the respective roles and responsibilities in the strategic HRM process in relation to the 5-step model.

STEP	HRM PROFESSIONAL	LINE MANAGER
	Responsible for conducting the whole process. For example: good timeline, clear briefings to line managers, using the right tools, cosy space, etc.	Provides strategic insight about business needs, challenges and opportunities, etc.
	Positive mindset and time.	Positive mindset and time.
Step 1: Information	Collecting data and putting the right issues and themes on the agenda, ensuring a focus on the H of Human factor.	Collecting date and putting the right issues and themes on the agenda, ensuring a focus on the B of core Business.
Steps 2 – 5	Cooperative attitude, real partnership, motivation to use the strength of the other: 1 + 1 = 3 (synergy).	

5. CHALLENGES

A few challenges and risks can arise during the process of shaping and conducting an HRM strategy.

LACK OF TIME

A very common risk, but that does not make it less relevant. The pitfall is that too little time will be spent on the process, which results in incomplete analysis and therefore failure to optimise chosen issues. Since an HRM strategy can have a horizon of 3 to 5 years, it is highly recommended that enough time be spent on this process

LACK OF COLLABORATION/TEAMWORK

Disregarding the need for cooperation and not taking full advantage of the different roles: the roles of the HRM professional and line manager. Both roles are crucial, as we have made clear in this chapter. It is unwise to leave the HRM strategy solely to the HRM professionals because there is a strong chance of wrong choices being made and a lack of support base for execution of the strategy (remember the managers' crucial role in executing the HRM strategy, given the importance of leadership).

JUMPING TO CONCLUSIONS

It is very human to start a brainstorm with the solution in mind. By doing so, however, you do not take full advantage of new, fresh insights which could arise during the 5 steps of the HRM strategy process. Rather postpone your judgement, remain open-minded as long as possible, and aim to find common ground with the other actors: "alone you go faster, together you go further".

NOT BEING CONTEXTUAL AND RELEVANT

Your scope becomes too wide, and you are trying to address all HR needs for change instead of looking at what will be possible and critical given your resources in terms of finance and competence. It is crucial that the number of issues you are going to focus on will be limited.

SIMPLY COPY/PASTE THE HRM STRATEGY OF ANOTHER ORGANISATION

Every organisation is unique, so it is not possible and not smart to skip your own analyses and simply take over the ideas of another organisation.

PUBLIC SERVICE RESTRICTIONS

Where the SAI still faces public service restrictions or control regarding HR matters, the SAI should not merely accept these restrictions as insurmountable, but should brainstorm ways in which such restrictions may best be managed or overcome from an HR strategy point of view. This may include the SAI helping the public service authority understand the particular/unique HR needs of the SAI and negotiating with the public authority for flexibility in its policies.

CHAPTER 3

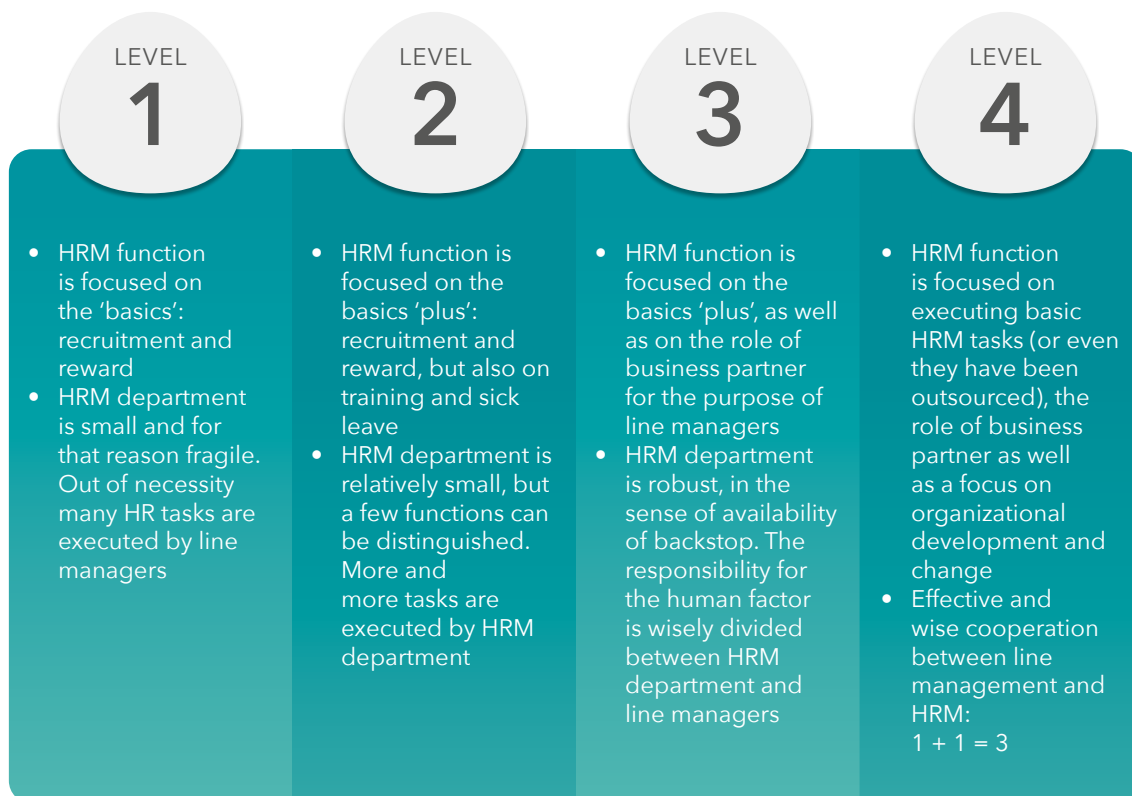# WHAT IS 'SETTING UP A HUMAN RESOURCE MANAGEMENT FUNCTION'?

1. INTRODUCTION

The human resource management (HRM) department plays an important role in a medium-sized or large organisation. This also applies to a supreme audit institution (SAI). Setting up an HRM function means making decisions about the following 4 points:

- The added value of the HRM department – is the department able to influence and support the top management?
- The size and main structure of the HRM department
- Shaping functions in the form of job profiles
- Coordinating mechanisms within the HRM department and between HRM and other departments of the organisation.

In this chapter, we will consider these four points and use the HRM maturity model and according to the general approach in this guide, articulate what progress can be made in developing the HRM department.

The table on the next page illustrates the different levels of maturity as a SAI sets up an HRM function:

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
• HRM function is focused on the 'basics': recruitment and reward • HRM department is small and for that reason fragile. Out of necessity many HR tasks are executed by line managers	• HRM function is focused on the basics 'plus': recruitment and reward, but also on training and sick leave • HRM department is relatively small, but a few functions can be distinguished. More and more tasks are executed by HRM department	• HRM function is focused on the basics 'plus', as well as on the role of business partner for the purpose of line managers • HRM department is robust, in the sense of availability of backstop. The responsibility for the human factor is wisely divided between HRM department and line managers	• HRM function is focused on executing basic HRM tasks (or even they have been outsourced), the role of business partner as well as a focus on organizational development and change • Effective and wise cooperation between line management and HRM: 1 + 1 = 3

1.2 OTHER HR PROCESSES THAT INTERLINK WITH 'SETTING UP AN HRM FUNCTION'

It is important to underline that effective HRM is only possible if the various sub-functions are be dealt with in an integrated way. For example, setting up the HRM function is strongly influenced by the HRM strategy. After all, the HRM strategy sets out the organisation's objective (the 'what'), which then influences the way the organisation should be shaped in order to create the 'how'.

There also need to be integration between those who implement. The responsibility of the HRM professionals may be distinct from the line managers, but they cannot implement HRM in isolation from one another?

Besides implementation of the strategy, the HRM functions are also linked in various ways to other chapters of this guide. After all, the different aspects of HRM described in this guide will have to be worked out, prepared, executed, evaluated, etc. These associated tasks should be covered by the HRM department, either by executing them or by coordinating or directing the tasks.

HELPFUL DEFINITIONS

- *Function profile:* description of tasks to be executed by the job holder

- *Coordination mechanism:* the way in which decision-making and information-sharing take place within an organisation will support the SAI's strategic objectives and operational systems in order to maximise its performance.

2. HOW TO...

As stated in the preface to this chapter, forming and shaping the HRM function depends on the answers to the following questions:

- The added value of the HRM department
- The size and main structure of the HRM department
- Shaping functions in the form of job profiles
- Coordinating mechanisms within the HRM department and among other parts of the organisation.

2.1 THE ADDED VALUE OF THE HRM DEPARTMENT

It makes a big difference whether the HRM department is focused on delivering the basic HRM products such as recruitment and reward, or is acting as a business partner or even providing advice on organisational development.

To be clear as to what the added value of the HRM department could be, complete the following sentences (based on Dave Ulrich, HR Transformation):

> **Part A: Who we are**
> We are ………………and…………

> **Part B: What we do**
> Who…………and…………

> **Part C: Why we do it**
> So that……….and…………

KEY CONCEPTS

- *Business partnership:* cooperation between HRM and line management. The HRM function's focus is on being the point of contact of the line manager. It acts 'shoulder to shoulder' with the line manager and is the main sparring partner of the line manager with respect of the human factor. Sometimes the business partner is also the link (point of contact) between the line manager, on the one hand, and the HRM department with the distinguishable functions, on the other hand.

- *Outsourcing:* obtaining HR services from an external supplier. The HRM department always remain responsible for quality and value for money received from the supplier.

By completing these sentences, you actually have a kind of mission statement for your HRM department which directs the choices to be made about focus, size and main structure of the HRM department and the HRM roles.

The following is an example of such a mission statement:

The HRM department of the SAI of <<name country>> consists of 4 passionate HRM professionals who are focused on delivering high-quality basic HRM products such as recruitment, reward and sick leave and, so doing, serve as a reliable service-oriented team so that our SAI is assured of the right staff and our colleagues can rely on a fair wage.

An example of a mission statement for a more developed HRM department could be as follows:

The HRM department of the SAI of <<name country>> consists of 8 HRM professionals of various ages and different levels of experience who are focused on delivering an excellent HRM service within a wide area and strive to add even more value to the organisation in future, also in terms of organisational culture and leadership, so that our SAI is assured of staff who are fit for purpose within an organisational setting that brings out the best in them.

In this regard, it may be interesting to take note of the metaphor of the numerator / denumerator. This metaphor makes clear what added value the HRM department can bring to the organisation (the numerator), as well as the costs of the human factor and what should be reduced (the denumerator). The numerator depicts aspects from a more transformational point of view: it is about optimising the link between possibilities and the strengths of staff from an organisational perspective. The denumerator depicts aspects from a more transactional point of view: how to reduce unnecessary costs.

- Competencies
- Leadership
- Culture
- Mindset and engagement
- Cooperation
- Quality of new colleagues

- Sick leave
- Costs of hiring
- Misfit employee/job
- Unproductivity
- Conflicts

Sometimes it is necessary to focus on the denumerator in order to reduce the cost of aspects related to the human factor; however, focusing solely on these matters has an effect on the added value which is reflected by the numerator. The challenge is to find a balance between investing in people (the numerator), on the one hand, and reducing unnecessary costs (the denumerator), on the other hand. And, to make it more complex, you sometimes need aspects such as leadership and competence development (numerator!) in order to reduce aspects such as sick leave and unproductivity (denumerator!).

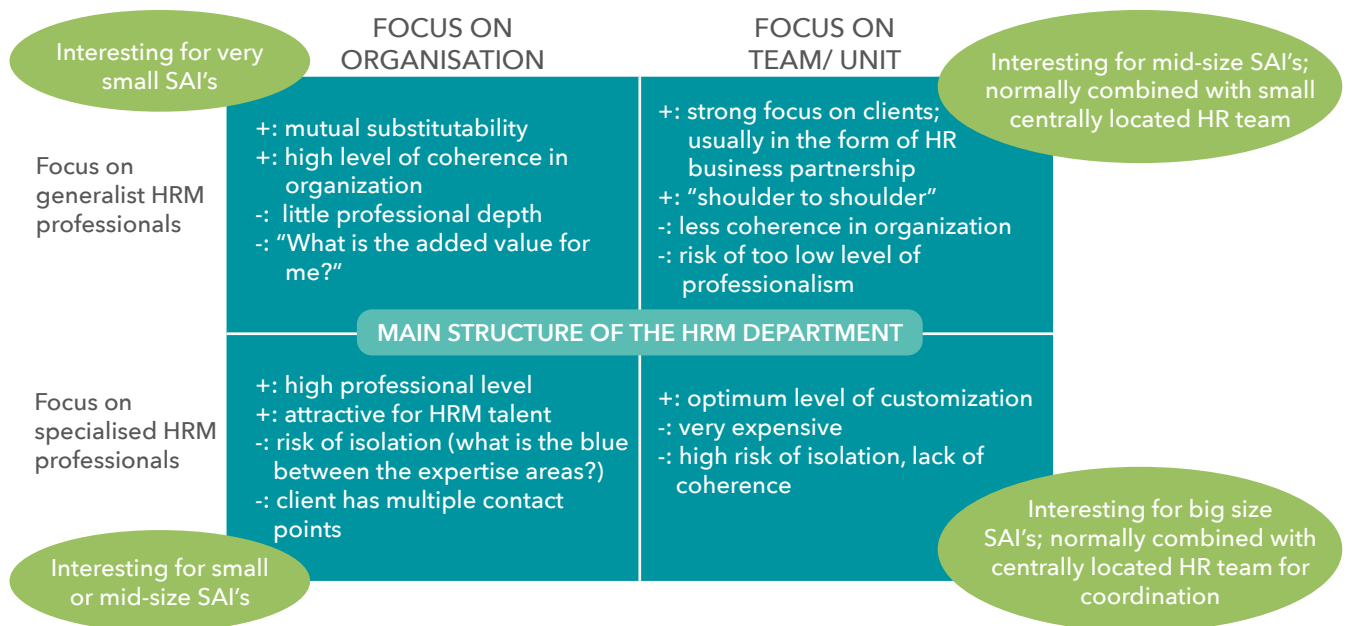## 2.2 THE SIZE AND MAIN STRUCTURE OF THE HRM DEPARTMENT

The size and main structure of the HRM department will depend on the financial resources of the organisation; however, the policy and vision of the organisation and head of HR also have an impact in this regard.

In general, we see 2 main structures of the HRM department:

- A centralised team of HRM professionals who support the SAI as a whole (focus on the organization)
- A decentralised structure: HRM professionals based within a specific unit, team or part of the organisation to supports its specific HR needs

In addition, a sharp distinction is made between working with generalists, on the one hand, and specialists, on the other.

Combined, you will see four possible structures of the HRM department:

In practice, you usually see a mix of structures, but it is wise to make a trade-off between the main advantages and disadvantages, as depicted above.

In practice, the structure of the HRM department has also been influenced by the structure of other supporting departments; for instance, the SAI has opted for a centralised organised structure of all supporting departments, in which case it is not very likely that the HRM department will be decentralised.

2.3 SHAPING FUNCTIONS IN THE FORM OF JOB PROFILES

In this chapter, we will look at three main job profiles of the HRM department:

• The HRM specialist, for example the recruiter
• The HRM generalist, for example the HRM business partner
• The HRM manager.

THE HRM SPECIALIST, FOR EXAMPLE THE RECRUITER		
AREAS OF FOCUS	**COMPETENCIES**	**REMARKS**
Labour market: knowledge of relevant developments (lack, shortage, surplus of candidates)	Research: the ability to identify relevant sources of information	It is also possible to extend the scope of the labour market to include higher education institutions such as universities, etc.
Contacts/network: access to relevant players, key persons	Relationship management: knowing the right people, being able to get in touch and stay in touch	
Shaping and conducting recruitment trajectories	Planning and organising: using resources effectively to achieve objectives, prioritising your workload to ensure deadlines are met	
Selection: selecting the right candidates	Judgement: assessing the strong and weak skills of the candidate	Selecting the right candidate usually takes place in cooperation with managers

THE HRM GENERALIST, SUCH AS THE HRM BUSINESS PARTNER		
AREAS OF FOCUS	**COMPETENCIES**	**REMARKS**
Business: knowing the core activities in the area where you work	Research: the ability to identify relevant sources of information Relationship management: knowing the right people, being able to get in touch and stay in touch	
Connection: building a relationship with the manager, in particular, and key players, in general	Trustworthiness: communicating openly and honestly, taking personal responsibility for the quality and content of your work	In some organisations the HR business partner is only linked with managers, while in other organisations business partners have contacts across the organisation, including staff

Advice: offering useful and high-quality advice	Persuasive techniques: addressing key issues and presenting beneficial solutions Communication skills: using clear and appropriate language, structuring ideas clearly	Independence is also key in providing advice: it is a balance between making connection and an independent position

THE HRM MANAGER		
AREAS OF FOCUS	**COMPETENCIES**	**REMARKS**
Strategy: choosing the right direction and position of the HRM department	Research: the ability to identify relevant sources of information Environmental awareness: scanning the relevant context, giving meaning to it with regard to HRM	This will of course take place in close cooperation with other managers and HRM professionals
Organisation: setting up the department	Planning and organising: using resources effectively to achieve objectives, prioritising the workload to ensure deadlines are met	
Staff: leading and coaching staff members	Leadership: supervising others, motivating and supporting, coaching Emotional intelligence: being aware of, control and express one's emotions	Acting as a role model is key – practise what you preach!

2.4 COORDINATION MECHANISMS WITHIN THE HRM DEPARTMENT AND BETWEEN OTHER PARTS OF THE ORGANISATION

The success and impact of the HRM department will depend on the way in which coordination mechanisms have been organised. This has to do with the way decisions are made and information is shared. We have worked this out below. Bear in mind that this is a challenge for every department, not only for HRM.

We can distinguish three steps:

1. Identifying what the main issues are and who should be involved
2. Determining the roles and responsibilities of each other
3. Communicating and monitoring.

Identifying what the main issues are and who should be involved. For a HRM department this could be as follows (limited example, not all aspects are included):

ISSUE	STAKEHOLDERS HR	EXTERNAL STAKEHOLDERS
On-boarding	Recruiter HR administration HR business partner	New staff member Manager
Training	HR administration HR business partner HR officer	Employee Manager
Sick leave	HR administration	Staff member Manager Health service

Using the RACI model or responsibility matrix, the different roles and responsibilities can be illustrated. RACI consists of four different roles: 'R' means 'responsible for execution', 'A' means 'accountable' and therefore ultimately responsible for quality and delivery; 'C' means 'consulted' (the person provides information about the matter); and 'I' means 'informed' (this person should be informed about the progress made with the matter).

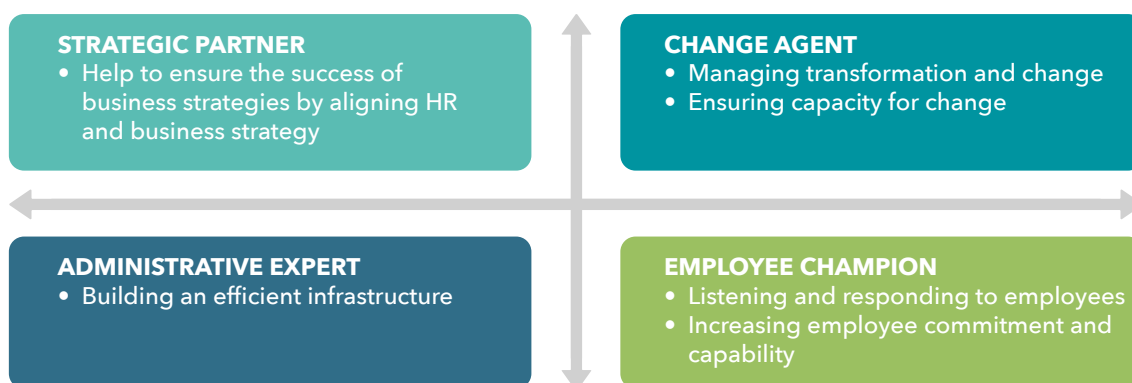For more information about the RACI model see:
https://www.forbes.com/advisor/business/raci-chart/

3. "DEVELOPING" THE QUALITY OF THE HRM DEPARTMENT

Raising the bar with regard to the HRM department means climbing from level 1 and level 2 of the maturity model towards level 3 and level 4.

In general, this means adding more value to the organisation from the perspective of the human factor. With reference to the numerator/denumerator model, more emphasis is placed on the numerator than on the denumerator. In practice, however, the focus is more on aspects such as leadership and culture than on reducing the transactional costs of HRM.

The HR role model of Dave Ulrich is a frequently used model for HR transformation and optimising the added value of HRM.

STRATEGIC PARTNER
- Help to ensure the success of business strategies by aligning HR and business strategy

CHANGE AGENT
- Managing transformation and change
- Ensuring capacity for change

ADMINISTRATIVE EXPERT
- Building an efficient infrastructure

EMPLOYEE CHAMPION
- Listening and responding to employees
- Increasing employee commitment and capability

Level 3 and level 4 of the maturity model mean a stronger focus on the roles of strategic partner and change agent.

4. CHALLENGES

The main challenge for the HRM department is how to find a balance between day-to-day activities, on the one hand, and investing and developing, on the other hand. Daily activities such as HRM administration, recruiting, etc. are time-consuming and require 100% focus. These activities also continuously raise questions from managers and staff, which means that HRM professionals could be busy with these issues constantly. However, besides this, it is crucial to invest in new activities, to develop new insights, to keep an eye on external developments and to learn from it.

Another challenge is how to take advantage of technology and how to integrate new technological possibilities into the current HRM activities. For example, new solutions such as Manager Self Support (MSS) and Employee Self Support offer the possibility to increase efficiency in processes such as the administration of new staff, sick leave, mutations of a personal nature (address, bank account number, etc.). New solutions in the area of a Learning Management System (LMS) and e-learning are interesting and could be investigated for possible use. It is important, however, to realise that technology is merely tool and can never be the ultimate solution. HRM is about people, which means it is about personal contact, connection, interaction, feelings, etc. It may be risky to rely solely on technology, but that does not mean that technology cannot be a useful supplement to the other aspects of HRM.

CHAPTER 4
COMPETENCE MANAGEMENT

1. INTRODUCTION

Each individual role in the SAI has its own set of competencies needed to perform a job effectively. In many SAIs, competency management has become a strategic imperative and a competency framework has now become the primary tool in the strategic management of people. A competency framework informs and prioritises all human resources activities, including recruitment, training and development, performance management, promotion and change management, and is linked directly to strategic and operational plans. The competency requirements of SAI's staff, and how they are recruited, developed, retained and assessed, are of fundamental importance to a SAI.

INTOSAI formally acknowledged the importance of competency-based human resource management (HRM) when it endorsed *ISSAI 150* – Auditor Competence, a standard which sets out four organisational requirements that underpin the responsibilities of a SAI regarding auditor competence. This chapter of the HRM Guide deals with organisational requirement 2 of ISSAI 150, which states that a SAI "shall determine and document relevant competencies required for all auditors to fulfil the SAI mandate". A competency framework or competency profile is the means by which SAIs describe the ideal competencies required, or expected of, an individual auditor or other SAI professional or group or team or a specific task, engagement or specific position within an organisation.

ISSAI 150 is supported by *GUID 1950* which builds on the requirement of ISSAI 150 by providing guidance on ways in which SAIs can determine an appropriate set of competencies in line with applicable standards, the SAI's mandate and any unique considerations from the SAI's organisational strategy.

The common objectives of adopting a competency framework include the following:

- To provide a common framework that articulates the functional requirements for the audit professionals.
- To describe the technical competencies, knowledge and skills the audit professionals require in performing their roles effectively.
- To provide a common language to identify skills and competency gaps more efficiently.
- To improve performance and development of professionals.

Since a competency framework provides a detailed description of the desired knowledge, skills and attributes across all job levels, it forms a basis for identifying development needs/gaps in relation to an individual's current role or the role they aspire to. The framework then enables specific and clear development goals to be set which can be supported through a blend of learning actions.

Performance and talent management also greatly benefits from the clarity of role and expectations provided by a competency framework, something that is essential for employee performance. This clarity is particularly important when setting and reviewing objectives in terms of both technical and behavioural competencies. The competency framework provides the basis for clarity of what is expected against a role and removes ambiguity in setting and reviewing the technical aspect of the employee performance.

When a SAI deals with professional competencies, it is helpful to distinguish between core competencies and discretionary competencies:

• Core competencies, in INTOSAI terms, refer to the knowledge, skills and personal attributes that bind the community together as public sector auditors. These are based on the ISSAIs and should be universally applicable to all SAIs.

• Discretionary competencies are those competencies that make every SAI unique. As much as SAIs share commonalities in the work that they do to make a difference to the lives of citizens, they have different mandates, different enabling legislation, different requirements relating to public finance management, different needs, and different methodologies and practices.

It is up to every individual SAI to determine the discretionary competencies appropriate to its circumstances and then combine them with the INTOSAI core competencies as a unique profile that will be relevant to that individual SAI.

2. HOW TO DEVELOP A COMPETENCY FRAMEWORK IN THE SAI CONTEXT?

To determine the core competencies required of a public sector auditor and other professionals in the context of your SAI, you can start by using the T-shape model for SAI professionals as illustrated in the diagram below.

HELPFUL DEFINITIONS

• *Competence:* The knowledge, skills and personal attributes critical to successful job performance – one is regarded as competent when these competencies are demonstrated.

• *Competency framework:* A conceptual model that details and defines the competencies expected of an individual auditor, group or team for a specific task and for a specific position within an organisation.

• *Knowledge:* Knowledge is the theoretical and/or practical understanding of a topic and the work environment acquired through experience, learning or formal education.

• *Skills:* Practical, defining abilities to accomplish specific tasks, developed through learning or experience required for effective work performance.

• *Personal attributes:* The mind-set, qualities, characteristics and traits of a person.

Cross-Cutting Competencies for SAI Audit Professionals

Competencies for audit professionals involved in Financial Auditing/ Compliance Auditing/ Performance Auditing/ Jurisdictional Responsibilities Competencies for SAI Audit Professionals.

The model enables the SAI to firstly determine the cross-cutting competencies for its professionals which apply across all specialist disciplines (e.g. ethical behaviour, communication or leadership competencies). Secondly, the vertical leg of the "T" enables the identification of the competencies required by audit professionals for specific audit disciplines such as financial, compliance or performance audit or SAIs with jurisdictional responsibilities (see below). More detail can also be found in section A on page 9 of *GUID 1950*.

Cross-Cutting Competencies for SAI Audit Professionals

| Competencies For Audit Professionals Involved in Compliance Audit | And/or | Competencies For Professionals Involved in Financial Audit | And/or | Competencies For Audit Professionals Involved in Performance Audit | And/or | Competencies For Professionals with Jurisdictional Responsibilities |

When developing a competency framework, the SAI could consider the following:

• Alignment to the *INTOSAI Framework of Professional Pronouncements*

• Ongoing relevance

• Core consistency

• Full proficiency

• Observable behaviour.

HELPFUL DEFINITIONS
(continued)

• *Leadership Competence:* Leadership competencies define competencies required for leaders to inspire, recognise, influence, motivate and guide staff to achieve and sustain excellence

• *A pathway for professional development:* A formalised, structured development programme chosen by a SAI and aimed at developing and maintaining competent, professional auditors within the SAI (ISSAI 150, paragraph 14).

• *A proficiency level:* A set of predetermined criteria that define what advancement for a particular competency looks like.

2.1 ALIGNMENT TO PROFESSIONAL STANDARDS

The SAI's competency framework for audit professionals should be aligned to the ISSAIs, or the specific public sector-specific audit standards adopted by the SAI, as envisaged in *ISSAI 100.* ISSAI 100 recognises that a SAI may choose to adopt the ISSAIs as its authoritative standards, or the SAI can use the ISSAIs as a foundation to develop its own standards, or to adopt consistent national standards.

For other professionals in the SAI, the competency framework should align as far as possible with the relevant national and/or international standards applicable to non-audit professionals such as HR, legal, finance, IT, communication, etc. (For guidance on non-audit competencies see *AFROSAI-E's Integrated Competency Framework and Dictionary*.)

2.2 ONGOING RELEVANCE

To ensure continued relevance and alignment with standards, it is good practice to revisit the competency framework on a regular basis. This also enables the SAI to appropriately reflect any expectations or challenges posed by emerging issues within the SAI, or within the environment in which the SAI conducts its audits – see the figure below for some examples of factors to consider.

Here are some examples of factors to consider

ENVIRONMENT

- Constitution of the country
- Public Finance Management (PFM) legislation
- The national development plan/strategy of the country
- The enabling legislation of the SAI
- The mandate of the SAI
- The type, nature and scope of audits that the SAI should perform (including Jurisdictional Responsibilities)
- The expectations of the SAI's stakeholders

SAI

- SAI strategy and performance agreements
- SAI audit methodology and/or jurisdictional procedure
- SAI policies and procedures
- SAI technology
- SAI values

TEAM

- Availability of competent staff in the country/SAI
- Competence requirements posed by the type of auditees in the audit portfolio
- Extent of computerisation at auditees
- Availability of specialist skills in the SAI to support the team
- The implications of the SAI's resource planning practices (e.g. the need to attend to the professional development of trainees, and size and competence of teams)
- Unique requirements (such as licensing when handling the audits of listed companies)

INDIVIDUAL

- Specific personal abilities, attributes and aptitudes
- Specific managerial and/or leadership requirements
- Cultural considerations
- Specific development needs/ implications of career development
- SAI's thinking about the auditor of the future

2.3 FULL PROFICIENCY

For most relevance, define the competencies for a specific position within a SAI at the level of full proficiency for that position, and preferably deal with the full spectrum of competencies required.

2.4 OBSERVABLE BEHAVIOUR

For ease of use, especially in terms of development and assessment, it is good practice that each competency, at a minimum, is described in terms of observable and measurable behaviour. (See the annexure on page 21 of _GUID 1950_ for an example of a basic competency framework that describes the uniqueness of public-sector auditing at the level of an auditor who is deemed fully proficient to execute an audit according to the ISSAIs or other standards adopted by the SAI, as envisaged in ISSAI 100.)
By defining the set of competencies needed to perform a specific role in a SAI effectively, a competency framework enables a SAI to –

- develop job profiles and compile job advertisements, and thus conduct competency-based recruitment
- conduct competency assessments for training purposes
- develop professional development/career paths
- use such competencies as a basis for performance management contracts
- retain staff with critical skills
- Conduct assessments for succession purposes
- Carry out leadership assessments and development.

The diagram below illustrates the cross-cutting nature of leadership and behavioural competencies applicable to all audit as well as other professional roles.
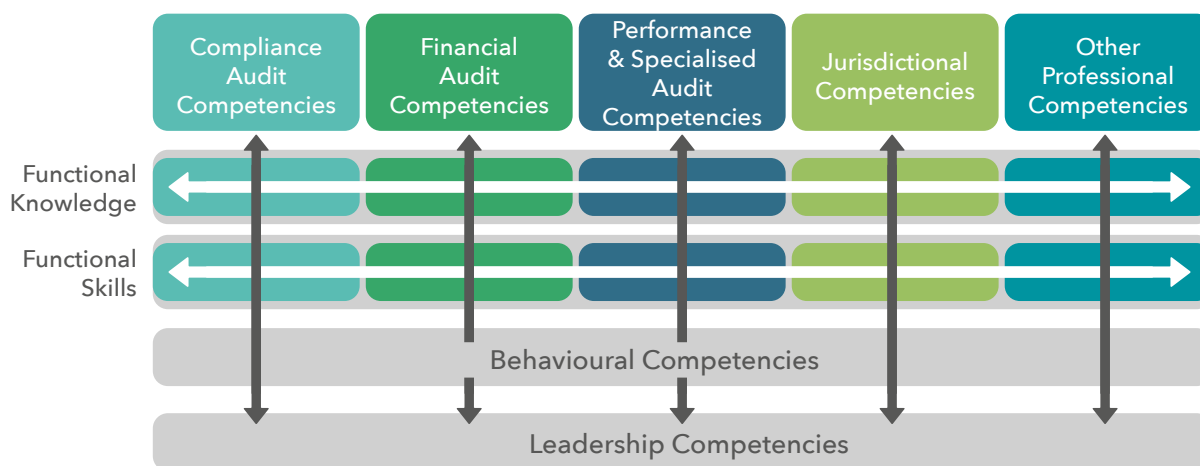
A competency framework assists the SAI to define proficiency levels per competency, using, for example, the following job levels:

- Foundational level (trainee/entry level).
- Intermediate level (audit supervisor/assistant manager/manager level).

- Advanced level (senior manager level); and

- Expert level (executive level).

The competency framework typically defines the minimum qualification required by the SAI, plus the years of experience, per job level (having mastered the basic competency requirements at every job level), for example:

POSITION: FINANCIAL AUDITOR	MINIMUM QUALIFICATION REQUIRED	RECOMMENDED YEARS IN THE ROLE
Trainee auditor/entry level	• An appropriate undergraduate degree, preferably recognised by the local professional accounting organisation • Preferably an honours degree in accounting, or an accredited post-graduate degree/certificate	3 years - after completion of traineeship or apprenticeship, and obtaining a professional qualification
Assistant manager	Chartered accountant (CA) or Certified Public Accountant (CPA)	Must have completed articles/traineeship/apprenticeship (3 years) + 2 years post articles/traineeship/apprenticeship work experience
Manager	CA / CPA	3 - 5 years post articles experience of which 2 years must be at assistant manager level
Senior manager	CA / CPA	5 years' experience (post qualification), of which 3 years should have been at a management level.

A competency framework can also use proficiency levels to illustrate the minimum proficiency level expected at different levels. The proficiency levels are cumulative, i.e. the basic behavioural indicators at lower levels also apply to all subsequent levels. In other words, if "manager level" indicators are assigned to a position, the previous levels are implicitly included. Therefore, for a full understanding of expected competency, it is recommended that the competencies at the levels lower than the ones applicable to the job level also be reviewed.

The assessment of the proficiency of an audit professional should be conducted in line with the performance management processes and should take into consideration the following:

TYPE OF EXPERIENCE IN THE FOLLOWING AREAS	AREAS OF AUDIT	PHASES OF AUDIT THE AUDITOR IS RESPONSIBLE FOR
• Size of audit • Type of audit • Public sector auditing standards (ISSAIs) • Financial accounting and reporting frameworks (e.g. IFRS) • Auditing and engagements standards (e.g. ISAE, ISA ISQM) • Value-add focus area	• Audit of financial statements • Audit of compliance • Audit of performance information/disclosures	• Pre-engagement • Risk assessment • Risk response • Reporting and concluding

AFROSAI-E's integrated competency framework suggests that the required competencies can also be unpacked in terms of the different stages of the audit process, for example:

Audit Planning
scope development, risk assessment

Audit Preparation
information and data gathering

Audit Execution
diagnostic techniques, documenting procedures

Audit Reporting
evaluation, concluding, reporting

Audit Follow-up
evaluating & concluding, follow-up, documentation management
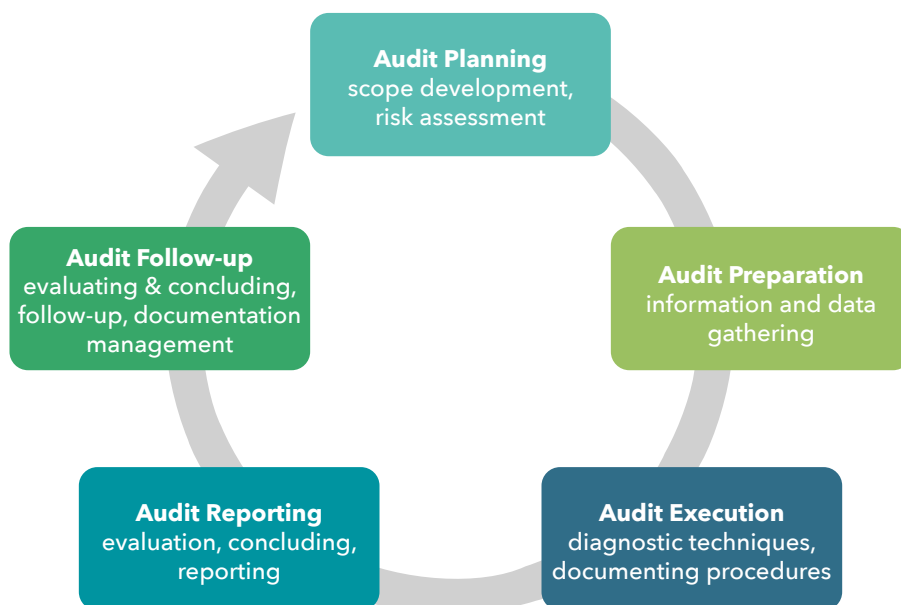
In the AFROSAI-E framework, you can find examples of knowledge and skills descriptions typical to SAI auditors.

As far as **competencies for non-audit professionals** are concerned, *AFROSAI-E's Integrated Competency Framework* and dictionary define competencies for the following non-audit roles in the SAI.

- Communication
- Human Resources
- Finance
- IT Support
- Procurement
- Legal
- Administrative

Competencies for the above-mentioned roles should assist SAIs to define job profiles and development profiles for non-audit professionals, for example:

HUMAN RESOURCES	
HR planning	Knowledge of the process to develop organisational structures andjob profiles and to determine the number of staff needed, as well as the competencies (functional knowledge, functional skills, behavioural and leadership competencies) required of SAI staff, to function competently and effectively.
FINANCE	
Budget management	Knowledge of the analysis, organisation and oversight of costs and expenditures by adhering to strict internal protocols on expenditures to ensure a well- managed budget that allows for continued smooth operations and growth within the SAI. Knowledge of the principles of budgeting and standard costing, calculation and evaluation of standard costs, variances, and ratio analyses.
COMMUNICATION	
External communication	Knowledge of the transmission of information between the SAI and another person or entity in the SAIs' external environment (auditees, suppliers, legislature, citizens, civil society, the media and public sector at large).
IT SUPPORT	
Computer networks	Knowledge of installing, configuring, and maintaining the computer networks of the SAI.

2.5 BEHAVIOURAL COMPETENCIES (PERSONAL ATTRIBUTES, MIND-SET) FOR SAI PROFESSIONALS

In addition to having certain knowledge and skills, a SAI professional is regarded as competent when she/he demonstrated certain personal attributes that are critical to successful job performance. INTOSAI's competency framework for audit professionals and AFROSAI-E's integrated competency framework are examples of frameworks that define

behavioural competencies for SAI professionals. Behavioural competencies are important because they guide appropriate work behaviour in a SAI.

To define a unique set of behavioural competencies for the SAIs information should be gathered on the behaviour demonstrated by staff who perform the work most effectively. It is also important to determine whether this behaviour is relevant and necessary for effective work performance in the SAI. One of the sub-processes here is to review the value statements (core values) of the SAI with the aim of including these in the dictionary of behavioural competencies.

Behavioural competencies could be clustered as follow:

- Individual competencies – personal attributes to be demonstrated in this category could include taking accountability for own actions, adaptability, resilience, ethical conduct, etc.

- Motivational competencies – e.g. perseverance, performance orientation, focus on continuous improvement, etc.

- Quality competencies – operating in a structured and methodical manner, effective problem solving, applying systems thinking, etc.

- Relationship competencies – empathetic, respect, teamwork, etc.

More examples of behavioural competencies:

BEHAVIOURAL COMPETENCY	SKILL CONTENT DESCRIPTION
Creative/Innovative	Develop new and unique ways to improve operations within the SAI, to deliver excellence, efficiency, and outstanding services/products to clients (e.g. methods, processes, systems, policies etc). Take initiative and start activities.
Continuous improvement focused	Find ways to work in a more effective and efficient way. Make an ongoing effort to improve products, services, or processes in the SAI.
Quality focused	Be thorough and focused on delivering quality and value with regards to products/service in the SAI.
Team player	Work cooperatively and effectively with others to set goals, resolve problems, and make decisions that enhance effectiveness within the SAI.

2.6 LEADERSHIP COMPETENCIES FOR SAI PROFESSIONALS

A competency framework could define leadership competencies required for leaders to help SAI leaders inspire, recognise, influence, motivate and guide staff to achieve and sustain excellence in the SAI. A key step in defining leadership competencies is to hold a work session with SAI leadership to define which competencies are required for your SAI. AFROSAI-E's Integrated Competency Framework defines leadership competencies in four leadership dimensions:

- **Personal leadership** - Lead by example and in a professional manner. Contribute to the establishment of a values-driven culture and support the objectives of the SAIs by demonstrating self-insight, emotional intelligence, resilience, and consideration for others

- **People leadership** - Lead, inspire and challenge others through decisive action, empowerment, recognition, promoting development and providing clear direction.
- **Strategic leadership** - Engage effectively with stakeholders, translate visions into strategic plans and invest in capabilities in support of the vision and future of the SAI. Demonstrate executive presence – bring bold perspectives and think about strategic issues in the SAI. Build strategic partnerships across the SAIs and share best practices. Lead change and keep up with the changing public sector and risk landscape
- **Public sector leadership** - Demonstrate an understanding of, and operate effectively in, the public-sector environment. Demonstrate the understanding that the SAI exists to serve the citizens and behave accordingly while demonstrating a responsiveness to emerging issues

The table below provides examples of leadership competency descriptions:

LEADERSHIP COMPETENCY	LEADERSHIP COMPETENCY DESCRIPTION
STRATEGIC LEADERSHIP	
Strategic Thinking	Examine the bigger picture and understand how the various parts fit together at an abstract level. Understand theories and abstract concepts and their implementation.
PERSONAL LEADERSHIP	
Resilient	Adapt in the face of multiple changes while continuing to persevere toward the strategic goals of the SAI.
PUBLIC SECTOR LEADERSHIP	
Public Sector Protocol and Etiquette	Demonstrate consistent professional behaviour in all situations. Interact and apply proper communication etiquette. Demonstrate personal and professional conduct during VIP visits and formal occasions whilst executing the role of the exemplary host. Practice different variations of protocol and etiquette in accordance with different cultures, nations, and regions.
PEOPLE LEADERSHIP	
Provide Clear Direction	Describe expectations and responsibilities for every staff member, explain how their work contributes to the vision of the SAI, and what outcomes are required to succeed.

3. COMPETENCE MANAGEMENT DEVELOPMENT LEVELS

Based on the SAI's capacity and maturity levels, it can develop their own competency framework or adapt to an existing framework.

LEVEL **1**	LEVEL **2**	LEVEL **3**	LEVEL **4**
• Adapt an existing competency framework	• Develop behavioural competencies required for appropriate work behaviour in SAIs	• Define competencies for all the roles in the SAI (Compliance, Financial, Performance, Specialised Audit and Support Services roles)	• Define leadership competencies required for leaders to inspire, recognise, influence, motivate and guide staff to achieve and sustain excellence

4. OTHER CHAPTERS WITH WHICH THIS CHAPTER ON COMPETENCY MANAGEMENT INTERLINKS

- HR strategy
- HR planning
- Recruitment and selection
- Performance management
- Training and professional development

5. CHALLENGES

1

SCENARIO 1:
Should SAIs develop their own competency framework?

Best practice suggests that small SAIs or SAIs with limited capacity can either
- Tailor the INTOSAI Competency Framework for Audit Professionals, or a regional organisation's competency framework to suit your SAI's unique requirements (where necessary, with the advice of your regional organisation, the IDI or the INTOSAI Capacity Building Committee).

- Adopt a tried-and-tested framework from another SAI of similar size or similar circumstances.

- Simply adopt the INTOSAI Competency Framework for Audit Professionals, or a regional organisation's competency framework, as is - some smaller SAIs have found that this is a feasible solution despite their size as long as they can recruit and/or develop competent staff members.

2 **SCENARIO 2:**
What options are available to SAIs that may not be in a position to structure/ institute a comprehensive professional development pathway as described in scenarios 1 to 6 of GUID 1951?

Options may include:
- Recruiting very specific professionally qualified staff (in other words, being very purposeful about competencies required).

- Structuring the addition of public-sector audit, SAI and/or country- specific competencies almost exclusively through formalised on-the-job development (which may require the use of role clarification, logbooks,   etc. to ensure proper structuring).

- Making use of secondments from SAIs with similar mandates, either to resource audits or to act as supervisors/mentors in an on-the-job effort to address certain SAI-specific competencies.

- Making use of long-term peer-to-peer support options.

- Importing the most relevant portions of the programmes offered by IDI and/ or INTOSAI regional organisations into a short SAI-specific training course, in addition to structured on-the-job development.

- Approaching donors (through the INTOSAI donor cooperation mechanism) for funding of a SAI pathway for professional development, as part of a broader investment in strengthening public finance management in its country.

3 **SCENARIO 3:**
How should SAIs integrate the competency framework into the HR processes?

A Competency Framework has relevance across a wide range of HRM and development activities. It is an essential vehicle for achieving high organisational performance. Below are a few examples on how to integrate a competency framework in various HR processes:

HR planning: A competency framework will enable management of the SAI to effectively plan their resources by:

- identifying functional knowledge, skills and behavioural competencies required to fulfil the identified strategic focus areas of the SAI

- identifying gaps regarding the required functional knowledge, skills, and behavioural competencies for future resource demands

- designing effective organisational structures

- developing detailed job profiles which will form the basis for advertising, recruitment, performance management and development of different positions in the SAI.

Recruitment: In the SAI, attraction and competency-based recruitment will allow managers to recruit, place, assess and induct staff with the right functional knowledge, skills, and behavioural competencies to excel in the SAI environment. A competency framework also allows managers to select the right candidates based on the required competencies for the specific job. When using behavioural competencies for recruitment, panels can select candidates who display the behaviours that are important for success in that role. Basing selection tools on the competency framework will allow SAIs to engage in an objective and standardised selection process.

Probation: Managers in the SAI may also use competencies to form part of the performance standards when monitoring the probation process of a new staff member.

Recognition: A competency framework identifies competencies to be recognised and therefore managers are now able to provide recognition for the achievement of individual/team goals, SAI objectives and appropriate work behaviour (behavioural competencies) and professional competency.

Performance management: Using competencies for performance management will assist managers in the SAIs to improve performance by clearly outlining what is expected of their staff. Job performance can be split into what specific targets or objectives an individual achieves (defined by functional competencies) and how an individual works (behavioural competencies). Knowing which competencies are critical for an individual role (based on the job profiles) allows managers to tailor their performance management and development discussions accordingly.

Training and development: A competency framework provides a set of competencies that can be used by staff and managers to lead and take responsibility for their own learning and development. Staff can identify areas they may wish to develop within their own roles, but they will also be able to understand the behavioural competencies required for a new role or promotion. For the SAI, the functional and behavioural competencies can be incorporated into training and development activities through conducting skills assessments, identifying development gaps, determining learning outcomes and designing targeted development solutions.

Leadership development: Leadership development is focussed on building leadership competencies in the SAI as identified in the Competency Framework. The objective is to enable leadership strength in terms of Strategic Thinking, Execution, Relationship Building and Influencing. Leaders can use the competency framework to formulate a personal development plan for the leadership competencies they wish to develop to become more effective leaders. Leaders can also partake in a 360-leadership evaluation to receive feedback about their capacity as a leader. Leaders are assessed against the leadership competencies as set out in the competency framework.

Staff wellness: It is important for managers in the SAI to realise that the culture of the SAI is determined by the collective behaviours of staff members. Inappropriate workplace behaviours can result in a toxic culture, negatively impacting staff morale and wellness. The competency framework defines appropriate workplace behaviour in the form of behavioural competencies aimed at building and maintaining a healthy organisational culture in the SAI. Managers can cultivate a healthy culture by demonstrating positive behavioural competencies.

Retention and succession: Staff retention and succession are critical to the long-term health and success of the SAI. For managers it is important to know that if staff members are committed to the SAI (or engaged), the probability is high that they will stay, and the SAI will be able to retain critical skills and fill key positions. A Competency Framework defines leadership competencies that future leaders need to have to move up within the organisation. Managers can assess and identify potential succession candidates against the competencies required to be successful leaders. A competency framework also identifies critical functional competencies to be retained, enabling managers to identify, nominate and develop staff who possesses these competencies.

Staff exit: When a staff member leaves the employment of the SAI/public sector whether self-initiated (retirement, resignation) or initiated by the organisation (dismissal), there will inevitably be a skills and knowledge gap. A competency framework makes it easy for managers to determine the knowledge and skills gap when a staff member leaves the employment of the SAI.

CHAPTER 5
RECRUITMENT AND SELECTION

1. INTRODUCTION

Recruitment and selection are key processes within HR and, as mentioned before, having competent and sufficient staff is of fundamental importance to the SAI. The ability of a SAI to fulfil its mandate and conduct high-quality, effective audits and other core services depends to a large extent on the quality, integrity and competence of its staff.

Employers today have a much greater demand today for skilled people. The demand is higher than the number of available candidates. This results in a competition among employers to attract the most desirable candidates. INTOSAI faces challenges with staff recruitment and selection. The SAI Global Stocktaking report for 2020 shows that many SAIs have similar challenges when it comes to recruitment and selection. This adds to the challenge to serve under the public service commission (PSC) and thus have limited control over the SAI staffing and recruitment process.

With respect of the different levels of autonomy of SAIs globally and the possibility to control the appointment of staff, it is extremely important for a SAI to address these challenges. Hopefully this chapter can support the process to determine what steps can be taken to deal with these challenges and meet some of the HR needs of the SAI.

Significant for employers who recruit successfully is their proactive HR planning and well-developed recruitment process. When planning, successful employers ask the following important questions:

•   Which roles need to be in place and which competencies do we need to recruit?
•   How many and when do we need to recruit?
•   How do we recruit and select the best candidates?

This chapter will address these questions by describing the recruitment process and highlight important areas that require attention in order to be successful. This includes pointing out what can be done when a SAI has limited control over appointing staff, as in the case of SAIs under a Public Service Commission (PSC) or equivalent.

To summarise, the more effort the SAI makes to influence the PSC and to develop its own recruitment and selection process, the greater the possibility of meeting its staffing requirements.

1.1 WHAT IS RECRUITMENT AND SELECTION?

Recruitment and selection are the processes that lead to having the right staff member in the right place, at the right time. The initial stage is planning through an annual HR plan which is implemented in close collaboration with the management (also see 3.2 Workforce planning). When a decision is made to recruit, a series of steps have to be followed to get a new staff member "on board", namely attracting candidates through job posts; screening and shortlisting applicants; interviewing and selecting top applicants; and finally, introduction through an induction programme (or "on-board programme" as it is also called). The most difficult part of the process is to gather relevant and accurate information about the applicant in order to assess his or her suitability for the role. It requires a well-prepared work process to evaluate a person's competencies and to compare them with those of other applicants.

1.2 OTHER HR PROCESSES...

- Chapter 4: Developing a Competency Framework
- Chapter 8: Diversity and inclusion

HELPFUL DEFINITIONS

- *Recruitment:* the process of searching for potential applicants with relevant qualifications and attracting and encouraging them to apply for jobs in an organisation.

- *Competence:* the knowledge, skills and personal attributes critical to successful job performance - one is regarded as competent when these competencies are demonstrated, Selection: the process whereby the pool of applicants is narrowed down and where you select the applicant who has the most relevant qualifications and skills for a position in the organisation.

- *Selection:* the process whereby the pool of applicants is narrowed down and where you select the applicant who has the most relevant qualifications and skills for a position in the organisation.

- *Talent attraction:* the means and strategies for an employer to market itself as a desirable employer and, so doing, attract the most desirable professionals and incentivize them to apply for work.

- *Induction/On-boarding:* a workplace introduction and presentation of job duties and responsibilities.

2. HOW TO BUILD A RECRUITMENT AND SELECTION PROCESS

| Recruitment planning | Job profile | Attract candidates and advertise | Screening & Short-listing | Interview | Placements & references | Appointmment & rejection | Induction |

Process of recruitment and selection process

Well-developed procedures make a big difference to the success of recruitment. It creates a structure, facilitates a systematic selection of candidates, and ensures a transparent process with decisions that are merit based, quality assured and objective.

It is important to mention that SAIs serving under a PSC or equivalent can in practice assume the initiative to develop recruitment procedures which can then be conducted within the SAI mandate and according to PSC's guidelines.

Aspects concerning policies and regulations relating to Selection and Recruitment (appointment, contracts, promotion, dismissal, and such) are not covered in this HR Guide. These aspects may be within the legal guidelines of respective countries and/or differ vastly from SAI to SAI.

2.1 RECRUITMENT PLANNING

Every time the SAI needs to acquire new staff is an opportunity to ask what the organisation currently needs. A common mistake is moving forward with recruitment without taking the time to analyse and map out current and future staffing needs. Decisions on how to recruit and select staff should therefore be anchored in a plan and analysis. Without this, the SAI runs the risk of conducting several interviews without finding the "right" candidate, and might misjudge which vacancy to prioritise or miss the opportunity to promote a staff member as a way of filling a vacancy.

A well-anchored recruitment plan allows for long-term planning, ensures successful recruitment, supports internal career progress, and saves time.

KEY CONCEPTS

- *Assessment tools (testing):* methods to gather information about an applicant's skills and personality in order to predict the person's job performance. Common tests are ability tests, integrity tests and personality tests.

- *Competency Framework:* is a conceptual model that details and defines the competencies expected of an individual auditor for a specific task, and for a specific position within an organisation (see chapter 4).

- *Merit-based selection:* obliges the applicants to compete for the position and being evaluating in relation to job demands, based on well-defined assessment criteria in a Competency Framework.

- *Selection methods:* ways to narrow down to one final applicant through determining qualifications, perusing documents such as CVs and evaluating the person my means of interviews and testing.

STEP 1:

When a vacancy arises, begin by asking yourself questions that help you to determine what the office needs in terms of staffing.

Base your analysis on both strategic and operational perspectives, supported by SAI strategy, INTOSAI standards, audit deliveries and staff competency. It is important that this analysis be done in close collaboration with first-line managers who have knowledge of projected audit outputs, the number of staff needed to be successful to achieve SAI goals, and of staff competence. Helpful questions include the following:

- Number to recruit: how many staff members will be required to achieve the goals?

- Roles to prioritise: what jobs will need to be filled?

- Competence to be required: are there new INTOSAI standards or other impacts that affect the skills that need to be acquired?

- External factors to consider: how does the current economic/political arena affect our work and our ability to attract new staff members?

- Future needs: how do current technological or cultural shifts impact the way we work and the skilled staff we require?

STEP 2:

Once an analysis has clarified roles and competencies, the next question is how to fill the vacancy. A common mistake is to automatically reach for external recruitment as the solution to fill vacancy. Vacancies can also be filled by means of promotion, in-house recruitment and/or staff training.

A Competency Framework is a valuable tool to determine what is required for internal rotation as a way to fill a vacancy. The framework will indicate which competencies are required for the role and help to determine whether additional training is necessary for a staff member to meet the requirements for the vacant role (also see _Chapter 4,_ Competency Management).

If a decision is made to recruit externally, it is time to proceed with next steps in the work process for recruitment and selection. Bear in mind that HR takes the lead planning and managing the recruitment process. This includes mapping out a timeline with managers on activities that lie ahead, such as advice on the appropriate time to start advertising and/or communicate staffing needs to the PSC or equivalent.

2.2 CREATE A JOB PROFILE

As mentioned in Chapter 4: Competence Management, job profiles ensure that the required competences are applied when recruiting staff. A documented job profile for a specific role serves multiple purposes. It describes the role, its responsibilities and the competencies which are required and linked to the job. A job profile is used when determining training needs. A job profile is also essential when job performance is to be evaluated and new staff need to be appointed.

When it comes to recruitment and selection, the job profile is a key document and is used as an important framework throughout the recruitment process. It is used for:

- Drafting the job advert
- Choosing requirements for selecting and shortlisting candidates
- Choosing competencies to be evaluated during interview.

The first-line managers must be closely involved in the job-profiling process because they know best how the role operates. Close collaboration also ensures an adequate description of the work and is helpful in gaining a shared understanding of the competencies that are required and why.

Developing job profiles is valuable for all SAIs, also for those who serve under a PSC or equivalent. It is a way to guide requirement issues on order to ensure that new staff members appointed have the necessary skills.

An even more thorough documentation is a job analysis. This goes one step beyond a job profile and is a systematic way of gathering and analyzing information about the content, the context and required skills. This can be done by a job analyst/outside consultant through questionnaires, interviews, observations and the like.

STEP 1:
DESCRIPTION OF JOB CONTENT

The first section of the job profile is a general description of the work, goals and responsibilities. The description should illustrate the main tasks and responsibilities of a job and not be too detailed.

STEP 2:
DESCRIPTION COMPETENCE AND REQUIREMENTS

The second part of the job profile is a description of competence that is required linked to the specific job/role. It needs to be clear what the mandatory requirements are and whether some competencies are considered as an asset.

When developing job profiles, a Competency Framework is extremely useful in identifying which competencies are necessary to perform according to SAI expectations and standards.

An alternative to using a Competency Framework to determine the competencies required is to develop separate competency profiles per type of position throughout the organisation.

For further reading and support regarding the Competency Framework, refer to *Chapter 4 Competence Management.*

For support regarding competency profiles and determination of relevant auditor competences aligned with INTOSAI standards, refer to *ISSAI 150* and *GUID 1950*.

2.3 ADVERTISING OF VACANCIES

The advert is based on the job profile. All adverts for various positions are drafted based on a standard template and set minimum requirements for the job.

If you have a communications function, ask for support in designing the advert. However, make sure that HR remains in control since the wording in the advert could have legal implications in terms of candidates short-listed for the next step of the recruitment process. Recruiting for skilled positions is becoming increasingly competitive, meaning that the adverts also need to include what the SAI has to offer as an employer. This will improve the chances of attracting the important target group.

All adverts should be circulated as widely as possible in different media to reach as many skilled candidates as possible. Selecting the most efficient channel will depend on the role and the work experience that is required. A combination of channels is usually recommended, for example social media together with print media. It is also recommended that vacancies always be published on the SAI website.

SAIs that serve under a PSC or equivalent and have their staff appointed for them can also assume the initiative by sending job profiles to the PSC so that candidates who meet the SAI requirements are chosen. SAIs can also negotiate with the PSC to assess candidates before appointment. All SAIs should use their website or other channels for publishing adverts and refer to the Public Service Commission.

2.4 SCREENING AND SHORTLISTING

Selection is the process of screening applicants to ensure that the most appropriate candidate is selected.

The first step in the selection process is to review the information (résumé, application form) provided by all job applicants to determine which applicants meet the minimum qualifications as stated in the job advert. Those applicants who meet or exceed the minimum job qualifications are then assessed to decide which ones will be short-listed for a job interview. The applicants who do not meet the minimum qualifications will be on hold until the process is finalised, and rejection letters are sent out.

With regard to the selection process and determining candidates' merits, it is recommended that close attention be paid to diversity/constitutional and legal guidelines that may be in place in the SAI country (aspects within the legal guidelines of the respective countries differ vastly and cannot be covered in this HR Guide).

NB: Other competencies on an applicant's résumé which are not listed in the job advert should not be considered when selecting candidates. Irrespective of how interesting such merits are, they may not be included as an additional advantage. It is very important that all applicants are selected based on the same predetermined requirements. This is what is meant by "competency-based recruitment" or "recruitment based on merit" – selection is based solely on the requirements listed in the job profile and job advert.
SAIs that serve under a PSC or equivalent can be involved in the recruitment process. They can participate via panels in various stages from drafting the job profile to ensuring that final selected candidate's skills meet SAI's requirements.

2.5 INTERVIEW

Even the most basic methods of selection for all positions include an interview. An interview is one of the best ways of getting qualitative information from a person which cannot be obtained by, for example, work samples. To get information from a person that is accurate and closely related to the job requirements, the interviewer needs to prepare accordingly. This is also where the competencies of the candidate is tested.

It is recommended that documented templates be used to ensure that the interview is well structured. Preparations include a decision as to which key competences would be assessed during the interview and drafting of a questionnaire. Use the same questionnaire for all candidates interviewed for the same position to avoid bias.

Remember to prepare brief notes regarding the position and leave time for answering questions about the work and the SAI as an employer. The interview is the situation where the candidate forms an impression about the SAI as an employer and decides whether his/her expectations are likely to be met.

Evaluating a person's professional and behavioral skills is not as easy as it may appear. There are many pitfalls that risk the interviewer to base the evaluation on invalid information, such as judgements based on first impression, one own's predetermined perceptions and failure to ask appropriate questions. Being objective and evaluate all candidates based on the same criteria require a well-structured technique. It is especially difficult to determine and evaluate a person's personal skills, unless an assessment is used (see par 3.2 for more information).

Competence-based interview questions is a valuable technique to evaluate a candidate´s person's skills. The questions relate to the personal skills in the competency profile. To understand the personal skills, questions are formulated to find out "how" a candidate has handled previous work situations of work, instead of asking "what" a person has done (which the CV indicates). Having the candidate explain how his/her acted in certain past situations and what result this led to will give the interviewer a clearer picture of the candidate's personal competence. Asking for real situations give more valid information, compared to making up potential scenarios and have the candidate relate to those. That will give the interviewer hypothetical answers, compared to information based on real situations. Examples of useful questions:

- Describe a situation when you used your competence to solve a problem.
- Describe a situation which was stressful, like an overload of assignments. How did you handle it, and how did you prioritize?
- Describe a situation when you needed to co-operate with colleagues to reach an important goal. What is important to you in such a situation and how did you handle it?

Based on the skills needed to evaluate a person's professional and behavioral skills, it is recommended to train a pool of well competent interviewers to facilitate the interview process at all levels.

2.6 REFERENCES

Reference checks are a last opportunity to verify the information the candidate has provided, to validate their personal suitability and explore any areas of concern. It may seem easier to accept letters of recommendation that address a candidate's abilities and experience. However, references provided by talking to people will allow you to probe issues deeply enough to get a fuller sense of the candidate's values, characteristics, approach to work and how they interact with others.

There are challenges with references as some candidates might provide you only with friendly referees. The more you ask about how the candidate handled certain job situations the more likely it is that you get closer to a true description.

The first-time applicant or fresh graduate applicant has the disadvantage or finds it difficult over the applicant who has job experience because he/she cannot refer to someone who can vouch for his values, characteristics, approach to work, and behavior towards others. School records like the transcript of records can be the basis of reference for the applicant/candidate.

2.7 REGRET LETTER AND OFFER OF EMPLOYMENT

As the recruitment process concludes, it is important to give feedback to all applicants. A rule of thumb is to give feedback as soon as possible and not to let applicants wait – preferably within a month. Those applicants who do not meet the minimum requirements and will definitely not to be considered for an interview, could get a preliminary rejection letter early in the process. This could be applied as follows throughout the recruitment process:

• Not proceeding after shortlisting

• Not proceeding after first cut screening

• Not proceeding after first interview

• Not selected to proceed after test/second opinion.

Feedback can be standardised and brief when provided to candidates in the beginning of the recruitment process. Individual feedback becomes increasingly important the further a candidate has progressed in the recruitment process. A person among the top final candidates is likely to be a top candidate for another role at another time.

It is recommended that in order to protect the SAI's brand, unsuccessful candidates should be rejected in such a manner that they would again consider applying for a position at your SAI. The candidate is then also likely to have a positive impression of the SAI and will speak well of the SAI as a potential employer in her/his professional network.

The selected candidate will receive an offer of employment. The routine for employment varies greatly depending on the legal aspects in the SAI country and will therefore not be covered in this HR Guide.
NB: HR is the custodian of all records relating to the selection process. Such records must be kept for at least 12 months after the recruitment process has been finalised.

2.8 INDUCTION/ON-BOARDING

An induction programme is often called "on-boarding". It includes a workplace introduction and presentation of job duties and responsibilities. It must also cover any legal and compliance requirements for working at the SAI and pay attention to the health and safety of the new employee.

A formal induction programme serves as an opportunity for new staff to be introduced to their new working environment. The aim is to enable the recruit to become a useful, integrated member of the team as quickly as possible, rather than being "thrown in at the deep end" without understanding how to do her/his job, or how her/his role fits in with the rest of the SAI. Appointment of a mentor is very useful and appreciated by newly recruited.

The typical areas covered during an induction or on-boarding programme could include the following:

- Workplace introduction
- SAI overview (vision, mission, values, strategic goals, structures, etc.)
- Employee benefits and hours of work
- Job duties and responsibilities
- Performance management
- HR and administrative procedures
- Training and professional development opportunities
- Career paths
- Health and safety
- Communication procedures.

THREE IMPORTANT THINGS TO CONSIDER

1.Strive to manage your own recruitment procedure – or parts of it
SAIs that are organized under the PSC or equivalent can strive to manage parts of the process to appoint staff. By developing job profiles and documenting the required qualifications and competences, they can ensure that new staff members appointed have the necessary skills to meet the INTOSAI standards.

2. Only select candidates based on requirements listed in the job profile/job advert
It is very important that all applicants be selected based on the same predetermined requirements. A candidate should not be selected based on a merit that is not listed because it will lead to a biased selection process.

3. Prepare well for the interview
A well-structured interview with prepared templates is essential to get the information you need from the applicant, and to be able to compare one applicant to another.

4. Well trained interviewers
A pool of trained and well competent interviewers is a good resource to facilitate the interview process at all levels.

3. HOW TO FURTHER DEVELOP RECRUITMENT AND SELECTION PROCESSES

The level to which the recruitment and selection processes are developed depends on a variety of factors. Other factors besides SAI independence in relation to the PSC or other external body are, for instance, the number of staff members dedicated to HR, the size of the SAI and the know-how of HR. Bearing this in mind, a recommendation is to have the founding level in place with basic functions before aiming for more developed procedures.

Once the SAI has basic well-considered procedures in place, the next step is to develop its performance in recruitment and selection. This level requires specialised knowledge within the HR function and well-integrated HR processes. This means that relevant strategies and policies are developed and implemented. An example of this is when there is an alignment between SAI office plan and HR strategy – and core business is effectively supported by HR.

The illustration shows what characterises the different levels of development in recruitment and selection.

Section 3 describes procedures which can be followed by a SAI with well-considered procedures in place but that strives for more refined working procedures.

LEVEL 1
- Structure for a recruitment process to ensure quality.
- Formats for job profiles, adverts, shortlisting and interview to streamline and ensure equality for all applicants.

LEVEL 2
- User guides and formats to support implementation on all steps recruitment and selection.
- Basic recruitment software to optimize hiring process.

LEVEL 3
- Variety of assessment methods to support
- Competency Framework and aligned job descriptions.
- Procedures to identify and attract best talents.

LEVEL 4
- Annual HR planning aligned with HR Strategy.
- Customise recruitment software to support evaluation of recruitment process.

3.1 COMPETENCY FRAMEWORK

As described in Chapter 4, a Competency Framework identifies the skills and abilities needed to perform a job within an organisation. It serves multiple purposes, one of which is for recruitment and selection. Having a Competency Framework for a specific role and its required competences, adds structure, objectivity and quality to the recruitment process.

An alternative to a Competency Framework is to develop separate competency profiles per type of position throughout the organisation.

For further reading and support regarding the Competency Framework, refer to *Chapter 4 Competence Management*. For support regarding the Competency Framework, competency profiles and determination of relevant auditor competences aligned with INTOSAI standards, refer to *ISSAI 150* and its *GUID 1950*.

3.2 ASSESSMENT METHODS

It is not possible to eliminate all risks to hiring someone who will not deliver according to your requirements. However, choosing a pre-employment test with a high rate of reliability and validity will improve the possibility of predicting the candidate's job performance accurately.

Assessment tests are more commonly used, as either a method to screen candidates or get additional information used in combination with an interview. These tests have been most commonly used when recruiting for top management positions, but an assessment test is also a valuable tool for screening candidates, evaluating candidates for middle level positions, selecting trainees and participants for training programs. A very important note to remember is that only well qualified and often certified assessment test-users should be consulted to perform and analyze assessment test. Failure to do this will severely jeopardize an accurate evaluation of a candidate.

Using the right kind of assessment test can bring many advantages:

- streamlines the SAI's recruitment process
- enhances the equitability, objectivity and legal defensibility of the SAIs recruitment processes
- tool that is specifically developed for the SAI positions and environment aligned to ISSAI standards
- tool to assist the SAI to shortlist and rate candidates in a very short period

The following are examples of pre-employment tests typically used to screen prospective employees:

- *Job knowledge tests* - used to identify the candidates technical or theoretical knowledge in a particular field or specific position acquired through academic studies and work experience.

- *Integrity tests* - used to help measure the reliability of applicants by testing integrity and ethical guidance when encountering certain situations in the workplace. It also tests the candidates "culture fit" (alignment between candidate's personal values and SAI's values).

- *Cognitive ability tests* - tests mental capacity to work in a position and help predict job performance based on how the candidate handles complexity and display logical, verbal and numeric reasoning to approach tasks.

- *Personality tests* - there is a wide selection of personality tests that help employers evaluate the candidate's own perception of his/her behaviour and relations and potential engagement level with in the SAI.

- *Emotional intelligence tests* - they analyse the candidate's relationship-building skills and her/his knowledge of emotions and potential for defusing conflict, collaboration, teamwork, adaptability and empathy.

Consider these questions before choosing assessment test as a selection method:

3.3 FAIR AND EQUAL OPPORTUNITY ISSUES TO BE CONSIDERED

Fair recruitment procedures should be the foundation for a professional, gender-balanced and incorruptible SAI. Tools for recruitment should be designed to ensure that entry to the SAI is fair and transparent, and that selection is based on merit and objective criteria. It is vital for the SAI to lead by example and strive to achieve a fair and open recruitment process with equal opportunities. This needs to be reflected throughout every step of the recruitment process.

Guiding principles:

- Recruitment planning: consider having a workshop on diversity for all involved in the recruitment process to raise awareness how to apply conscious thinking and routines when recruiting.

- Job profile: be conscious of the required skills in the job profile. Avoid skills that are assumed to add additional value but are not required. That is likely to exclude potential candidates.

- Advertisement: equal opportunities increase when SAI recruits from a broad pool of talent. All advertisement should be targeted, but still circulated to reach as many skilled candidates as possible. Use language and photos in the job advertisement which equally promotes and encourages men, women and members of ethnic minorities to apply. • Pre-selection: this procedure is crucial to live up a open and fair recruitment process. Evaluate and select all candidates equal, based on listed required skills. Do not make assumptions regarding candidate's qualifications that are not evidence-based.

- Interview: having an interview panel (if applicable) compromised by men, women and members who are under-represented within the SAI prevents irrelevant assumptions about the candidate. Have well trained interviewers who are conscious of competency-based interview technique. Use structured templates when interviewing and evaluating candidates to ensure that all candidates are equally treated.

- Placement: ensure relevant justification for chosen candidate and hence feedback to candidates about which qualifications they did not meet. It gives candidates help to assess themselves and give encouragement to do better next time. Most importantly, it ensures the SAI to live by principles of fair and open competition in line with policies on equality, diversity, and gender balanced recruitment.

For further reading about gender and equality, refer to *Chapter 8, Diversity Management*.

3.4 HR PLANNING

HR planning is an important step to forecast the SAI's HR needs for the future. The plan is based on the strategic goals and can be developed for a SAI with HR resources and refined working procedures. The objective of HR planning is to determine and analyse the gap between where the SAI wants to be in the future and the current situation. The gap analysis includes identifying the number of staff and the skills and abilities required in the future, compared to the current situation. It is important to include how the external environment affects the SAI in recruiting staff. There might be economic, political, technical and legal factors that need to be considered. Another issue to consider when is to consider succession planning.

THREE IMPORTANT THINGS TO CONSIDER

Develop a Competency Framework
With a robust and proper Competency Framework in place, the requirements for a position are more easily identified.

Choose selection methods that prove strong validity and reliability
Be aware of developments within the field of recruitment – stay updated on new methods for selection and assessment focused on predicting work performance through valid and reliable methods.

Equal opportunities need to be considered throughout the recruitment and selection process
Using a variety of channels to advertise jobs and applying merit-based selection will enhance your chances of attracting the best candidate and exclude non-valid aspects such as gender.

4. ROLES AND RESPONSIBILITIES REGARDING RECRUITMENT AND SELECTION

Recruitment and selection are central activities and HR needs to cooperate with the directors of different departements in the SAI for the best result. Directors of departements are key people when formulating the Job profile since these officials often are most knowledgeable in determining the job description and provide additional information about the position. Close cooperation between HR functions, managers and, if applicable, the PSC or external body other, is key to managing a successful recruitment process and hiring the competences that the SAI needs.

Find below a general guide for roles and responsibilities:

RESPONSIBILITY	ACTIONS	ROLE
Recruitment plan	• Evaluating the need for the post(s) in the context of the Departmental staffing plan and budget • Offering professional advice to the line managers regarding recruitment • Ensuring that all new/revised posts are formally graded before they are advertised and that formal authorisation to recruit has been sought from the • Authorized officer. • Discussing potential difficulties in recruiting with the Departmental HR Manager. • Agreeing recruitment plan and timescales with the • HR Department. • Ensuring that any agencies or external consultants who assist in the recruitment process adhere to the SAI Recruitment Policy. • Monitoring and reviewing the recruitment process and supporting policies / guidance.	**HR Director**

Job profile	• Preparing a Job Description, Person Specification, draft advert and further particulars.	**HR Director**
Attract candidates and advertise	• Compile advert • Place advert • Consider external activities to attract interest of desired candidates • Receive and acknowledge CVs	**Department of HR or Admin. Department**
Screening and shortlisting, assessment (if applicable))	• Screen CVs against job requirements • Producing a short-list and inform managers of applicants • Determine assessment tools (tests, case study) • Conduct assessment • Compile report	**HR Department**
Interview	• Schedule interview • Compile template of questions based on job profile • Conduct interviews according to competency based interview questions • Ensure fairness in the recruitment exercise • Keeping a written record of all short-listing and interview decisions.	**HR Department**
Placement and reference checks	• Select most suitable applicant • Ensuring equal opportunities requirements are followed. • Conduct reference checks	**HR Director/ HR Department**
Apointment and rejection	• Placement on the job • Letters of regret • Making a verbal offer of employment. • Providing feedback to unsuccessful short-listed candidates if requested	**HR Director**

RESPONSIBILITY	ACTIONS	ROLE
Induction/ On-boarding	• Preparing a comprehensive induction programme for the new employee(s). • Appointment of a mentor	**HR Department with participation by directors of different departments**
Induction/ On-boarding	• Preparing a comprehensive induction programme for the new employee(s).	**HR Department with participation by directors of different departments**

5. CHALLENGES

HOW TO HAVE INFLUENCE OVER THE APPOINTMENT OF OWN STAFF WHILE BEING GOVERNED BY THE PSC OR OTHER EXTERNAL BODY

According to the Global Stocktaking report, many SAIs are not consulted when the PSC or other external body appoints staff to the SAI. This could mean that little effort is made by the SAI to interact in the selection of candidates. The consequence may be that people appointed to the SAI fail to meet the competency requirements set by INTOSAI.

There are SAIs that have found ways to negotiate and collaborate with the PSC or other external body to have an impact on their own recruitment:

- SAIs can have their own policy within the purview of the public services by deciding, for example, on a percentage of staff who would be recruited directly from the public service or other external body, and those who would be recruited by the SAI or promoted through the ranks.

- SAIs can develop their own job profiles aligned with INTOSAI standards and submit them to the PSC.

- SAIs can have candidates assessed according to competency requirements set by INTOSAI before appointment and/or publication of adverts on the SAI website.

- SAIs can widen the range of advertisement beyond centralised government to cover larger professional fields and attract skilled candidates who meet the SAI's needs.

HOW TO ATTRACT SKILLED CANDIDATES

An important factor which may be overlooked is the need to create interest among skilled professionals whom the SAI wants to employ. Failure to do so, could result in the published job advertisement going unnoticed.

A candidate is likely to choose his/her future employer based on compatibility with his/her values and personal needs. Successful attraction of candidates depends on adapting the SAI communication to different groups of professionals.

- Make communication relevant – look for surveys that identify values and personal needs for different groups of professionals and assess how the SAI meets these expectations.

- Reach a wide group of candidates – use a combination of ways and channels to reach and communicate with the candidates. Meet up and be available at student career fairs for relevant university programmes. Create a rapport with leading university's, invite their students to information sessions at the SAI office. Publish posts of such activities in relevant and available media (including social media).

- Brand working with auditing at SAI – use the SAI website to publish job adverts and articles which portray staff fulfilling their roles and responsibilities.

ANNEXURES

- Annexure 1: *https://afrosai-e.org.za/2019/07/15/human-resource-management-framework-handbook/* – *Title to go here*
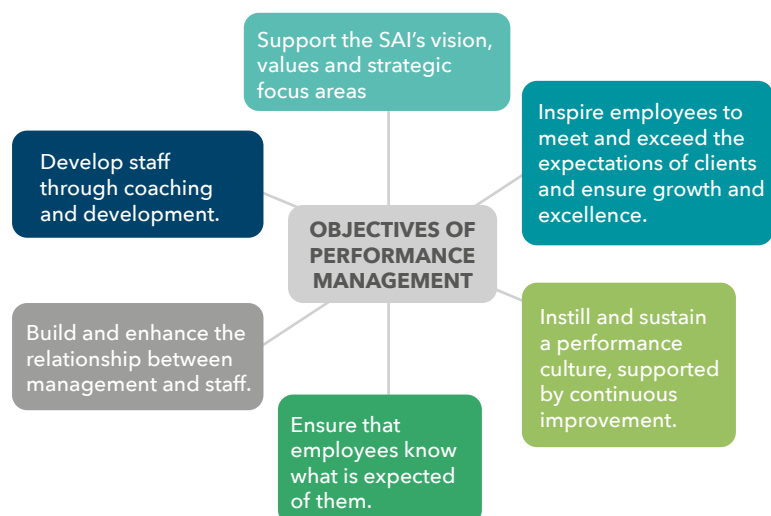
CHAPTER 6

PERFORMANCE MANAGEMENT (INCLUDING REFLECTIONS ON REWARD MANAGEMENT)

1. INTRODUCTION

The saying "what gets measured, gets managed" comes to mind when one speaks of performance management. It refers to the processes that would ensure the institution links its mission to the work of employees by aligning individual, team and institutional performance objectives.

It is essential that a SAI manages and improves the performance of individual staff members, and that of its teams, in order to maximise everyone's contribution towards achieving the SAI's goals. This is an important activity for any institution that seeks to remain competitive and sustainable. After all, for any SAI to succeed, it needs competent, highly motivated and engaged staff. Competence-driven SAIs need effective performance management, enabled through clear and regular communication regarding the competencies demonstrated by individual staff members, and linking it to their continuous self-development.

Performance management is often perceived as one of the more difficult aspects of HRM. Given its strategic impact on the success of a SAI, however, it is a perfect area for HRM department to demonstrate its strategic value by supporting a SAI's management to get it right. Moreover, it is an aspect of management to be mastered by all SAI managers.

OBJECTIVES OF PERFORMANCE MANAGEMENT

- Support the SAI's vision, values and strategic focus areas
- Inspire employees to meet and exceed the expectations of clients and ensure growth and excellence.
- Develop staff through coaching and development.
- Instill and sustain a performance culture, supported by continuous improvement.
- Build and enhance the relationship between management and staff.
- Ensure that employees know what is expected of them.

This chapter will explain what a performance management process entails, what the outcomes of successful performance management looks like, and the common types of performance appraisals that are applied. The chapter will conclude with information on reward systems.

2. WHAT IS PERFORMANCE MANAGEMENT?

Performance management is the planning, organising and leading of performance appraisals. It consists of an ongoing communication process between employee and employer aimed at reflecting on progress against a set of performance targets for the purpose of supporting the employee and the SAI to meet performance objectives. It is undertaken as a partnership between an employee and the line manager, and involves establishing clear, shared expectations and understanding about the role (job) of the employee, how it contributes to the overall SAI's goals and what doing the job well means in concrete terms. Its success is dependent on the line manager and employee's working relationship and a joint commitment to improve, build and sustain employee performance.

It is also about communicating how performance will be measured, identifying barriers to performance and removing them. Performance management involves the rewarding performance where employees exceed agreed performance targets, and managing poor performance through performance improvement processes. It is important to note that performance is managed jointly with the employee in a collaborative, cooperative way, preventing poor performance and working together to improve performance. It is normally done through a documented process where a signed individual performance contract is agreed.

Performance is preferable reviewed at least halfway through the year and year-end based on the signed contract, but more regular performance feedback is recommended, especially where performance challenges exist.

HELPFUL DEFINITIONS

- *Reward management:* A process of recognizing and rewarding employees for achieving performance targets – it can encompass monetary and non-monetary reward.

- *Succession Planning:* A process and strategy for maximising a SAI's talent pool to ensure key jobs and/or leadership positions are successfully filled with the right employees. It is used to identify and develop new, potential leaders who can move into leadership roles when they become vacant.

- *Talent pipeline:* A pool of candidates who are ready, or being developed to be ready, to fill a position. It is closely related to the term talent pool (a databse of potential job candidates with the potential to meet a SAI's immediate and long-term needs.)

- *Talent Plotting* refers to a nine-box grid in which employees are ranked or grouped on the basis of potential and performance. This process is also known as forced ranking to identify the high performing and high potential SAI employees.

During a performance review the line manager and employee will usually agree on a performance score based on a discussion of critical incidents and, where necessary, supported by evidence of the positive or negative performance.

Performance management enables institutions to work more effectively when goals and objectives of the institution, teams and individuals are linked and everyone understand how their work contributes to the success of the institution, leading to improved morale and productivity.

Performance management also entails setting and reviewing personal objectives, drafting training and development plans, and in some instances may include a process of succession planning (talent management achieved through the process of talent plotting) at the beginning of the performance or financial year.

2.1 WHAT DOES SUCCESSFUL PERFORMANCE MANAGEMENT LOOK LIKE?

- Job responsibilities and expectations are clear to all members of staff.
- Individual and group productivity is enhanced.
- Capabilities are enhanced by means of performance feedback.
- Personal development and linked to and enhanced by performance management.
- Employee behaviour is aligned to the SAI's mission, vision and values.
- HR decisions are informed by performance management data.
- Employee-manager communication is improved.
- Top management sets the tone from the top with regular and positive communication about performance management.

3. THE PERFORMANCE APPRAISAL PROCESS AND APPRAISAL APPROACHES

By now we must agree that performance management does not happen in a vacuum and should not be an isolated event.

3.1 PERFORMANCE APPRAISALS

Performance appraisal is not a new phenomenon in human resources, but with the advent of new technologies we are now seeing more opportunities and flexibility in how institutions carry out performance management in order to keep pace with the advantages of technology.

An efficient performance appraisal system represents a tool for SAIs to maximise impact while at the same time improving workplace relations, work satisfaction, staff engagement and productivity.

3.2 WHY HAVE PERFORMANCE APPRAISALS?

Performance appraisals are an important element of performance management, and most SAIs conduct them on a bi-annual basis. Although the criteria and formats may vary, these formal interactions between employees and line managers are used to identify strengths and areas that require further development; to assess the achievement of goals agreed during a previous appraisal period; and to set new goals for employees.

Performance appraisals and the two-way performance feedback that it entails offer many benefits:

- Recognition of individual performance is a powerful motivational tool when used effectively.
- It enables goal setting for a next performance period in the context of institutional goals/needs.
- It is an opportunity to:
    - o   reinforce and document key decisions, assignments or delegations
    - o   demonstrate institutional fairness to all employees
    - o   support an individual's needs, including development needs
    - o   reinforce continuous open communication and strengthen relationships
    - o   encourage independent thinking, but also teamwork
    - o   have employees take ownership for their work
    - o   contribute to institutional effectiveness, and
    - o   discover untapped potential.

TRENDS IN PERFORMANCE MANAGEMENT

It must be said that many leading organisations have started moving away from the traditional performance management system or process of performance appraisal and are adopting systems and process that provides real time feedback between employees and their supervisors, factors such as the impact of hybrid work (location and time), more continuous feedback and check-ins and the use of performance data gathered in real time are proving to be the main drivers away from the performance appraisals.

4. APPROACHES TO PERFORMANCE APPRAISALS

When deciding which performance appraisal tool to use, make sure you align your choice with your institutional culture.

A performance tool should be logical and easy to use. It should be job related and linked directly to the employee's job description, connecting the work the individual does with the institutional mission and results. It is also important to distinguish between non-supervisory and supervisory roles when developing an appraisal system, and it may mean different forms for different jobs. Allow employees to play an active role through self-evaluation, which gives them a voice and helps them to be more engaged with their own performance and the review process.

The following three are the common approaches to performance appraisals:

4.1 RATING SYSTEM/SCALE

This is the most popular way to appraise performance and requires the least effort. It allows the appraiser to mark an employee's performance on a continuum, normally no more than a four- or five-point scale. This "workplace report card" normally consists of two parts: firstly, a list of characteristics, areas or behaviours to be assessed, and secondly, some way to assign a number (score) or category to the item that is supposed to represent the level of performance on each item.

Many institutions prefer this method of appraisal as it brings uniformity and consistency to the performance appraisal process, i.e. use of a similar form, mostly developed by the HR department, which is shared at a certain time for everyone to complete – see example below.

PERFORMANCE CRITERION STATEMENTS	SCALE			
Completes work on time	Never	Sometimes	Usually	Always
	1	2	3	4
Demonstrates skills and abilities needed to do job	Inconsistently	Consistently		Always
	1	2		3
Demonstrates creativity and initiative	Never	Sometimes	Usually	Always
	1	2	3	4
Meets or exceeds targets each quarter	Room for improvement	Satisfactory		Excellent
	1	2		3

For effective use of the rating system, it is recommended that line managers supplement it with regular discussions with each employee about how work is progressing instead of waiting until review time at the end of the year. Provide space for comment on the form used, and provide explanations where the rating is low, and why. And follow a similar process when performance is high. Remember to clarify the meaning of each rating item before doing the rating.
Rate together with the employee and negotiate the ratings in order to reach an agreed score, where possible. Avoid rendering judgements. Always ask what the staff member feels she/he needs to improve on over the next performance period.

4.2 MANAGEMENT BY OBJECTIVES (MBO)

This is an objective based appraisal approach and compares performance to a set of standards or targets individually negotiated with the member of staff. During performance planning (at the start of a performance period) the manager and member of staff meet and agree on objectives, targets and standards. Goal setting is at the heart of the MBO and begins with the identification of strategic goals and cascading them into departmental objectives and individual goals. Use **SMART** goals – goals that are **s**pecific, **m**easurable, **a**chievable, **r**elevant and **t**ime-based.

MBO concentrates on setting measurable goals, i.e. a description of specifically what is to be accomplished and how the accomplishment of the goal will be measured. Target dates and the amount of resources required to accomplish the goal is also commonly included. For example, an HR manager's goal could be to develop a new employee orientation programme by a certain date, within a specific budget (hours and/or cost in terms of materials and supplies).

Advantages of MBO

- Both employee and line manager participate
- Focus is on specific goals and not broad personality traits such as dependability or cooperation
- Goals and objectives are determined before the appraisal process begins

Tools commonly used in performance management:

- Critical Incident Method – Keeping a record of incidents of uncommonly good or undesirable work-related behavior of the employee, and reviewing it with the employee at a predetermined time.
- Alteration Ranking Method – Ranking employees from best to poorest performer on a particular trait/in a particular work area - choosing highest, then next highest and so on - until all are ranked.
- Electronic Performance Monitoring - Having supervisors electronically monitor the amount of computerized data an employee is processing per day, and thereby his or her performance.

4.3 RANKING SYSTEM

This tool involves comparing staff members to one another and determining whether one staff member's performance is better than, the same as, or worse than his or her colleagues based on a certain set of criteria (e.g. number of reports produced). Due to the nature of a ranking system – comparing people to one another – it tends to demotivate staff and cause unwanted side effects and is therefore not recommended.

5. THE PERFORMANCE MANAGEMENT CYCLE

The steps in performance management can differ from institution to institution and should be formulated within the context of your SAI. The diagram below illustrates the common steps in performance management:
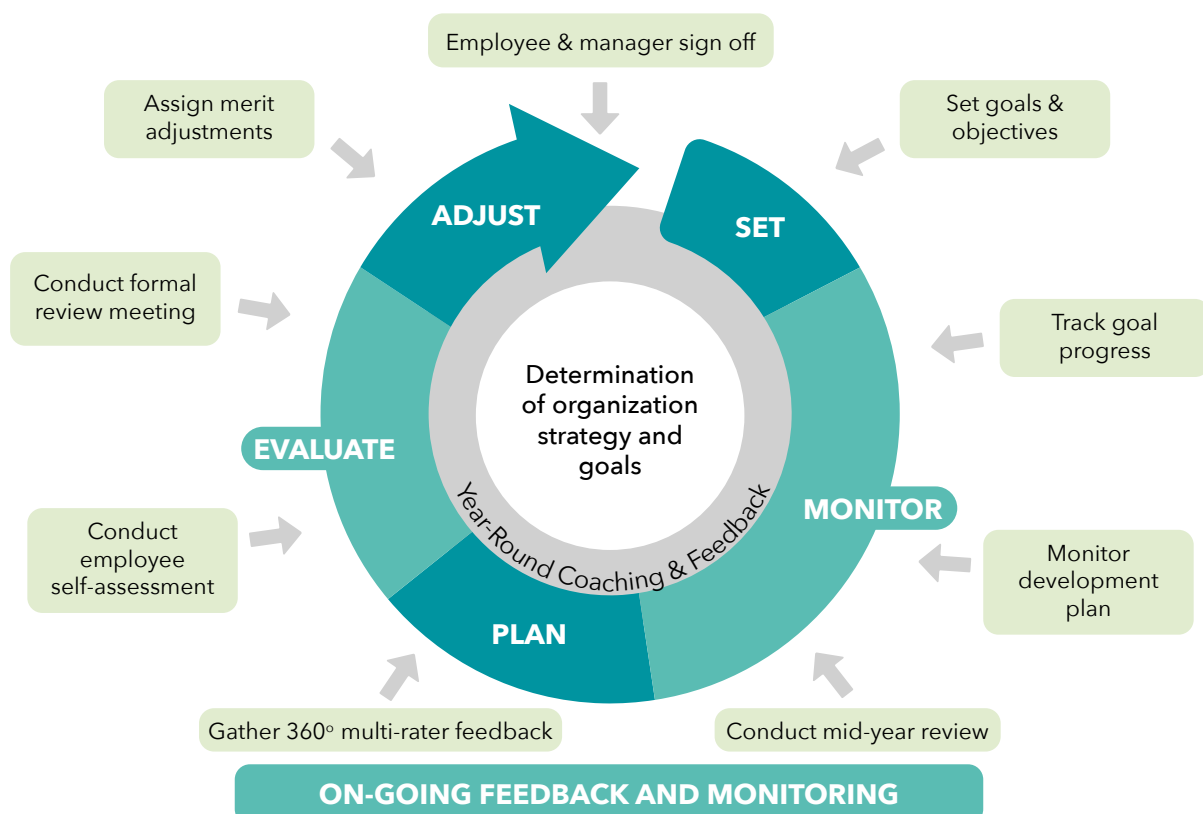
5.1 THE IMPORTANCE OF FEEDBACK

Ongoing feedback is essential to any performance management process. For SAI staff, performance appraisals can be the primary source of information and feedback from a people manager. By identifying employees' strengths, weaknesses and training needs through the performance appraisal feedback process, supervisors can inform employees about their progress, discuss areas in which additional training/development may be beneficial, and outline future development plans.

Feedback should take place as soon as possible – it should not be left to an annual meeting. It is also critical to be specific in any performance feedback.

5.2 THE IMPORTANCE OF PERFORMANCE DOCUMENTATION

HR professionals recognise that strong documentation is critical in performance management. The purpose of documenting performance problems is not only to protect the SAI, but also to indicate the steps that were taken to help someone to be successful at work. Performance documentation must tell a story that is based on fact. Good documentation provides credibility to the performance management process. Common documentation mistakes include the following:

- Vague, unclear statements about what the employee should improve – it is important to document critical incidents (what was the date, place and context; describe the specific action/behaviour observed; describe the impact – negative or positive, and then provide the next steps: what needs to continue or change).
- Adding subjective comments or even personal criticisms.
- Providing little or no evidence to support decisions to discipline or terminate an employee.

5.3 THE IMPORTANCE OF TRAINING

Most performance systems can be improved by training supervisors in how to carry out performance appraisals. Since conducting appraisals are very important, most training should focus on minimising appraiser errors and providing appraiser with details on effectively documenting performance information.

6. MANAGING POOR PERFORMERS

Managing poor performance is an essential part of the continuous performance management process/system at both an organisational and individual level. The aim is to deal with poor performers and to improve individual performance using regulated standards or procedure in accordance with the specific country's legislation or law.

Poor performance does not look at the behaviour of the employee, but rather at whether the job, which the employee is being paid to do, is being done properly as per set and agreed performance standards.

Poor performance can be due to many things, such as lack of skills and competencies, or poor training and support for individuals. It may also be as a result of inadequate leadership, bad management or defective systems of work, all of which are probably the result of line manager's failure to establish well-defined expectations for performance.

The process of managing poor performance should be positive with the aim to improve, based on positive continuous feedback, support and active actions. The following are the five generally accepted standards in managing poor performers:

Identify and agree on the performance gap/problem

It should be a two way consultation process based on the agreed individual performance criteria that are usually set at the beginning of the performance year. Individual employees should be aware of the standard and must agree on the shortfall or gap for successful process of management of poor performance. Feedback on poor performance may be provided by managers, but can to some extent be built into the job. This takes place when individuals are aware of their targets and standards, know what performance measures will be used, and receive feedback in both instances.

Establish the reason(s) for the performance problem/gap

The aim should be for the manager and individual jointly to identify the issues or factors that have contributed to the performance gaps. Based on this factual analysis, decisions can be made on how it should be dealt with by the individual or the manager, or by both of them working together. Firstly, it is necessary to identify any causes that are external to the job and beyond the control of either the manager or the individual.

Decide and agree on the action required to improve performance

Commitment should come from both parties, and the employee should list the gaps and the type of support required to improve performance. Action agreed upon can include taking steps to improve the individual's skills or change his or her behaviour or attitude, or jointly clarifying expectations or abilities and skills.

Resource the action

This refers to the coaching, training, guidance and mentoring required to enable agreed actions to take place.

Monitor and provide feedback

Both the line manager and individual employee must monitor performance, ensure that feedback is provided or obtained and analysed, and agree on any further actions that may be necessary.

7. REWARD MANAGEMENT

7.1 THE LINK BETWEEN PERFORMANCE MANAGEMENT AND PAY

Performance management is not necessarily associated with pay, although this is often assumed to be the case. Research conducted by the Institute of Personnel and Development established that only 43% of respondents to the survey received performance-related pay.

This research, however, also showed that contingent or differential pay is still an important element of many performance management schemes, chiefly because paying for performance and/or for competence is regarded by many organisations as desirable for three reasons:

- It motivates people to perform better or to develop their skills and competences;
- It delivers the message that performance and competence are important;
- It is fair and equitable to reward people differentially according to their performance, competence or contribution.

Reward management focuses on strategies, policies and practices required to ensure that the value of people and the contribution they make towards achieving organisational, departmental and team goals, are recognised and rewarded. It provides answers to the questions of "how do we value our people" and "how are we going to reward them according to that value"?

Reward management is about the design, implementation and maintenance of reward system. For example, how jobs and people should be valued; the administration and design of grade and pay structures; rewarding and recognising achievements and performance, employee benefits and implementing procedures for managing rewards.

It is also equally about non-financial aspects such as recognition, autonomy, increased job responsibility, and learning and development opportunities.

7.2 REWARD STRATEGY

It is important for the organisation to have a clear reward strategy in place as it provides business and people with a focused description of what the organisation wants to do about reward over the next few years, and how. The strategy should align reward processes to business needs; integrate reward and HR policies; and provide guidance on the implementation of the reward system and design. It should also articulate the reward values of the organisation.
Reward strategy flows from analysis of business drivers and will define longer term intentions in areas such as pay structures, variable pay, employee benefits, and steps to increase engagements and commitment. It will be influenced by the reward philosophy of the organisation and by the context within which the SAI operates, such as its internal culture, structure, size, external economic and environmental factors.

Reward strategies should contain specific intentions such as:

- developing a total reward approach
- introducing performance pay
- replacing an existing performance pay or bonus

- developing new grade and pay structure
- introducing new formal recognition scheme
- developing flexible benefits system.

7.3 DEVELOPING AND IMPLEMENTING REWARD STRATEGIES

The development and implementation of reward strategies takes place in the following three stages, although in practice they may not be clearly defined or implemented sequentially:

i. **Deciding on the approach:** first clarify and agree on the values and guiding principles that will govern how the strategy will be designed and delivered, in line with the SAI strategy. Set objectives and criteria for success and produce an implementation programme.

ii. **Developing the strategy:** development of the strategy should be evidence based and action oriented; employees' views on the proposals should be obtained; and the following question should be addressed: "Is the reward strategy in accordance with the values and guiding principles of the organisation"?

- Will it support the achievement of business goals and how?
- Are its aims consistent with those of the HR strategy and will the proposals help to achieve a coherent approach to HRM?
- To what extent will it meet the objectives set for it? How will it add value?
- How is it going to be put into effect? (Who will be involved in the implementation? How are we going to make sure those involved know what they have to do, know why, believe in it and have skills to do it?)
- What supporting/change management processes are needed, and can they be made available?
- How much time is needed, and what additional resources are required? Can they be made available?
- Are there any likely implementation risks, and how will they be mitigated?

iii. **Implementing the strategy:** the aim is to make the reward strategy an operating reality by building the SAI's capacity to put into practice the proposals worked out in the design stage.

The three key aspects that drive reward systems, in cases where the SAI is fortunate enough to be in control of its reward system, are as follows:

- Performance dependencies
- Internal dependencies, and
- External dependencies.

7.4 REWARD DRIVERS

- Internal dependencies include aspects such as fairness, job evaluation systems and grading structures
- A key external factor is the market rates of pay compared to the SAI's internal pay levels and ranges.
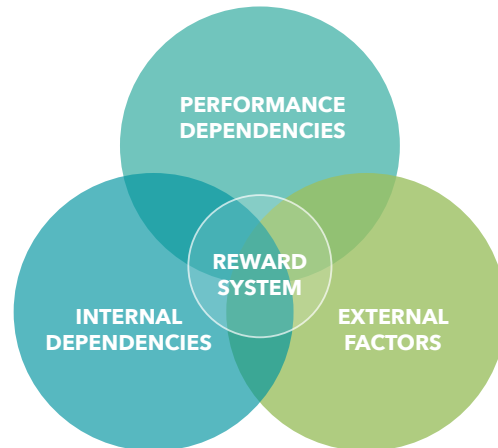
7.5 REWARD SYSTEMS

Reward systems consist of inter-related processes and activities which, in combination, enable organisations to pay their employees and provide them with other types of reward. Reward systems commonly contains the following elements:

i. Base pay management
This is the process of deciding on base pay levels and managing base pay with or without formal grade and pay structures. It is determined by the following three activities:

- Job evaluation – which is a formal process of defining the comparable worth or size of jobs within the SAI in order to establish fair internal relativities

- Market pricing – the process of analysing market rates to guide development of competitive pay structure, i.e., appropriate level of pay to attract and retain talent.

- Grade and pay structure design – they provide a framework for managing base pay. Jobs are grouped in grades, bands, or levels attached to pay ranges, brackets or scales.

ii. Contingent and variable pay
This approach speaks to pay progression through contingency pay which is the process whereby pay increases within the reward system. It can take place in a formal structure by means of increments related to performance, competence, contribution, skill or service, and sometimes is referred to or known as merit pay, as opposed to variable pay which is referred to as pay at risk and is the remuneration package that has to be earned on each occasion, usually meeting or exceeding performance targets. It includes individual or team bonuses, share options, profit or gain sharing. Included in variable and contingency pay are employee benefits such as pension, insurance, company cars and other related allowances.

iii. Non-financial rewards
These rewards are critical to employee motivation and retention. It comprises aspects such as recognition of achievement, autonomy, work scope or job enrichment, opportunities for professional development, other career development opportunities and a satisfying work environment.

iv. Total reward
This entails a combination of financial and non-financial rewards made available to employees. The concept of total reward emphasises the importance of all aspects of the rewards package as a coherent whole. Consideration is given to all the ways in which people can be rewarded and gain satisfaction through their work, linking financial and non-financial aspects.

CHAPTER 7
DIVERSITY MANAGEMENT

1. INTRODUCTION

Workplace diversity is a central issue in HRM. These days, many institutions aim to be an equal opportunity employer and are determined to ensure that no applicant or employee receives less favourable treatment on the grounds of gender, disability, religious belief, marital status, colour, race or ethnic origins, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. An equal opportunity employer is committed to hiring and valuing a diverse work team. To ensure this, modern SAIs can consider formulating a policy on 'Diversity and Inclusion'. According to the United Nations, reducing inequalities and ensuring that no one is left behind are integral to achieving the Sustainable Development Goals, in particular *SDG 10: Reduced Inequalities*, and *SDG 5: Gender Equality.*

Gender equality, diversity and inclusion are not only a fundamental human right, but also form a necessary foundation for a peaceful, prosperous and sustainable world . It affects all aspects of public life. For example, providing women and girls with equal access to education, health care, decent work and representation in political and economic decision-making processes will fuel sustainable economies and benefit societies and humanity at large.

SAIs have an opportunity to lead by example in this area by managing their diversity well and being diverse, gender-responsive and inclusive institutions. A SAI's efforts to promote diversity, gender equality and inclusion would generally be based on the existing legal framework governing these areas in the country of which the SAI is part. The country framework would, in turn, be based on the international human rights legal framework to combat specific forms of discrimination, including discrimination against indigenous peoples, migrants, minorities, people with disabilities; discrimination against women; racial and religious discrimination; or discrimination based on sexual orientation and gender identity. The figure below illustrates different possible levels of maturity for a SAI in terms of approach to gender equality and diversity in the way it governs its HR.   (In practice, the ambition of most institutions, including SAIs, is usually to at least reach the stage of a "responsive approach" to inequalities, rather than a transformative level, which implies a range of factors that are external and are beyond the control of the organisation.)

DIFFERENT LEVELS OF DIVERSITY MANAGEMENT IN SAIS

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
• The HRM systems and practices in the SAI ignore gender and diversity inequalities, or in the worst scenario reinforce them (Neutral or harmful dynamic)	• The HRM systems and practices in the SAI consider gender and diversity inequalities, but does not challenge the norms in place (Sensitive dynamic)	• The HRM systems and practices in the SAI target gender and diversity inequalities intentionally in order to achieve certain outcomes (Responsive dynamic)	• The HRM systems and practices in the SAI influence unequal gender and diversity relations and norms, and address root causes (Transformative dynamic)

1.1 WHAT DOES DIVERSITY MEAN AT THE WORKPLACE?

'Diversity' means all the ways in which people differ. Everyone is a unique person. Even though people have things in common, they are also different in all sorts of ways. Differences include visible and non-visible factors; for example, personal characteristics such as background, culture, personality, and work style, size, accent, language and so on. In many countries, several personal characteristics are covered by discrimination law to give people protection against being treated unfairly. The 'protected characteristics' can be race, disability, gender, sex,
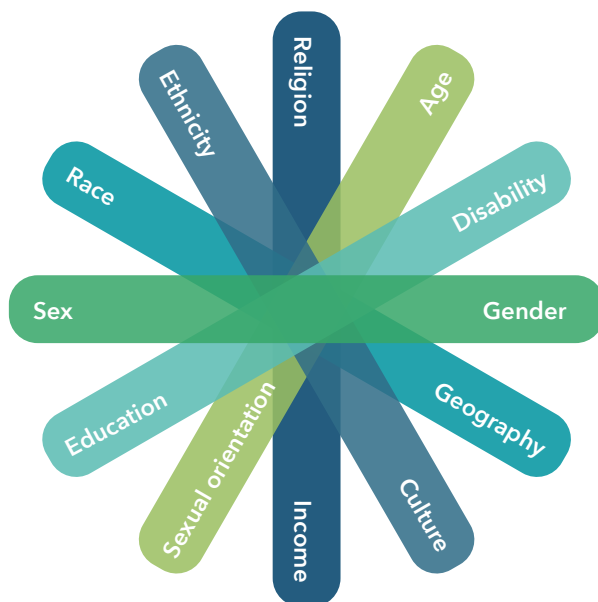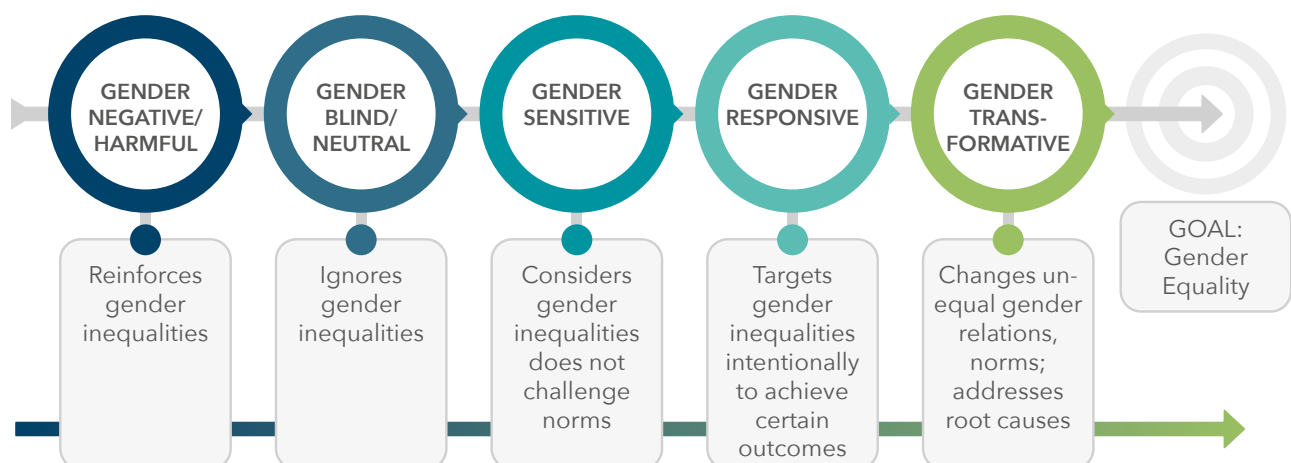
HELPFUL DEFINITIONS

- *Equality:* providing equal opportunities and enjoyment of all rights and fundamental freedoms to all irrespective of race, sex, pregnancy, marital status, health status or social origin, colour, age, disability, religion, language, belief, language.

- *Diversity:* the different values, attitudes, cultural perspectives, beliefs, ethnic background, nationality, sexual orientation, gender identity, ability, health, social status, skill and other specific personal characteristics.

- *Gender:* roles, behaviours, activities and attributes that a given society at a given time considers appropriate for men and women. In addition to the social attributes and

Religion · Ethnicity · Race · Age · Disability · Sex · Gender · Education · Sexual orientation · Geography · Income · Culture

marriage and civil partnership, pregnancy and maternity, religion and belief, sexual orientation and age. Those characteristics usually intersect with each other in a complex manner, in some cases compounding conscious and unconscious bias towards individuals who identify with multiple visible, non-visible and protected characteristics of diversity. This is known as **intersectionality** and should therefore be considered in the human resource management processes of the SAI. This can contribute towards creating fair and balanced opportunities for all SAI staff.

Workplace diversity also includes acknowledging, accepting, harnessing and celebrating the strengths of different skill sets, perspectives, cultures and lived experiences present among SAI staff. By doing so, a SAI will be able to draw on the individual and unique strengths of each employee. SAIs that are able to fully leverage a greater range of talents and perspectives will experience better decision-making and innovative solutions to complex problems. Diversity in employment context in the case of a SAI would therefore mean recognising and embracing the contribution of people with differences in background, experiences and perspectives.

1.2 WHAT IS GENDER-RESPONSIVENESS FOR A SAI?

HELPFUL DEFINITIONS
(continued)

opportunities associated with being male and female and the relationships between women and men and girls and boys, gender also refers to the relations between women and those between men.

- *Workplace diversity:* term used for the workplace composed of employees with varying characteristics, such as different sex, gender, race, ethnicity, sexual orientation, etc.

- *Gender mainstreaming:* a strategy for making women's as well as men's concerns and experiences an integral dimension of

Gender responsiveness refers to an approach to programmes, projects or initiatives where gender norms, roles and inequalities have been considered, and measures have been taken to actively address them. Such programmes go beyond raising sensitivity and awareness and actually do something about gender inequalities. Addressing gender in HRM is a journey as some factors may be beyond the SAI's control. It is therefore critical that the SAI builds awareness of its position and defines its desired ambition in the gender continuum towards the ideal of gender quality.

GENDER NEGATIVE/ HARMFUL	GENDER BLIND/ NEUTRAL	GENDER SENSITIVE	GENDER RESPONSIVE	GENDER TRANS-FORMATIVE	GOAL: Gender Equality
Reinforces gender inequalities	Ignores gender inequalities	Considers gender inequalities does not challenge norms	Targets gender inequalities intentionally to achieve certain outcomes	Changes un-equal gender relations, norms; addresses root causes	

1.3 WHAT IS INCLUSION AT THE WORKPLACE?

Inclusion is the practice of providing people with equal access to opportunities and resources. It focuses on how to increase the participation and involvement of all employees and to leverage the diversity attributes and strengths of a workforce.

In an inclusive work environment, individuals of all backgrounds feel welcomed, treated fairly and respectfully, supported and valued, and are included in the decision-making process. In the context of a workplace such as a SAI, inclusion refers to incorporating the voice and interests of all staff, including marginalised groups.

For diversity management to succeed, it is important to pro-actively ensure that the necessary resources will be made available to support the policies and procedures driving the implementation of diversity management. Moreover, effective change management processes will be a key factor for success.

1.4 WHY ARE DIVERSITY, GENDER INCLUSIVENESS AND INCLUSION SO IMPORTANT?

When a SAI **embraces diversity and inclusion**, it can have many positive effects across the entire organisation. Let us look at some of the benefits.

- The SAI will not only be able to **attract and retain more qualified and skilled staff**, but also millennials, as the younger generation of today actively seek diverse and inclusive employers.

- Secondly, the SAI will be able to **be more successful in retaining a diverse workforce**. By adopting a diversity and inclusion lens, SAIs will be able to accurately identify individual staff development needs, and as a result will more effectively strengthen staff capability.

- Thirdly, diversity and inclusion will **boost the SAI's reputation** as successful institutions are known for prioritising diversity, gender equity and inclusion.

HELPFUL DEFINITIONS
(continued)

the design, implementation, monitoring and evaluation of policies and programmes in institutions.

- *Gender sensitivity:* the way institutions treat males or females in service delivery activities. It also includes how colleagues treat one another in a gender-sensitive way.

- *Inclusion:* seen as a universal human right, the aim of inclusion is to embrace all people irrespective of race, gender, disability, medical or other need. It is about giving equal access and opportunities and getting rid of discrimination and intolerance (removal of barriers) in all aspects of public life.

- *Affirmative action:* any measure designed to overcome or better an inequality or the systematic denial or infringement of a right or fundamental right.

- *Disability:* any physical, sensory, mental, psychological or other impairment that has substantial long-term effect on individuals' ability to carry out ordinary day-to-day activities.
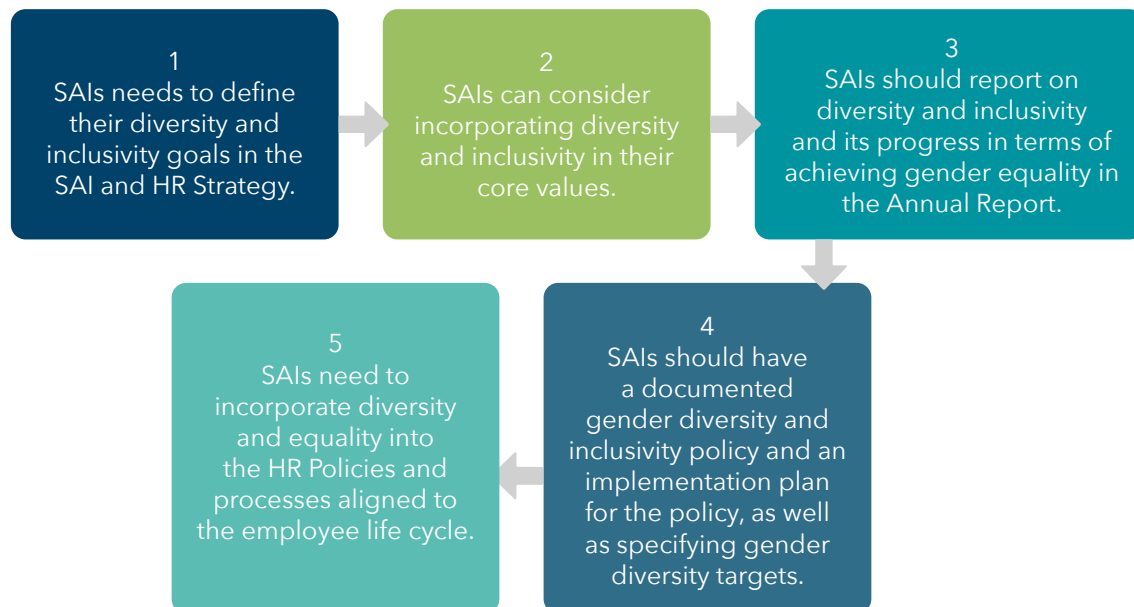
- Development partners and donors are also more likely to **invest and support** institutions which foster diversity, gender equity and inclusion.

- A diverse workforce will **increase creativity**, as diverse teams can help your SAI's group thinking capabilities and produce more creative ideas. Leveraging the plurality of skill sets, perspectives and lived experiences of a diverse workforce is especially relevant in developing effective and innovative solutions to complex situations.

- Gender responsiveness, diversity and inclusion will also **improve the well-being of SAI staff**. A study by Psychology Today found a strong relationship between gender diversity and employee well-being. When we do not feel that we belong, it can impact our sense of well-being and make us more likely to think about changing jobs.

- Inclusive work environments have also been linked to **employee outcomes of job satisfaction**, employee engagement, organisational commitment, high-quality work relations and enhanced career opportunities.

- And lastly, SAIs will see a **positive impact on their culture** as organisational culture is enhanced when diversity and inclusion are welcomed and celebrated.

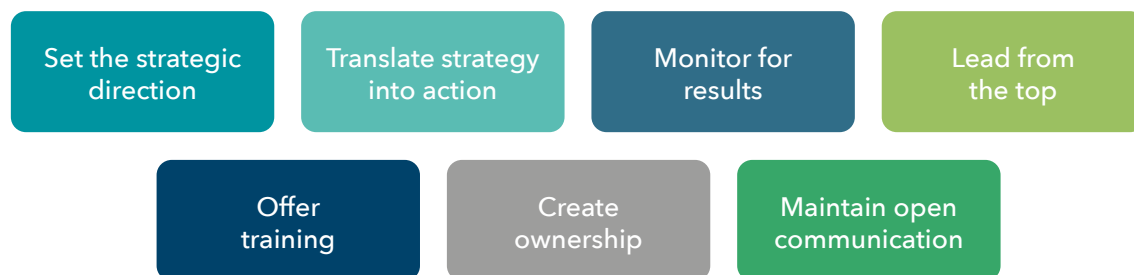## 2. OTHER HR PROCESSES WITH WHICH GENDER, DIVERSITY AND INCLUSION INTERLINK

3. HOW TO LEVERAGE ON DIVERSITY, BECOME A GENDER-RESPONSIVE SAI, AND ENSURE WORKPLACE INCLUSION

Building blocks to become a diversity-responsive SAI

1	2	3
SAIs needs to define their diversity and inclusivity goals in the SAI and HR Strategy.	SAIs can consider incorporating diversity and inclusivity in their core values.	SAIs should report on diversity and inclusivity and its progress in terms of achieving gender equality in the Annual Report.

5	4
SAIs need to incorporate diversity and equality into the HR Policies and processes aligned to the employee life cycle.	SAIs should have a documented gender diversity and inclusivity policy and an implementation plan for the policy, as well as specifying gender diversity targets.

Practical approaches to foster staff inclusion

There are many options which a SAI can use for increasing workplace inclusion, depending on their readiness level. In this document, we identify some of the main options:

Set the strategic direction	Translate strategy into action	Monitor for results	Lead from the top

Offer training	Create ownership	Maintain open communication

i. Set the strategic direction

o Ensure that Gender, Diversity and Inclusion (GDI) are clearly articulated in the SAI's strategic plan, vision and mission.

o Consider setting gender targets for your SAI.

o Develop a gender strategy and/or a diversity and inclusion strategy aligned with the SAI strategic goals.

o Ensure that the HR strategy reflects a GDI approach.

ii. Translate strategy into action

o Develop a gender policy which aligns with the organisational gender strategy.

o Choose an integrated approach by linking diversity and inclusion to other initiatives in operational management such as quality management.

o Include GDI initiatives in the SAI Annual Operational Plan and Annual Budget; for example, an annual awareness-raising campaign linked to an international initiative such as International Women's Day, and a budget for training on identifying and responding to unconscious bias.

o Ensure that a GDI lens is applied when developing and updating HR policies and processes at different points of the employee life cycle.

o Translate the gender policy into actionable inclusion initiatives to SAI staff, such as flexible working hours, parental leave policy, a childcare or parents' room for nursing mothers. and celebrating different cultures and languages.

o Develop relevant policies and procedures to deal with all forms of harassment, bullying and intimidating behaviour.

o Create an Employee Resource Group (ERG), for example a Women's Network programme to share experiences and build staff capability. Share challenges, learning and lived experience of women and men who have sought to break the gender or any other bias.

o Create a coaching/mentoring programme for both women and men.

o Ensure that the SAI office is accessible for people with disabilities and mobility issues, for example installing wheelchair ramps, lifts and accessible toilets.

iii. Monitor for results

o Develop performance indicators and targets to monitor and track progress towards GDI objectives, and establish a baseline against which to effectively track and assess progress.

o Collect and report on gender disaggregated data as well as gender and diversity initiatives in quarterly and annual reporting.

iv. Lead from the top

o Ensure the commitment of the top and senior management to set the cultural tone and norms for the rest of the organisation.

o Encourage management to role-model and reward inclusive behaviour to foster a positive and inclusive work environment.

o To create an inclusive culture, leaders need to value diversity while finding common ground to create a sense of belonging.

v. Offer training

o Build the capability of SAI staff by offering gender training and unconscious bias training to all staff, and inclusive leadership training to senior and middle management and audit team leaders

o Provide staff with guidelines, working methods and training that include the concept of diversity and inclusion.

o Consider internal awareness-raising programmes about unconscious bias, gender equality, diversity and inclusion and skills training.

o Provide workshops for adjacent skills such as interpersonal communication and emotional intelligence for employees.
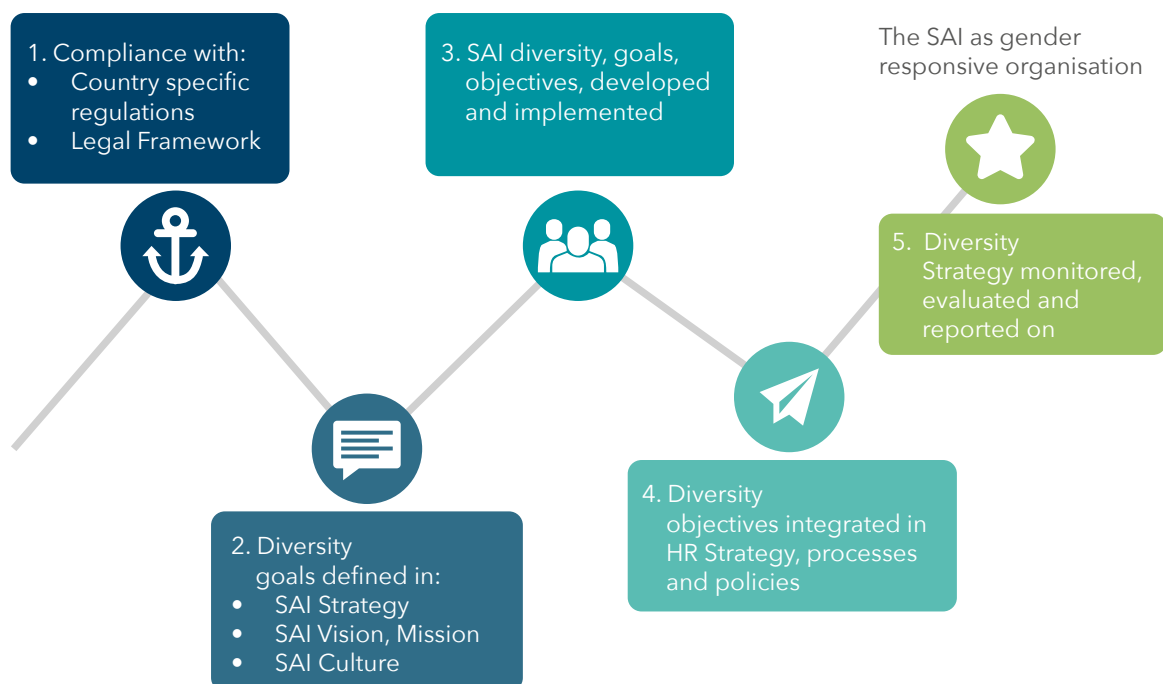
vi. Create ownership

- o Communicate to staff that everyone has a personal responsibility to uphold the standards.

- o Appoint a GDI Lead to act as a focal point within the institution to coordinate and lead related GDI initiatives and to create visibility and awareness of this cross-cutting issues. This person can also be assigned the responsibility to source, create or provide ongoing training to staff on key concepts related to GDI, and to monitor and report on the progress of the GDI strategy in the SAI annual report and internal reports to management.

- o Appoint a GDI champion in each business unit who would be responsible for integrating the GDI lens into their work.

- o Include diversity and inclusion in performance conversations.

vii. Maintain open communication

- o Use different and accessible methods of internal communication to keep people up to date with diversity policies and practices.

- o Commit to consistently using inclusive language in all external (website, social media) and internal (intranet, wiki, staff e-learning platform) communication channels, as well as all business and other documentation. For example, ensure all job descriptions and advertisements contain gender neutral language.

- o Ensure that the SAI website, intranet and documents meet accessibility standards in terms of layout, font size, colour and contrast.

- o Create a feedback loop by running an annual employee engagement and inclusion survey. Discuss the results and next steps at a staff meeting.

4. DEVELOPING A STRATEGY TO PROMOTE DIVERSITY, ENSURE INCLUSION AND BEING GENDER RESPONSIVE

1. Compliance with:
- Country specific regulations
- Legal Framework

2. Diversity goals defined in:
- SAI Strategy
- SAI Vision, Mission
- SAI Culture

3. SAI diversity, goals, objectives, developed and implemented

4. Diversity objectives integrated in HR Strategy, processes and policies

The SAI as gender responsive organisation

5. Diversity Strategy monitored, evaluated and reported on

Step 1: carry out a diagnostic assessment to get an overview of the current situation regarding diversity, gender equality and inclusion in the SAI and identify possible gaps that can be addressed with interventions where needed.

Step 2: define the diversity, gender equality and inclusivity goals in the SAI and HR strategy. Consider how to integrate this in the SAI's:

• vision, mission, and values

• strategic goals and objectives

• HR strategy, policies and procedures.

Step 3: Fully develop and implement the strategy.

Step 4: Report on progress made in terms of achieving set targets for diversity, gender equality and inclusion in the SAI's annual performance report.

IMPORTANT THINGS TO CONSIDER

• SAIs can approach an outside organisation such AFROSAI-E or IDI to conduct the diversity, gender equality and inclusive assessment.

• It is wise to track diversity, gender equality and inclusivity goals and objectives as part of the SAI's annual operational plan review.

BELOW IS A TEMPLATE/FRAMEWORK FOR A STRATEGY ON DIVERSITY, GENDER AND INCLUSION

1. Message from the head of SAI

2. Introduction and background
(Info about the SAI in terms of diversity, gender equality and inclusion – history, diversity statistics per job level, SAI culture, leadership commitment, SAI readiness, capacity and resources)

3. Objective and purpose of gender diversity and inclusion strategy
(Why does the SAI want to embark on this journey? – what do you want to achieve? What are the targets)

4. Guiding principles
(How are you going to integrate diversity, gender equality and inclusion?)
      i.   4.1 SAI's vision, mission, values
      ii.   4.2 Strategic goals and objectives
      iii.   4.3 HR policies and processes

5. Define the goals, objectives and key performance indicators
(Aligned with strategic plan objectives)

6. Monitoring and evaluation
(How and who are going to track and report on progress?)

7.   Implementation of the strategy
(Resources – how will the strategy be communicated to all stakeholders?)

8.   Implementation matrix
(Goals, objectives, activities, timelines and responsibilities)

5. CHALLENGES

SCENARIO 1:
Gender bias in SAIs

Gender bias is the tendency, with a general preference of one gender over another. For example, it occurs when one individual unconsciously attributes certain attitudes and stereotypes to another person or group of people.

Steps to eliminate gender bias

- Reduce gender bias in the SAI's recruitment process, starting by identifying biased language in your SAI's job descriptions.

- Standardise the recruitment processes and in some cases remove the individual's name from the evaluation process entirely (such as when reviewing CVs of potential candidates). When performing interviews, whether for a new candidate or for an internal promotion, all candidates should be asked the same questions.

- Leadership training should include diversity training and should be mandatory for all aspiring leaders to ensure that they know how to manage and lead teams, which is often a skill set that needs to be learned. Such trainings are essential to reduce bias and close inequality gaps. It will also help both men and women become better mentors for females earlier in their careers.

- When the SAI implements a new project, be sure to bring together a diverse team with a wide variety of backgrounds and experiences to tackle it.

- When the SAI reviews staff benefits, bring a diverse team into the conversation. Provide them an opportunity to share honest feedback on the benefits they wish your team had and the benefits that would draw them to another company.

SCENARIO 2:
Organisational culture, diversity gender and inclusion

The organisational culture of the SAI is the foundation of how SAIs will embrace diversity, gender and inclusion. The culture is the norms, values, behaviour and habits of staff which will ultimately lead to the quality of organisational performance. If SAIs want to build a culture that can create diversity and inclusion, they need to have an inclusive and diversity strategy. The strategy must also align with the SAI's overall strategic goals as it will form a foundation for leaders to act and drive progress. Creating a culture of gender diversity in the SAI must start from the top, the leader. SAI leaders must establish base principles and philosophies in human resource management, where everyone is unique with individual attributes, including gender. Furthermore, SAIs need to create a healthy work environment that respects individuals and offers freedom of creation. These basic principles and philosophies need to be put into action through several HR policies, practices and programmes that must be created and supported to boost progress for all.

Building equality within the SAI does not come without challenges. The obstacles faced by women, for instance, were partly caused by double burdens, sexism, stereotypes in society, gender-based discrimination and sexual harassment. For this reason, a healthy culture and an office-wide movement of non-discrimination in the workplace are the first steps that each SAIs needs to take to ensure equality and diversity practices are well implemented.

IMPORTANT THINGS TO CONSIDER

To improve diversity at all levels, SAIs can leverage the following HR initiatives:

- Improve diversity on operational staff level – Creative recruitment practices to attract diverse more applicants to apply for positions at the SAI

- Improve diversity on team lead level – Develop opportunities for women, younger staff, disabled people, etc. to lead audit assignments

- Improve diversity on management level – Leadership and professional development of all categories of staff

- Improve diversity on executive level – Coaching and mentoring programmes for women, younger staff, etc.

C H A P T E R 8

LEARNING AND DEVELOPMENT

1. INTRODUCTION

It is generally accepted that people are a key asset for any organisation. Organisations that do well treat their employees as important assets and nurture their talent to increase their chances of success. Employees who know their organisations value them are more engaged, productive and loyal.

With the work of SAIs being highly knowledge based, the learning aspect of human capital development has become a critical success factor. While professional development and learning at the level of individual employees are important, the SAI as an organisation must also engage in continuous learning and growth to reach its strategic goals in service to its stakeholders. In order to ensure that employees at all levels are equipped with the right kind of competencies to perform their assigned tasks, training, L&D play a crucial role in meeting current and future business demands. It is equally important that training is conducted in a planned, systematic way and is aimed at improving job performance, achieving strategic goals and objectives, and delivering value to stakeholders.

ISSAI 150 (Auditor Competence) also underlines the importance of learning by stating that SAIs shall have appropriate human resource management processes and practices to ensure that its auditors have relevant competencies and need to establish dedicated pathways for professional development. ISSAI 150 gives the following definition for a professional pathway: "a pathway for professional development is a formalised, structured development programme chosen by a SAI and aimed at developing and maintaining competent, professional auditors within the SAI. The corresponding _GUIDs 1950 and 1951_ provide good guidance for those SAIs committed to proper competence management.

1.1 WHY IS PEOPLE DEVELOPMENT SO IMPORTANT?

People development is the framework for helping employees develop their skills, knowledge and abilities, which in turn improves an organisation's effectiveness. Ideally, it is a set of systematic and planned activities designed to provide the necessary skills, knowledge and capabilities to meet current and future work/job demands. It is seen as a strategic tool for a SAI's continuing growth, productivity and ability to retain valuable and capable employees. Moreover, the ability of the workforce to learn new skills, model new behaviours and adapt continuously is key to sustaining success and growth.

L&D also play a significant role in the success of change management in the workplace – from change management at the strategic planning stages to ensuring that leaders have the skills and ability to manage positive change – and help to facilitate continuous learning around change management initiatives.

1.2 LEARNING AND TECHNOLOGY

The pace of change and unpredictability of events, as well as intensified development of modern technology, has dynamically shaped the work environment, influencing trends and methods used in people development. Consequently, L&D is profoundly impacted. Digital/technology solutions and tools can help to transform L&D strategies from a 'one size fits all' to personalised development journeys and flexible learning experiences, where employees can feel empowered and motivated to develop new skills needed to successfully navigate disruption and continue to succeed in future. Throughout the transformation journey, there is a place for all forms of learning, including in-person, digital, remote and blended. For SAIs with sufficient budget a Learning Management System (LMS) might be an option. This is a software application or web-based technology used to plan, implement and assess a specific learning process. Learning intervention decisions will be context specific. As SAIs like other government organizations are mostly rather stable and at times have hierarchic structures this unstable context and newly recruited/young staff members are pushing and

KEY CONCEPTS

- *Learning:* process whereby an institution and its people acquire and apply relevant knowledge and skills and, as such, can be a driver for beneficial knowledge management to improve the SAI's performance.

- *Training:* an instructor-led, content-driven, structured process to facilitate a change in attitudes and behaviour through the acquisition of knowledge and skills in an environment away from the regular work activities.

- *Staff development:* continuous process of growth and learning by staff at all levels – should result in the change necessary to meet individual and organisational objectives.

- *Management development:* whereas people development is the development of staff, including those at management level, management development is concerned with improving managers' capacity in their present roles and preparing them for greater responsibility in the future.

- *Individual learning:* process of acquiring knowledge and skills and developing the attitude and beliefs necessary for personal growth and development.

demanding another type of organization and support. (See also Chapter 11 on new ways of work.)

Learning in a disrupted world of work
The outbreak of Covid-19 pandemic and its impact on the world of work has renewed the conversation on finding alternatives to the traditional audit methodologies and ways of working that can be implemented now and in future. The pandemic and related lockdown and physical distancing measures dramatically shifted the way we learn and haver also catalysed innovation in the way learning is delivered.

Under the umbrella of INTOSAI various eLearning platforms and portals already offer many learning possibilities. The regional organizations, committees, IDI and U-INTOSAI, can also serve as a practical tool for capacity development for all member SAIs.

1.3 A CULTURE OF LIFE-LONG LEARNING

As automation and robotics improve, the demand for globalisation increases, and as workplaces become more multi-generational and diverse, an SAI's competitive advantage will be about turning capacity into capability, about the application of its collective knowledge and expertise, not in how many excellent courses it offers.

A SAI needs to develop a culture that supports and promotes continuous learning. Leaders and managers across the SAI need to encourage and enable continued growth and development while modelling an agile/growth mindset.

A culture of learning, or learning culture, is one in which employees continuously seek, share, and apply new knowledge and skills to improve individual and organisational performance.

KEY CONCEPTS
(continued)

- *Peer-to-peer learning:* spontaneous or organised learning between individuals, teams or institutions.

- *Coaching:* a learning technique that involves observing an individual at work and providing feedback to enhance or correct performance.

- *Mentoring:* formal or informal relationship between senior and junior employees for the purpose of supporting learning and development, which is more general than coaching

- *Needs Analysis for (L&D)*: a tool to identify the organisation's current and future capability needs and to identify and assess the competencies (skills, knowledge, and attitudes) which employees need to acquire in order to perform current and upcoming jobs efficiently. These needs can/ will also be a result of the of performance appraisals.

2. SETTING UP A LEARNING & DEVELOPMENT STRATEGY

For those SAIs that are setting up an L&D strategy, good first step might be to analyse the development needs of the organisation, the teams, and the individual. In general, this is based on the SAI strategy document, the HRM strategy, the training needs questionnaires for management and staff, individual needs determined from performance reviews and from
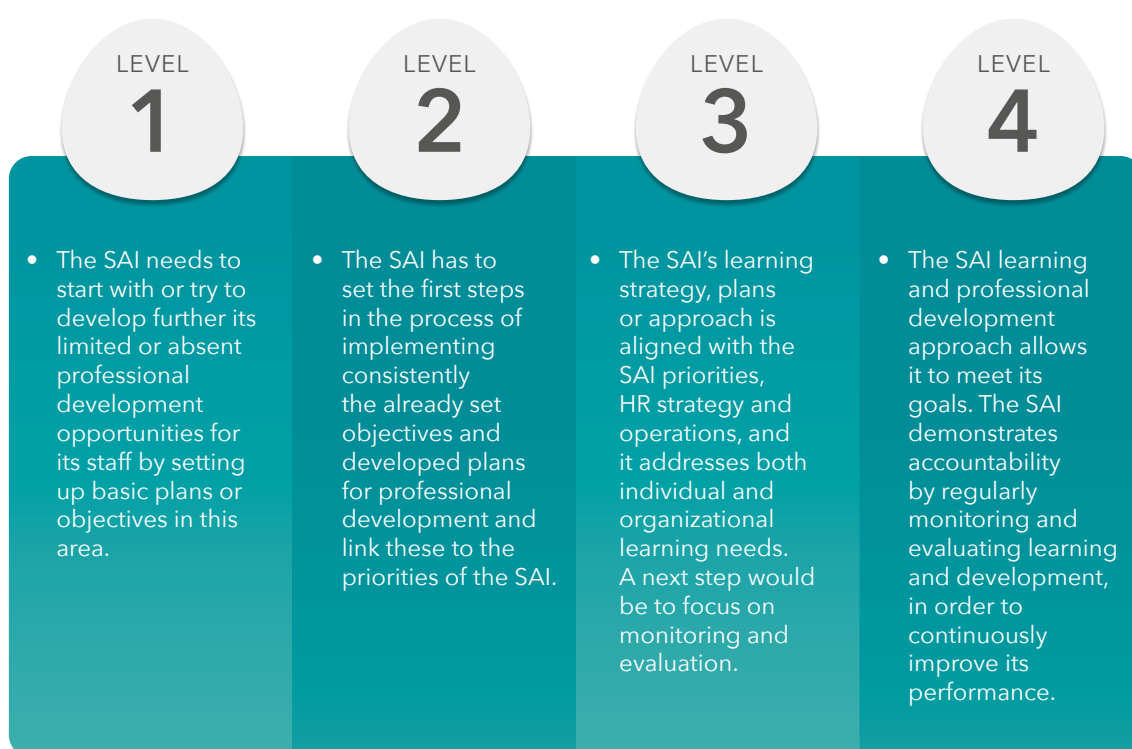
individual training evaluations if available. The selected overall approach and ambition level for professional development should be realistic in terms of required capacity and budget. Involving the leadership in the chosen path forward is essential. Get them on board!

The chosen strategy then has to implement necessary actions and tools to achieve its ambitions. Actions or activities to implement L&D in practice should aim at enhancing, or at the minimum maintaining the staff capacities and competencies in terms of desired skills, knowledge, and attitudes. This will involve selecting the appropriate learning methods to be used, implementing those learning methods, and then monitoring and evaluating the results of the learning process against the objectives. This last part may the most important because you want to know whether the SAI's investment in training and learning creates capabilities and change, and ultimately higher impact of the SAI's work.

In general, the following four levels of maturity can be distinguished:

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
• The SAI needs to start with or try to develop further its limited or absent professional development opportunities for its staff by setting up basic plans or objectives in this area.	• The SAI has to set the first steps in the process of implementing consistently the already set objectives and developed plans for professional development and link these to the priorities of the SAI.	• The SAI's learning strategy, plans or approach is aligned with the SAI priorities, HR strategy and operations, and it addresses both individual and organizational learning needs. A next step would be to focus on monitoring and evaluation.	• The SAI learning and professional development approach allows it to meet its goals. The SAI demonstrates accountability by regularly monitoring and evaluating learning and development, in order to continuously improve its performance.

3. SAI HUMAN RESOURCE DEVELOPMENT IN PRACTICE

Once the SAI has decided on its overall approach to professional development and analysed its needs in this area, it then has to implement the necessary actions and tools to achieve its ambitions.

3.1. SELECTING AND IMPLEMENTING APPROPRIATE LEARNING AND CAPACITY-BUILDING METHODS

There are various aspects to learning, hence different learning methods. Individual learning and organisational learning should not be viewed in silos since they are interrelated. Individual learning alone is not sufficient for an SAI to be an effective organisation within a changing environment with constantly emerging issues and new challenges to embrace.

While the foundation for all learning in an organisation is at the individual level, such learning must then be brought into the context of the team and the wider organisation, so that it can influence practice and change within the organisation.
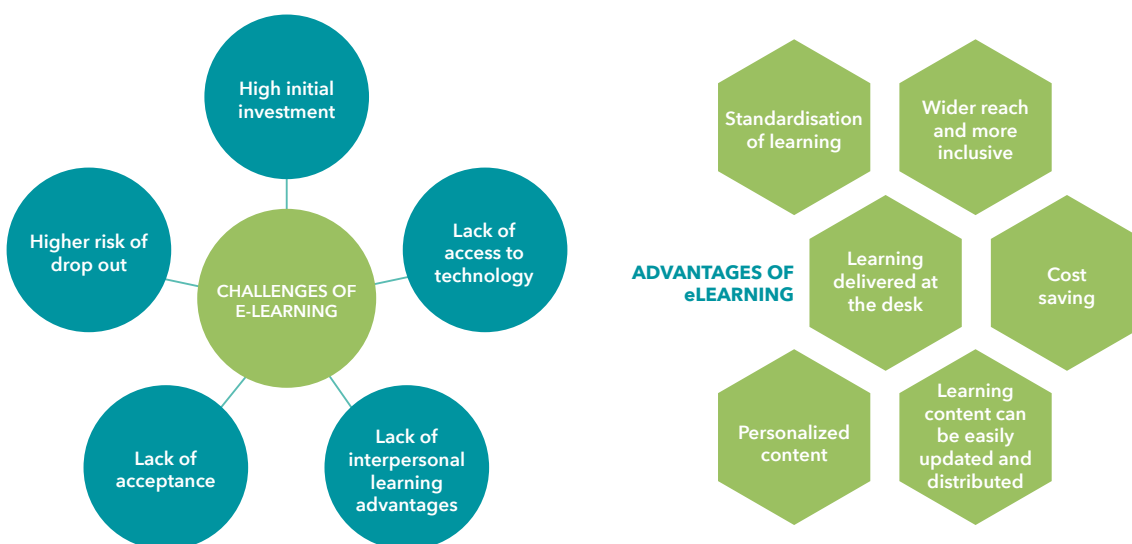
Individual learning methods – to meet the objectives of the SAI as an organisation, individual learning methods could be approached through an individual learning plan (ILP) that would start by identifying an employee's learning goals. Ideally, the line manager and the employee should work together to develop the ILP. This could be done as part of the performance appraisal process of the employee, or outside of it. For SAIs that are at a low development level in terms of the professional development, a simple start to promote individual learning could be to provide opportunities for staff to play a more active role in defining their personal professional development. This would ideally be part of the performance appraisal process. Overall, individual learning should be part of a continuous development process (CPD) rather than a reactive process that addresses only immediate needs and gaps. A proactive attitude and approach will be required to develop, envision, and produce the results that both the organisation and the individuals truly desire in the long term. The figure below shows some examples of individual learning methods.

Organisational learning methods – As mentioned above, for individual learning to be meaningful and effective, it should at the same time be supported by clear organisational goals and contribute towards the achievement of those goals. Organisational learning can be defined as a process of collective learning in the SAI, or a significant grouping or category within the organisation (e.g. performance audit practitioners). The following are examples of current and evolving learning methods that may be relevant at the organisational level:

eLearning today and tomorrow – In this day and age, where most work practices are largely technology driven, using information technology to support learning seems to be the future trend for SAIs. This has become more widespread given the new normal created by the expansion of remote work as a result of the Covid-19 pandemic. eLearning is, therefore, one of the learning methods that a SAI should increasingly consider in order to enhance the knowledge and skills of its employees. eLearning is defined as the delivery and administration of learning opportunities and support via computer, networked and web-based technology to assist in individual performance and development.

High initial investment

Higher risk of drop out

CHALLENGES OF E-LEARNING

Lack of access to technology

Lack of acceptance

Lack of interpersonal learning advantages

Standardisation of learning

Wider reach and more inclusive

ADVANTAGES OF eLEARNING

Learning delivered at the desk

Cost saving

Personalized content

Learning content can be easily updated and distributed

Steps for implementing eLearning

Check readiness

Decide upon eLearning approach

Choose available/ develop if necessary eLearning content

Deploy eLearning

Facilitate transfer at the workplace and evaluate results

3.2. LEARNING OBJECTIVES & MONITORING AND EVALUATING LEARNING RESULTS

The SAI does not have unlimited resources, and all its activities must be focus driven to ensure cost-effective achievement of desired results. This also applies to L&D activities. When (starting with) selecting and implementing appropriate learning and capacity building methods, the learning objectives are an essential element to be considered. It is important to set relevant intended learning outcomes, including goals and indicators. This process could consist of three steps that start with the end result:

a) What do you want to achieve overall - describe what participants should be able to do when capacitated through the learning process (=impact/purpose);

b) Set the short (output) and long term (outcome) results to achieve;

c) Define the resources and the activities you think will support the output/outcome and impact.

Monitoring is the systematic collection of data to periodically assess the progress made with the implementation of a plan and the likelihood to achieve objectives. Applied to professional development, it enables the SAI's decision-makers to determine whether implementation of what was planned in the area of learning is on track, and whether corrective actions are needed. Monitoring differs from evaluation in that the latter is usually conducted after implementation of learning programmes and plans. In the case of lengthy programmes, there might be mid-way evaluations, but this is far less frequent than in the case of monitoring.

MONITORING L&D	EVALUATING L&D
• Define monitoring in the context of L&D and why is it important • Identify the different levels of monitoring of L&D objectives, and who should monitor • Four steps for monitoring: o Allocate responsibilities for learning and development o Capture data periodically o Compare progress against plans and objectives o Report results separately or integrated into the overall performance reporting and accountability process of the SAI.	• Define evaluation in the context of L&D and why is it important • Who should evaluate and how? • Evaluating against learning objectives • Evaluating learning methods and trainers • Use of learning evaluation results.

4. ROLES AND RESPONSIBILITIES IN L&D

As stated in the introduction, the work of SAIs is highly knowledge and competency based; therefore, the learning aspect of human capital development has become a critical success factor. There are many different actors in this field of learning and development. From top to bottom and the other way around, every hierarchical level, every team, every employee in a SAI has a role and a responsibility in the never-ending L&D journey of the institution. The SAI's approach for L&D should be to identify relevant individual, team, and corporate training needs, consistent with

organisational goals. A good and transparent L&D strategy/policy offers guidance to staff in the development of their careers; ensures efficient and effective utilisation of resources spent on training; and secures equal opportunities. This will lead to the improved performance of individuals, teams and the SAI as a whole.

The SAI strategy/policy for L&D is not solely the responsibility of the Human Resources unit. Some SAIs have entire units dedicated to training and methodology, sometimes completely separate from HR, but still working in close collaboration with HR. Irrespective of the formal arrangements in place, it is generally a shared responsibility.

Involvement of top management in the formulation of an L&D strategy and policies makes the strategy/policy extra relevant and valuable. The SAI's institutional strategy and broad human resources strategy preferably define the direction and focus of the L&D strategy/policy. When choices have to be made because budget might not cover all plans, the (top) management should be involved in setting priorities. A strong culture of well-integrated individual and organizational learning promoted by the top management will strengthen a SAI's capabilities and enable it to deliver the desired impact. There also lies a responsibility for the top management to report back to the HR department when they see that certain competencies or capabilities in the institution, team or individual employee are not being sufficiently developed or may even be absent.

The SAI's HRM unit very often includes the L&D function. This unit, however small, should be responsible for developing the SAI's HRM strategy and L&D is an essential element in managing the human capital. Ideally, the HRM unit will analyse the development needs of the SAI and its staff linked to the SAI's priorities and to the competency framework and/standards established by the SAI. The HRM unit will assess these needs while consulting all hierarchical levels within the SAI, after which (fair) choices will have to be made. The L&D unit has the responsibility of developing, establishing, coordinating, monitoring and evaluating all L&D activities. After conducting annual needs assessments professional pathways may be set up, courses planned and training activities scheduled. Learning should be integrated into the day-to-day work, including the aspect of life-long learning. This means that the SAI has to ensure that people are not only learning new skills and knowledge, but also how to use the skills they already have more effectively in new situations. Attention for knowledge management to share and disseminate experiences and knowledge gained makes the L&D activities more sustainable.

Line managers, including audit supervisors and audit team leaders, usually have a role in continuously assessing the development needs of their department, teams and individual employees, and in monitoring and evaluating their development. During the annual performance appraisal, the aspect of development and training should be discussed, also in light of the career aspirations of the employee. Sharing the knowledge gained and skills acquired with team members, the department and, when relevant, the SAI as a whole, should be actively promoted by the manager. Line managers need to ensure that the required time is indeed spent on development and training.

Training participation is often being cancelled because of audit deadlines. A good practice might be to only allow employees to cancel their training after agreement of their line manager.

GOOD PRACTICE: mandatory sharing of gained training experiences/knowledge in regular team meetings or blogs on the SAI's intranet.

Much learning can be done in the team an employee works in. When setting up teams consisting of members with different experiences, skills and knowledge, learning comes quite naturally. At least, when the SAI is structurally giving attention to the importance of learning by doing and sharing.

Ideally, **the individual employee** should be responsible for his/her own development, but tight budgets, insufficient time for training and absence of relevant modules might hamper this. When this is the case, learning from the employee's colleagues and on the job becomes even more important. This requires curiosity and not being afraid of asking questions and being willing to share your knowledge and skills. For SAIs with more development possibilities, it is important to receive regular feedback from the employee on the quality and aptness of the overall L&D policy and its specific aspects.

Subject matter experts, for example professional bodies, national governmental academies or universities can be useful sources for L&D in a SAI. But this can be useful both ways. SAIs might also contribute to the curricula of those subject matter bodies. When budget is available, secondments both ways is an investment with obvious benefits. In some cases, the SAI holding a guest professorship in public financial management at a university is another way to promote knowledge sharing and amplify the name, function and importance of a SAI more widely.

If SAIs want to reach their audience in an effective and efficient way, their external stakeholders should also be considered when setting up or updating an L&D strategy/policy. What would external stakeholders such as Parliament, auditees and citizens need from a SAI? What does this mean for the required competencies of SAI employees? Which new stakeholders would you like to engage with and what would that require from your institution?

When you get feedback from the citizens in your country that your reports are written in a language that is too difficult to understand you could organize trainings to write reports on a more basic level to enhance accessibility.

If you hear from members of parliament that they cannot find the time to read your extensive reports you could start training your auditors to use more visuals.

5. CHALLENGES

There are many challenges in staff capacity building that are difficult to overcome but sometimes practical tips might help moving forward.

LIMITED RESOURCES/BUDGET

L&D budgets tend to be small, while demands are always steep. These challenges are exacerbated when a strained budget also incorporates other costs such as travel and software costs. Facilitation, equipment, venue hire, and the cost of employees' time all make training an expensive undertaking. On-the-job training is often overlooked, meaning that if you want to be good at something and change working processes and behaviour, you need to sit at your desk and practise – not very glamorous but effective.

Possible solutions:

- SAIs may use training online or participate in webinars. Online training removes the need for travel and venue costs and often lowers facilitation costs too.

- Cost-effective, high-performing group training. It will make a huge difference to how far your budget can stretch when you are training large numbers of employees.

- Peer-to-peer support utilising staff members who have already undergone training and learning – with training in facilitation they can play an important role as internal experts/champions.

- Prioritise the training in SAIs and consider the critical skills required.

EMERGING ISSUES THAT AFFECT THE LEARNING AND DEVELOPMENT

The pandemic in 2020-21 brought monumental changes in working practices and meant that L&D strategies had to be modified. Traditional classroom-based learning was no longer the automatic go-to option for training employees. Moreover, with social distancing and remote working becoming the new normal, providing on-the-job training had also been compromised throughout the pandemic. With changing workforce demographics, there is a cultural shift towards developing training interventions that are highly personalised and employee centred. Flexible learning brings tangible benefits, but it also comes with challenges. Automation, globalisation and digitisation are fundamentally changing the operations of the institutions.

Possible solutions:

- Integrating new technologies which can offer L&D teams the chance to inject effective and impact ways to train employees. For SAIs who do not struggle too much with power/internet solutions and infrastructure or budget restraints, digital technologies can offer a useful tool for providing collaborative training programmes that help to both improve skills and team working.

- Developing new skills is central to ensuring that SAIs and individual employees are able to continually adapt to these changes in order to survive and thrive. The SAIS should identify the skills gaps and act swiftly to implement new training programs and if possible to adopt the new emerging technologies.

- Developing new competencies is central to ensuring that SAIs and individual employees are able to continually adapt to a changing world in order to survive and thrive. The SAIs should identify the skills gaps and act swiftly to implement new training programmes and adopt new emerging technologies.

LACK OF KNOWLEDGE ABOUT RESULTS OR OUTCOMES OF TRAINING ACTIVITIES

The SAIs lack mechanisms and tools to evaluate the results of training, and the outcomes of training are not always shared.

Possible solutions:

- A solution could be to set up simple pre-evaluation and post-evaluation documents for training undertaken by the SAIs. The HR unit should work closely with the supervisors to establish the impact of such training, particularly in terms of improved performance, leaderships skills and behavioural changes. Proper documentation is also encouraged. Knowledge sharing within the organisation can be done through webinars, coaching and mentorship of employees by their supervisors and harvesting knowledge for those leaving the institutions.

ANNEXURE

- Annexure 1: More information about **Continuing Professional Development:** *https://www.intosaicbc.org/wp-content/uploads/2022/07/Ch-8_A1-Continuing-Professional-Development.pdf*

- Annexure 2: An example of a **Training Evaluation Form:** *https://www.intosaicbc.org/wp-content/uploads/2022/07/Ch-8_A2-Training-evaluation-form.pdf*

The following are links to useful additional resources:

- **SAI Performance Measurement Framework, Indicator 23: Assessing "professional development and training" function.** Link to website where handbook can be found in all INTOSAI languages: *https://www.idi.no/work-streams/well-governed-sais/sai-pmf*

- **INTOSAI Capacity Building Committee:** on the CBC website much information can be found on capacity building, see for example: *https://www.intosaicbc.org/inventory-of-tools/*

- **INTOSAI Capacity Building Committee Guide – Introducing Professional Qualifications for Audit Staff.** Link to the guide in all INTOSAI languages, plus Chinese: *https://www.intosaicbc.org/capacity-development-materials/?skw=Introducing+professional+qualifications+&orderby=date&order=desc*

- **Learning for impact – A practice guide for SAIs (IDI):** *https://www.intosaicbc.org/wp-content/uploads/2022/07/Ch-8_A2-Training-evaluation-form.pdf*

CHAPTER 9

EMPLOYEE ASSISTANCE, HEALTH AND WELLNESS

1. INTRODUCTION

Employee assistance, health and wellness (EAHW) is an aspect of HRM that is aimed at improving staff and workplace wellness (and effectiveness) through prevention, identification and resolution of personal and productivity issues. Some SAIs refer to "employee wellness", "employee health", "staff welfare" or "employee assistance", but however it is described, the idea is that this aspect of HRM deals with the whole of the human beings we employ in our SAIs.

The objective of this chapter is to describe the following:

- What is employee assistance, health and wellness?
- How can a SAI develop and implement an EAHW programme?
- How do other HR processes interlink with the EAHW programme?

2. WHAT IS AN EAHW PROGRAMME?

The research, standards and frameworks governing EAHW programmes all share the same message: An organisation must take care of its staff so that the staff can take care of the organisation's business. An EAHW programme is about a SAI's focus on promoting positive organisational behaviour and improved health and wellness of its staff through various means.

As any employer, a SAI has 'a duty of care' regarding employee health, provision of reasonable office accommodations, and adjustments for employee with disabilities and work-life balance.

Work-life balance is achieved when an individual's right to a fulfilled life inside and outside paid work is accepted and respected as the norm, to the mutual benefit of the individual and the SAI. Having a measure of control over when, where and how an individual works (such as flexible working arrangements), could enable staff to enjoy an optimal quality of life.

However, each SAI should consider what is suitable (and affordable) for them and implement some form of EAHW to support staff productivity and develop empathic line managers who are able to balance the need for productivity with an understanding of the human element. It is important to note that EAHW is no longer a "nice to have" but is acknowledged today as a business imperative for any SAI focusing on achieving success through their human resources, and that means all SAIs!

Fundamental elements that an EAHW programme will normally address include absenteeism, presenteeism, ill-health, poor performance, poor interpersonal work relationships and conflicts and poor team dynamics which can impact negatively on the performance of both staff and the SAI. A SAI cannot perform and achieve its institutional objectives if the staff are not healthy and their well-being is impacted negatively.

The rationale for establishing an EAHW programme is therefore to improve the performance of the SAI by empowering its staff with support tools that enable them to effectively deal with their personal and work-related problems. An EAHW programme also aims to help staff to effectively manage their health, wellness and disease risks in order for the SAI to have a healthier and more engaged workforce. A mature EAHW programme can also provide consultancy support and guidance to line managers and supervisors for managing and monitoring poor employee performance owing to health, wellness or personal problems, intervening early, and where necessary, taking appropriate action to reasonably accommodate and/or rectify the situation.

The inclusion of the EAHW issues in a SAI's human resource strategy reflects a recognition by SAIs that, given the amount of time spent by staff members at their jobs, their "people issues" may pose risks that hinder the effectiveness of the organisation, and which must therefore be managed. Ineffective management of these risks could negatively impact on productivity and employee engagement, increase absenteeism and presenteeism, and undermine the sustainability of the SAI. Wherever possible a SAI should strive to fully integrate

HELPFUL DEFINITIONS

- *Employee assistance:* An organisation's employee benefit programme that assists employees with personal or work-related problems that may impact on their job, performance, health, mental and emotional well-being through prevention, identification, and resolution of personal and productivity issues.

- *Wellness:* The experience of health, happiness and prosperity. It includes having good mental health, life satisfaction, a sense of meaning or purpose, and the ability to manage stress; a state of well-being which allows staff members to effectively manage responsibilities at work, at home and in the community.

- *Psychosocial:* The approach whereby individuals are viewed in the context of the combined influence that psychological factors and the social environment have on their physical and mental wellness and their ability to function.

its EAHW programme into the human resource management strategy and harmonise its implementation with other HRM programmes and priorities.

There are various dimensions that each SAI can focus on in developing and implementing an EAHW service offering. The well-known dimensions are physical (nutrition and exercise), psychological/mental, social, spiritual, intellectual, environmental, occupational, legal and financial (see diagram below).
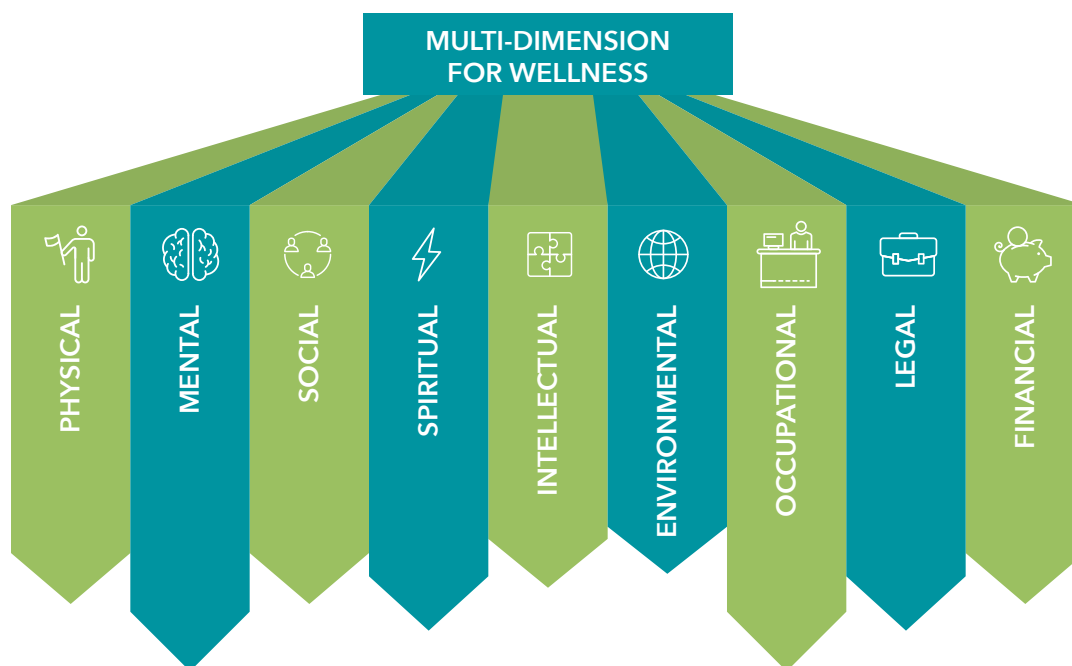
EAHW programmes have grown tremendously in the last decade or two, and some SAIs have managed to implement this aspect to such an extent that they have integrated EAHW into a comprehensive and holistic pillar supporting the entire HR value chain. Many SAIs, however, are still on their journey towards developing fully fledged EAHW, and this chapter is aimed at describing the various elements and advantages of EAHW, from basic to the more developed levels.

3. HOW TO DEVELOP AND IMPLEMENT EAHW

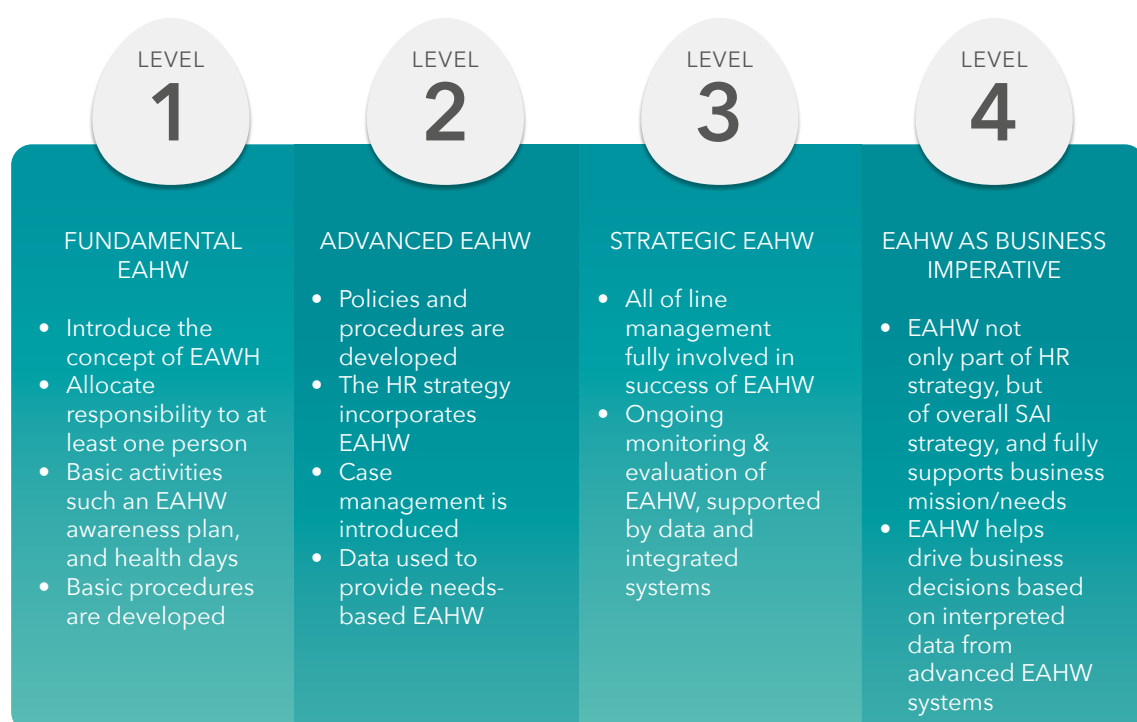## 3.1 A FUNDAMENTAL LEVEL OF EAHW SUPPORT

EAHW at a fundamental level is ideal for smaller SAIs with limited HRM capacity. The HR manager can introduce the basic concept of EAHW and the need for the SAI to provide some form of basic support to employees. The HR generalist can also develop linkages with relevant external resources for referrals, trainings, information and support. Non-profit organisations or various governmental departments could be requested to assist in providing some form of support to staff, including access to free telephonic counselling, basic medical intervention for primary care, general information about prevention of ill-health and unwellness, abuse and injuries, medication, and information to help staff cope with prejudice, stereotyping, etc.

Although some small SAIs might face the challenge of limited or scarce human and financial resources, introducing basic EAHW will create a sense of security and a feeling that the employer really cares. Preventative EAHW also creates a more sustainable SAI as the knowledge about how to handle various situations adds to the self-confidence of the individual staff member.

HR can develop a communication plan for line managers and staff around health and wellness issues, which can be implemented continuously using tools such as the international health and wellness calendar of the World Health Organisation (WHO). To assist with prevention of physical ailments caused by sitting for many hours, the HR manager can consider forming linkages with safety engineers and physiotherapists to educate the staff on how to sit, stand, lift and walk so as not to increase the physical stress on their bodies, and the SAI could consider purchasing chairs and desks (work stations) that meet appropriate ergonomic requirements.

Normally SAIs are obligated by their country's regulations to address 'injuries on duty', thus it is recommended that each SAI familiarise itself with such regulatory frameworks for the benefit of both the staff and the SAI.

In general the following four levels of maturity can be distinguished:

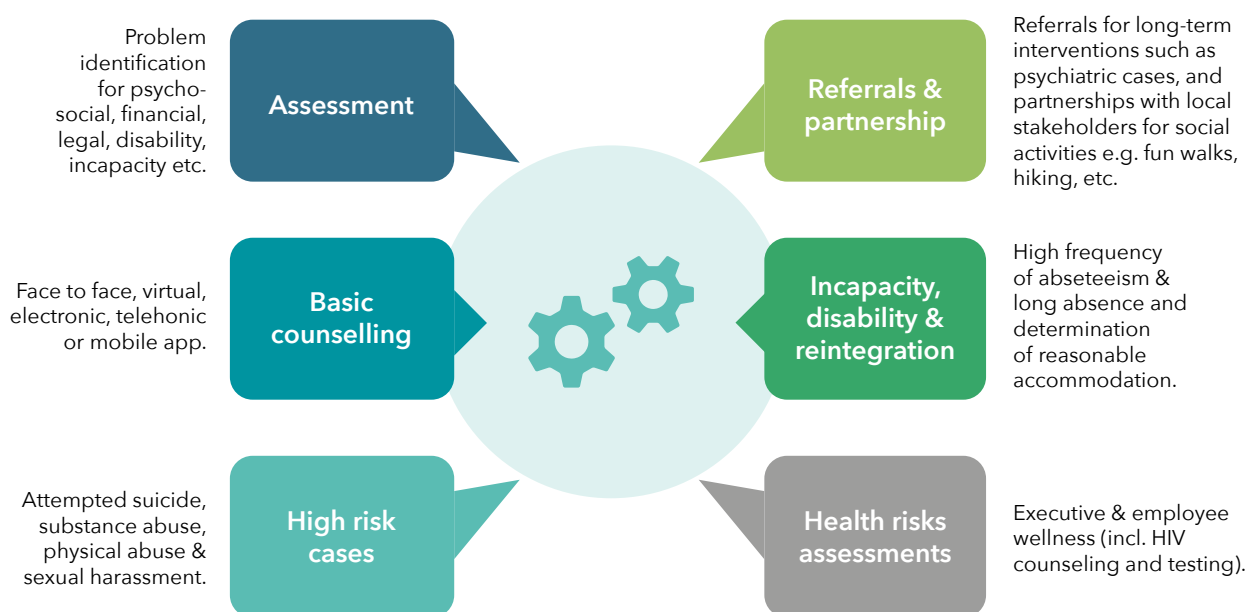| LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
FUNDAMENTAL EAHW	**ADVANCED EAHW**	**STRATEGIC EAHW**	**EAHW AS BUSINESS IMPERATIVE**
• Introduce the concept of EAWH • Allocate responsibility to at least one person • Basic activities such an EAHW awareness plan, and health days • Basic procedures are developed	• Policies and procedures are developed • The HR strategy incorporates EAHW • Case management is introduced • Data used to provide needs-based EAHW	• All of line management fully involved in success of EAHW • Ongoing monitoring & evaluation of EAHW, supported by data and integrated systems	• EAHW not only part of HR strategy, but of overall SAI strategy, and fully supports business mission/needs • EAHW helps drive business decisions based on interpreted data from advanced EAHW systems

3.2. ADVANCED EAHW

Building on the fundamental level of EAHW to a more advanced level of overall support for both staff and SAI management is the ideal. Advanced EAHW entails integrated policies, procedures and processes jointly developed by SAI leadership and HR professionals that are effectively implemented throughout the SAI. It is preferable for the SAI to integrate the EAHW strategy into the overall HR strategy.

All forms of illness and chronic medical conditions, as well as psycho-social illnesses, should be addressed with the aim of reasonably supporting all staff members who are affected. The proper management and implementation of such policies and procedures will assist in preventing and/or mitigating risks of serious illnesses and diseases that tend to cause long absences, disability and/or death. The services of a full range of medical and other experts such as occupational therapists, nutritionists, fitness experts, physiotherapists, etc. should be made accessible, with line managers and staff being clear on how to reach out for any such support, and the extent to which the SAI will provide or fund such support.

Depending on the size of the SAI, it can employ one or more full time EAHW practitioner/ professional to provide holistic, integrated and comprehensive EAHW support. The EAHW practitioner can take responsibility for the administration, management, implementation, communication, monitoring and evaluation of EAHW. Alternatively the SAI can enter into a contract with a service provider to provide support that can include 24-hour telephonic counselling for staff and immediate family members. The EAHW practitioner can also guide the SAI on how and to what extent services can be contracted out to a service provider.

The EAHW practitioner can conduct a needs analysis to determine the EAHW needs of the SAI and then prioritise the needs when developing an implementation plan. The implementation plan can consider integrating all available frameworks, standards and codes that are relevant to their SAI.

Types of support provided by the EAHW Practitioners

Problem identification for psycho-social, financial, legal, disability, incapacity etc.

Assessment

Referrals & partnership

Referrals for long-term interventions such as psychiatric cases, and partnerships with local stakeholders for social activities e.g. fun walks, hiking, etc.

Face to face, virtual, electronic, telehonic or mobile app.

Basic counselling

Incapacity, disability & reintegration

High frequency of abseteeism & long absence and determination of reasonable accommodation.

Attempted suicide, substance abuse, physical abuse & sexual harassment.

High risk cases

Health risks assessments

Executive & employee wellness (incl. HIV counseling and testing).

Some SAIs may decide to contract with an life insurance company to assist staff with group funeral cover, life cover and/or disability cover, and other related cover as part of the staff benefits. In countries where SAI staff are not covered by public health insurance, the SAI can consider having a pool of funds that can be used to pay for health care, or assist staff by arranging for representatives of various insurance and health schemes to advise staff on the importance of arranging appropriate cover themselves.

3.3. STRATEGIC EAHW

Strategic EAHW support builds on fundamental and advanced levels of EAHW by elevating the SAI leaderships commitment to strategically promote staff wellness and make it part of their daily engagements. Strategic EAHW is demonstrated by the SAI ensuring that each department or unit implements EAHW initiatives as part of their staff agenda. This can be achieved by including EAHW initiatives as part of the departmental/unit plans and that progress is monitored and assessed.

It is highly recommended that a management committee at the highest strategic level be tasked to monitor and evaluate the impact, efficiencies, effectiveness and relevancy of each EAHW component in order to propose relevant amendments and risk mitigations based on emerging trends, benchmarking exercises with similar industries and/or private audit firms. The strategic committee can be responsible for monitoring and evaluating EAHW's return on investment.

3.4. BUSINESS IMPERATIVE EAHW

EAHW at this highest maturity level is not only part of the HR strategy and integrated into all HR value chains, but also part of the overall SAI strategy, and fully aligns with and supports the SAI's mission or business goals and objectives. This level builds on all previous EAHW levels, and is integrated into strategic documents such the SAI's institutional strategy and institutional culture documents in order to drive business decisions. Evidence of EAHW issues in all of the SAI's decision-making sends a clear message to both employees and the public that staff are a valued asset for the SAI. This will greatly contribute to the reputation of the SAI as the 'employer of choice' with an attractive and sustainable employee value proposition.

 The success of EAHW requires the involvement, commitment, responsibility and accountability of the leadership and top management of the SAI. Staff wellness can be a standard item on the agenda at management meetings. To have impact, EAHW can be clearly prioritised in the SAI's strategic documents and plans, and can find expression in the performance measures included in the organisational performance management metrics.

4. OTHER HR PROCESSES THAT INTERLINK WITH EAHW

EAHW can be linked to most aspects of HR where emphasis is placed on staff health and wellness:

4.1. ATTRACTION, RECRUITMENT AND INDUCTION

The EAHW programme can be integrated into the attraction, recruitment and induction process to ensure that suitably qualified candidates with disabilities are encouraged to apply for vacancies and are reasonably accommodated where possible. The EAHW programme provides a further opportunity for SAIs to contribute positively towards local communities through intentional actions and steps that create equal opportunities that candidates would otherwise not have had.

The EAHW programme could be an important pillar in the induction of new staff and be included in the programme's service offerings, policies, procedures and processes that support the SAI's efforts towards a healthier and more engaged workforce. The EAHW programme also has a potentially crucial role in supporting performance management by capacitating line managers with skills to identify risks which could affect performance and, when performance is affected, the skills that are necessary to support their staff using EAHW as a support tool without compromising other HR relevant processes such as performance development plans.

4.2. REWARD AND RECOGNITION

A link exists between reward and recognition, on the one hand, and EAHW practices on the other. Tangible or non-tangible rewards have the effect of motivating staff and can improve staff engagement and productivity. When staff are recognised and rewarded for their contributions to the overall goals and objectives of the SAI, their health, wellness and overall sense of purpose also improve.

4.3. LEARNING AND DEVELOPMENT

Ideally, the link between learning and development and EAHW should also be acknowledge as there are trends and emerging needs that arise from continuous evaluation of the EAHW programme – aspects such as culture, diversity and inclusion. It is clear that there is an emerging need for training and development in so-called soft skills to deal with these aspects, which if left unattended, could impact negatively on both personal and work-related relationships of SAI staff. Another development area identified specifically in relation to employees in leadership positions, is the need for training in leading with empathy and compassion – an invaluable skill in maintaining healthy employer-employee relations.

4.4. STAFF RETENTION

Staff retention is another HRM aspect interlinked with EAHW. Efficient and effective EAHW can contribute considerably towards a positive culture and the morale and motivation of staff. When staff leave the SAI, it is important that EAHW (or in the absence thereof, HR) engages with them in order to identify any trends that may point to risks in a particular department or business unit, or issues around organisational culture that could impede on future talent retention. EAHW can help the SAI reflect on how best to deal with matters such as staff with disabilities and chronic medical condition, and how to address issues of incapacity due to ill health. Also, how the SAI will deal with factors that impact negatively on staff morale, work-life balance and integration.

5. IMPORTANT THINGS TO KEEP IN MIND

- Confidentiality, or the lack thereof, can either make or break the EAHW programme. Therefore, confidentiality cannot be overemphasised and should be maintained at all times. The separation of sensitive, personal and medical documents from personnel files will ensure confidentiality and build trust with staff as recipients of the EAHW programme.

- It is possible for anyone in a SAI to implement the core elements of EAHW. However, to attain the highest effectiveness level, a SAI could consider staffing suitable qualified practitioners/professionals/specialists in the field of integrated EAHW who are passionate about the programme. This will result in good return on investment.

- The success of the EAHW programme depends on the involvement, commitment, responsibility and accountability of top leadership. The latter can allocate appropriate budget and adequate and appropriate resources, which they can evaluate in terms of the return on investment.

6. CHALLENGES

STAFFING AND CAPACITATING EAHW

The SAI should invest adequately in qualified staff to run the EAHW programme holistically. However, if the SAI cannot afford to employ these staff members, it should at least consider establishing an EAHW committee. The committee could have adequate representation from all levels and departments in the SAI and will assist with some duties, such as providing basic EAHW support.

FUNDING EAHW

The SAI should dedicate adequate funds to the EAHW programme for it to succeed and have impact – it is a worthwhile investment. Top leadership should realise that the EAHW programme is a long-term investment and, if properly planned and the service delivery model and costing/pricing models are well-considered during the assessment stage, the SAI will be able to budget in advance and monitor the expenditure as per their expenditure management frameworks.

LOWER UPTAKE/UTILISATION RATE

The SAI can collaborate with internal and external stakeholders to continually promote and market the EAHW programme to staff and line managers. Collaboration among the different parties will assist in improving the engagement and utilisation rate. Furthermore, if staff and management can maintain confidentiality and have faith in the programme by seeing it value-add, it will contribute significantly to a high utilisation rate, to the SAI's benefit.

ANNEXURE

- Annexure 1: Example of a national standard for an *Employee Assistance Program*
- Annexure 2: Description of an *Employee Assistance Coordinator*
- Annexure 3: Description of an *Employee Assistance Practitioner*
- Annexure 4: Description of an *Employee Assistance Professional*
- Annexure 5: Description of an *Employee Assistance Specialist*

CHAPTER 10
FUTURE-RELEVANT SAI PROFESSIONALS

1. INTRODUCTION

Our world is changing at a faster pace than ever – rapid ecological evolution, technology that is reshaping our world, the need to connect with our citizens – and we are standing in front of several unseen emerging challenges that are unavoidably shifting and changing the workforce. SAIs are now being compelled to embrace, adapt to and adopt these changes in order to remain relevant in our ever-changing digital world.

If there is one thing that the global covid-19 pandemic has highlighted, it is how quickly the world can transform and how much technology is integrated into our everyday lives – both private and work life. The pandemic has forced organisations to move rapidly towards remote working, often relying solely on advanced technology and digital infrastructure to keep afloat. New technologies are dramatically changing the nature of work across all occupations, and the auditing and accounting profession is no exception.

Some emerging technologies brought forth by the 4IR are already widespread and fully integrated into the accounting and auditing profession. For example, many accounting software packages now have built-in reporting solutions that produce financial statements and perform repetitive record keeping more efficiently and accurately using Robotic Process Automation. In the auditing profession, data analytics tools are also more commonly used to extract volumes of data from the client's records and apply advanced analytical checks to provide deeper insight into trends and patterns identified and to highlight exceptions uncovered.

SAIs may be at different stages of their technological journey, and their use of technology may be affected by factors such as the availability of data at client agencies and by the SAIs' own capacity constraints. And although the use of many of these technological advances is still in the infant stage, the positive impact it is expected to make cannot be ignored.

What SAIs need to do is prepare and equip staff for the future. To remain relevant, SAIs need to evolve and adopt an innovative mindset, be alert to the technological changes, and invest in and commit to continuous learning so that staff can develop new competencies and/or

strengthen the existing ones so that SAIs and their staff remain relevant and can continue to add value. This chapter will focus on how a SAI can assess its external environment in order to respond appropriately to risks and opportunities. This chapter will also propose to SAI leaders and their HR departments, four areas that have been identified as essential for SAI staff who wish to remain future-relevant in our constantly changing world.
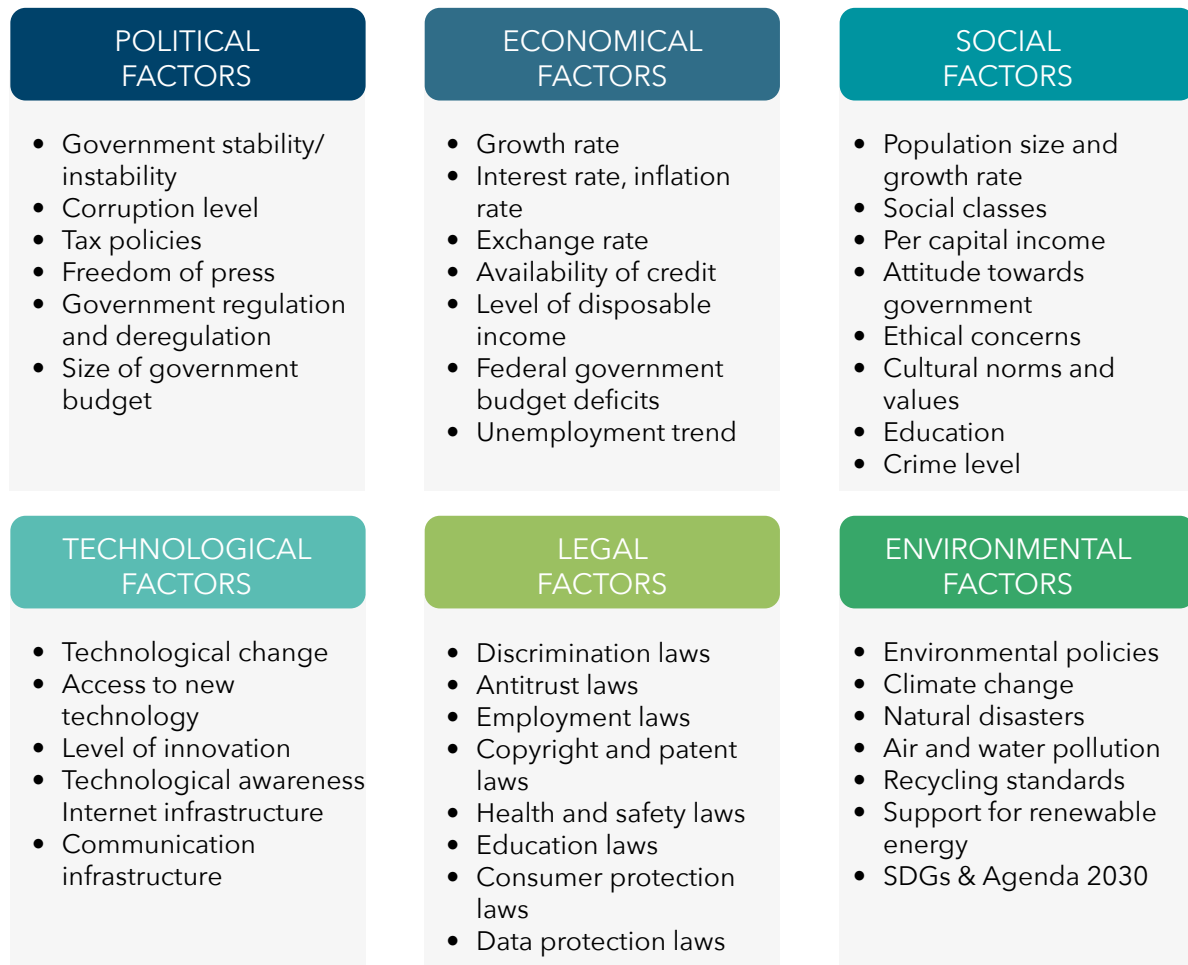
2. UNDERSTANDING THE PESTEL IMPACT ON SAIS

To keep up to date with macro (external) forces that might impact the SAI and how to strategize for and prepare SAI staff for the future, SAIs can conduct a PESTEL analysis as part of their strategic planning. It is a valuable tool to guide SAI leaders and HR professionals in strategic decision-making as it provides contextual information about the various external factors that could inform the validity of existing SAI strategies, including HR strategy and planning. A PESTEL analysis can help to identify disruptive changes that could profoundly affect the future HR landscape. It can help identify competency gaps, new job roles, and even job reductions or displacements. It helps to understand the context for change, and is most effective when used in association with strategic planning tools such as a _SWOT analysis_ to understand opportunities and threats in major public sector environmental changes that can be taken advantage of, or in the case of risks, that need to be mitigated. It can also help the SAI to look outside and theorise what may happen in future and what should be further explored, by ensuring that some basic factors are not overlooked or ignored when aligning HR strategy to the broader institutional strategy.

HELPFUL DEFINITIONS

- _4IR:_ The Fourth Industrial Revolution, 4IR, is about a combination of technological advances and conceptualises rapid change to technology, industries, and societal patterns and processes in the 21st century due to increasing interconnectivity and smart automation.

- _PESTEL Analysis:_ PESTEL analysis is a strategic framework used to evaluate the external environment of an organisation by breaking down opportunities and risks into Political, Economic, Social, Technological, Environmental and Legal factors.

The diagram below is an example of how the six PESTEL domains can be unpacked.

POLITICAL FACTORS	ECONOMICAL FACTORS	SOCIAL FACTORS
• Government stability/ instability • Corruption level • Tax policies • Freedom of press • Government regulation and deregulation • Size of government budget	• Growth rate • Interest rate, inflation rate • Exchange rate • Availability of credit • Level of disposable income • Federal government budget deficits • Unemployment trend	• Population size and growth rate • Social classes • Per capital income • Attitude towards government • Ethical concerns • Cultural norms and values • Education • Crime level

TECHNOLOGICAL FACTORS	LEGAL FACTORS	ENVIRONMENTAL FACTORS
• Technological change • Access to new technology • Level of innovation • Technological awareness Internet infrastructure • Communication infrastructure	• Discrimination laws • Antitrust laws • Employment laws • Copyright and patent laws • Health and safety laws • Education laws • Consumer protection laws • Data protection laws	• Environmental policies • Climate change • Natural disasters • Air and water pollution • Recycling standards • Support for renewable energy • SDGs & Agenda 2030

The speed of technological advances is a particularly pressing challenge for many, and SAIs would do well to carefully consider their technological readiness and capacity. The public sector auditing profession is well positioned to benefit from the adoption of new technologies by governments all over the world, if the SAI can stay abreast of these advances. Keeping pace with the rapidly evolving technological landscape is critical for the future of public sector auditing. (See INTOSAI article on *Promising technologies for future-proofing public sector audit work*).

3. OTHER HR PROCESSES WITH WHICH THE COMPETENCIES OF FUTURE RELEVANT SAI PROFESSIONALS INTERLINK

• HR strategy and HR planning

• Recruitment and selection

• Performance management

• Learning and professional development, and leadership development

4. COMPETENCIES REQUIRED FROM FUTURE RELEVANT SAI PROFESSIONALS

In November 2020 the INTOSAI Capacity Building Committee produced a paper entitled: The future-relevant value-adding auditor. The aim of the paper was to contribute to the thinking of SAI leaders and individuals as we all grapple with identifying those competencies that are pivotal to maximising our value-add and relevance in a constantly changing world. The paper identified critical competencies that will be demanded from the public sector auditors in the future – competencies pivotal to maximising SAIs value-add and relevance in a constantly changing world. The paper emphasised that SAI leaders play a pivotal role in laying the path of creating an ecosystem – an enabling environment, creating opportunities for reskilling or upskilling staff – from which the future-relevant and value-adding auditor can emerge. HR professionals in the SAI are perfectly positioned to support their leaders in creating and sustaining such an enabling environment.

The four essential broad competency areas identified were as follows:

Critical thinking
Importance of **critical thinking** and a questioning mind

Resilience
Qualities that ensure **resilience** so as to effectively embrace change

Collaboration
Ability to function openly and **collaboratively** with our teams and other stakeholders

Digital literacy
The need to increase our **digital literacy** so to remain relevant

CRITICAL THINKING

As the world is fast becoming more complex, the capability of understanding complexities and other unstructured problems while maintaining critical judgement and professional scepticism, will be one of the most essential competencies.

Critical thinking is the analysis of information to form a judgement – the ability to identify, analyse and evaluate evidence to formulate a response without being undesirably influenced. This generally includes the rational, objective, sceptical and unbiased analysis or evaluation of audit evidence.

"the objective analysis and evaluation of an issue in order to form a judgement"

- Independent thinking and judgement
- Objectivity
- Need for continuous adaptation
- Problem identification and solution skills
- Creativity and Innovation
- Ability to distinguish the facts from the noise
- Foresight
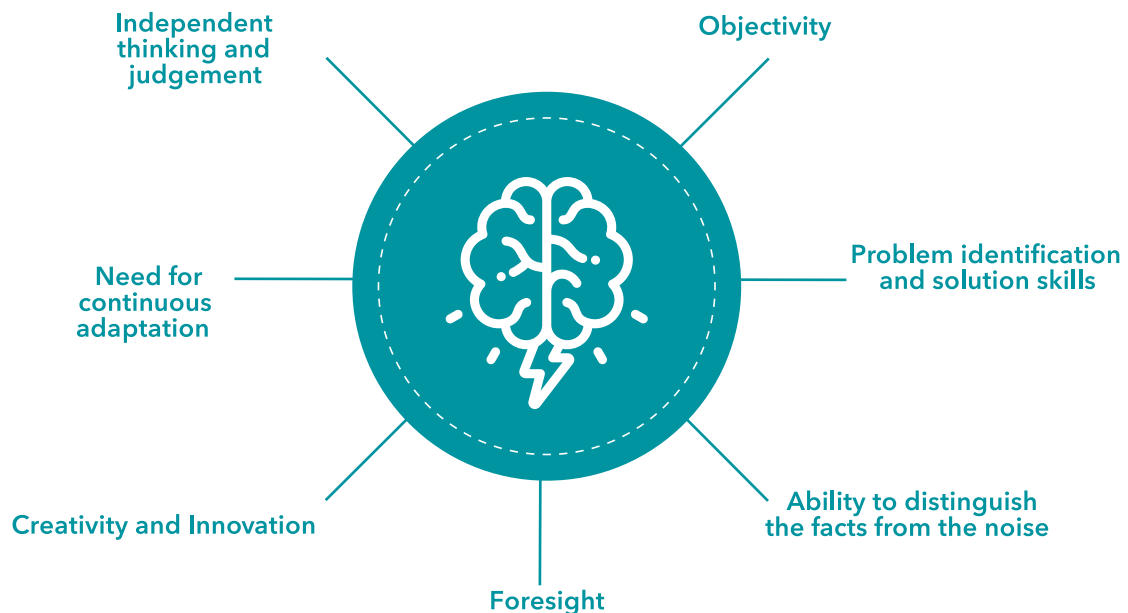
Critical thinking is not a new skill in our profession, but we need to further enhance it to enable us to apply creative and innovative ways of addressing complex problems – often this will require thinking outside the box for a solution. Thinking forward and having the capability of innovating solutions for future challenges will be one of the most relevant competency areas. This type of thinking requires an astute awareness and understanding of the likelihood of possible actions and possible outcomes.

RESILIENCE

Resilience is an overarching and critical quality that overlaps in ensuring that the other three competency areas are effective. With all the uncertainties of the future, we need to be mindful of the unknown so that when the change happens, we are not resistant but rather are able to transform and adapt to the new normal.

A key aspect of resilience is that people with this quality are those who are able to land on their feet. They seem to be generalists in that they know something about nearly everything. Their constant curiosity allows them to be resilient in their quest to fit into the new norm and to be fluent in whichever role they play. Their tenacity enables them not to give up but to continue until they succeed.

"the capacity to recover quickly from difficulties; toughness."

Inquisitiveness

Curiosity

Reorganize

Flexibility

Desire to ask questions

Tenacity

Open mindedness
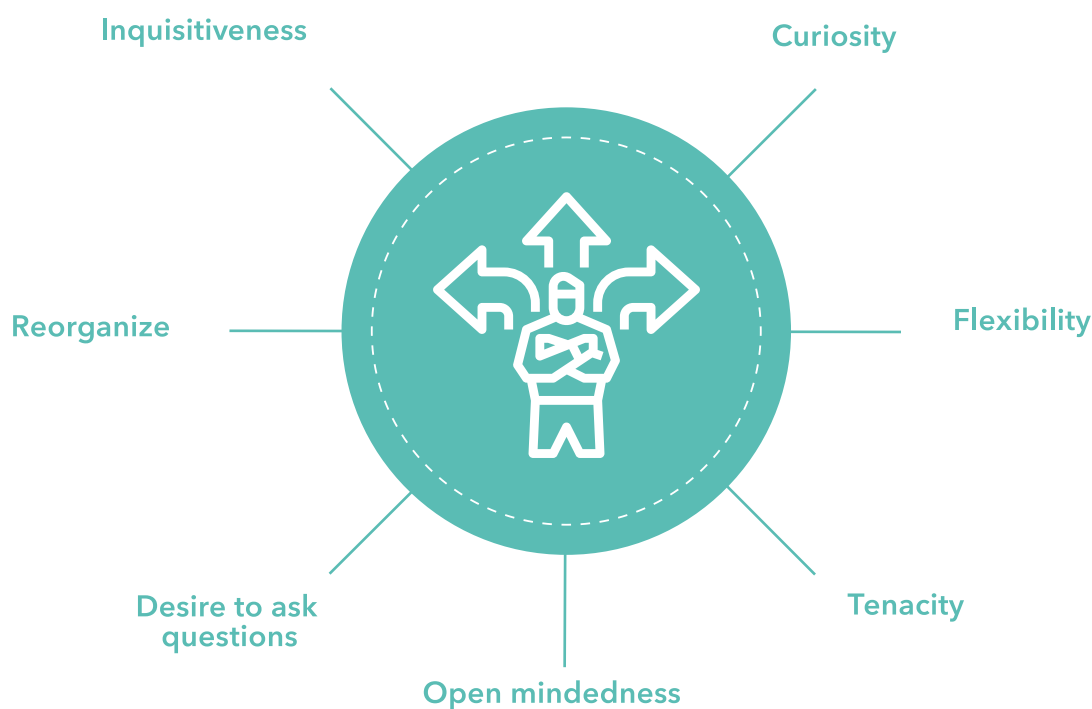
Similar to resilience, adaptability and agility are also words often used in future auditor discussions but we noted that there is the limited definition, especially from an auditor perspective. As an auditor, we found that it means we are required to understand that the way things have always been done may have best suited a certain era, and so we need to deviate from those things and open ourselves and our minds to new ways of doing things – differently, better and faster, i.e. using data analytics tools to assess data sets as opposed to having staff manually performing similar tasks.

DIGITAL LITERACY

Although technological evolution has always been a factor that auditors- had to contend with, advances in technology seem to be constantly speeding up. Digitalisation is changing our world, changing our governments and effectively our audit profession. It has become extremely critical that an auditor be someone who is comfortable continuing embracing new technologies to do the job we are entrusted to perform by citizens, even if these technologies seem daunting.

Digital literacy is not about investing in massive technological platforms or even becoming technology experts. It is about getting an auditor to understand the data and information required for an audit while using the latest technology tools to be faster and better. It is about understanding that the future will not be only about machines and robots but that an auditor will be supported with technology. This understanding removes the intimidating feeling that technology tends to evoke.

"the knowledge and ability to use computers and related technology efficiently"

Technology literacy

Technology assisted audit capabilities

Capability to start pilots to tests and trial new tools and research methods

Skills to visualise and present information

Lifelong learning readiness

Ability to leverage new technologies

Advanced data analytics capabilities

Risk analysis techniques
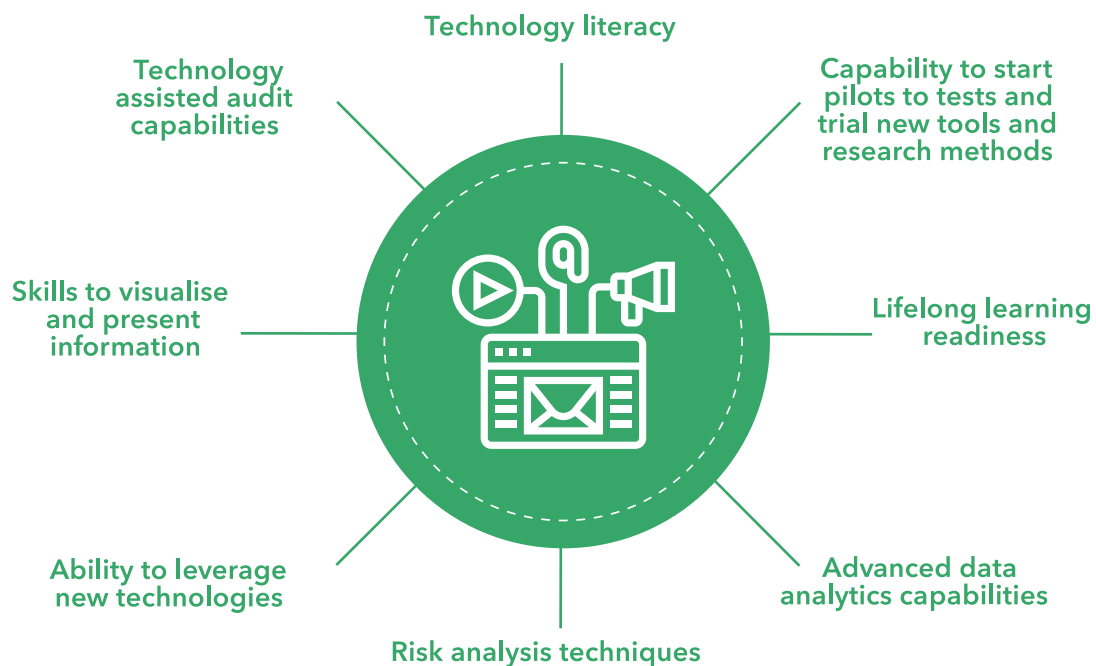
Data Analytics, Big Data, and Artificial Intelligence are everywhere but not yet always fully understood. The more we come to understand these technologies, the more we demystify them and come to realise that what they do is not new – they are merely better tools, e.g. to capture, verify and track transactions. They are familiar concepts, but these high-powered tools have now made it possible to use on large data sets, at a lightning-fast pace and lower cost (in some instances) and with limited human intervention. Blockchain and quantum computing are concepts not yet fully matured and should remain in the line of sight of audit institutions.

COLLABORATION

It is essential for auditors to collaborate with and influence those around them for mutual benefit, whether it be working together in audit teams or influencing or cooperating with all external stakeholders in the interest of effective governance and having an impact.

With the constantly changing world, the audit environment is also changing, meaning that engagements are more complex and would require the work and collaboration of multi-disciplinary teams to tackle the challenge. This means that future audit teams will not only include accountants, legal practitioners, forensic auditors or investigators, but also more staff with a background in sociology, education, medicine, data science, engineering or environmental management so that they can cover the complex issues, bring in different perspectives, and engage on varied projects

"the action of working with someone to produce something"

- Diplomacy
- Emotional intelligence
- Ability to build trust
- Service and client orientation
- Communication and listening skills
- Global citizenry
- Being an influencer
- Relationship building
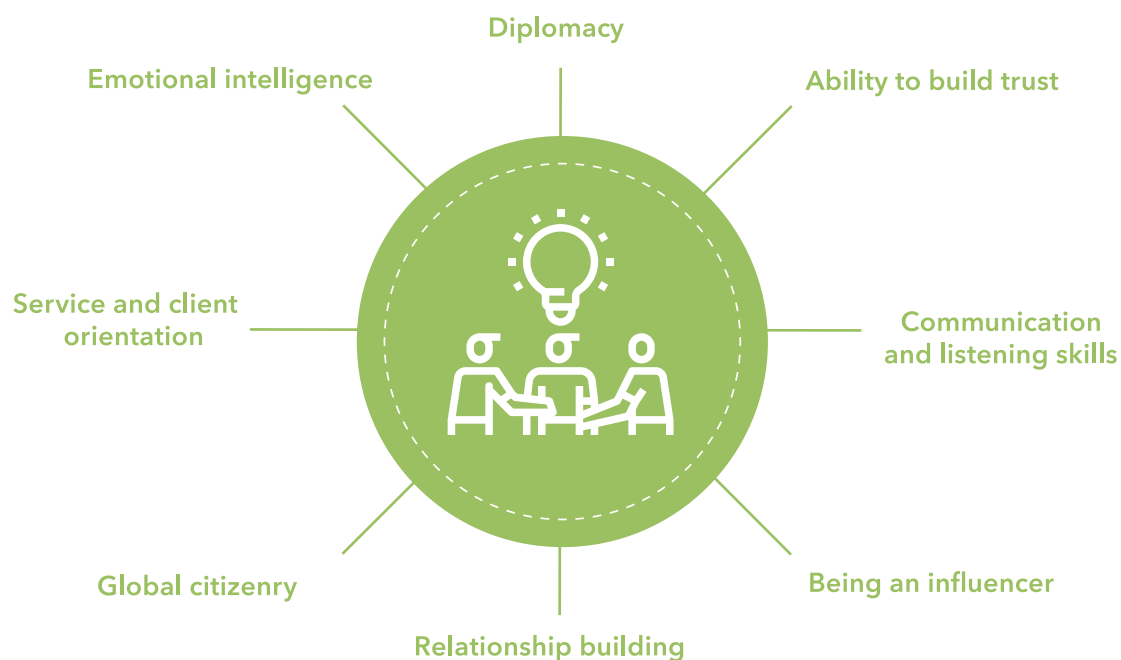
It is important for an auditor to be able to connect with all their external stakeholders to build credibility and relevance so as to maintain their trust. This could mean tailoring our messages to be focused on citizens and could also mean bringing our citizens closer to our audits whether it be through collaborating with CSOs or even consultation with the public to solicit issues/topics for inclusion in the SAI's audit programme.

The key success of the collaboration is willingness. All participants have to be willing to sacrifice parts of their own ideas and adopt others in order to respond appropriately to audit risks. That means understanding the idea of a "greater good".

5. DISCOVER HOW SAIS CAN BUILD FUTURE RELEVANT SAI PROFESSIONALS

Here are five ways in which SAIs can ensure that their staff are digital-age ready and future fit:

5.1 CULTIVATE A CULTURE OF CONTINUOUS LEARNING

SAIs should cultivate a culture of continuous learning. All SAI professionals should also take a proactive approach to, and ownership of, their own lifelong learning. HR professionals in the SAI are encouraged to develop training and professional development strategies to promote lifelong learning, cultivate continuous learning, and build emerging competencies.

5.2 ENCOURAGE NETWORKING AND COLLABORATION

SAIs should encourage staff to network as networking is an integral part of building professional careers. This means building connections both inside and outside the SA. Both types of connections can provide invaluable support as the world of work changes, pointing staff in the right direction to learn new skills, technologies and strategies that will help them to become more future relevant.

5.3 SAIS SHOULD BECOME TECH FLUENT

To ensure SAI staff remain at the forefront of digital transformation, it is important to increase their knowledge of technology. Start conversations about technology – artificial intelligence, the Internet of Things, assistive technology and robotics. Build auditor competence in terms of data analytics, data visualisation, big data, and emerging technologies. SAIs should focus on building sufficient infrastructure and IT capacity, for example:

- strengthen IT management capacity and support services
- ensure adequate IT hardware
- invest in information management systems to improve efficiencies in the SAI
- implement an electronic audit system.

5.4 INSTILL SAI VALUES AND BUILD THE SOFT SKILLS OF SAI STAFF

Soft skills such as interpersonal skills, resilience and integrity, will be some of the most sought-after human skills once most robotic and repetitive work tasks become automated. These are the skills humans have mastered and robots cannot emulate. Competencies such as the ability to collaborate, creative thinking and empathy have been named by the World Economic Forum and LinkedIn as the top capabilities for the jobs of the future.

5.5 BUILD SAI CHANGE-RESILIENCE

According to the *Huffington Post:* Humans do not like change. Yet, with 4IR, disruption and change will be the only constant in the world of work. It is already happening at a very rapid rate, which means SAIs and SAI staff need to be ready to cope and even thrive in uncertain times.

CHAPTER 11

NEW WAYS OF WORKING

1. INTRODUCTION

The world of work has been rapidly changing with the onset of the fourth industrial revolution (4IR), characterised by a range of new technologies, including the Internet of Things and, importantly, a range of powerful communication, collaboration and virtual-meeting technologies. For some time now this has affected the way work is organised, has created opportunities for more flexible workplaces, and mostly has had a positive effect on job satisfaction and work-life balance.

The Coronavirus outbreak compelled all institutions to rapidly adopt new remote ways of working in pursuit of continued service to stakeholders and clients. While remote working at this scale was never a choice, it has for the most part worked. As employees' work lives changed, so did business operations, creating opportunities to reimagine ways to live and work better. Staff expectations shifted; stakeholder/client expectations also changed, and the world of work is unlikely ever to return to the "normal" we knew before the pandemic.

The new reality has brought complexity and even uncertainty, but also opportunities. A SAI with strong, capable and resilient leaders have the opportunity now to weigh up the pros and cons of remote working, benefit from the lessons learned, shift institutional mindsets, and develop resilient and agile workplaces to thrive in a changing world of work.

This chapter deals with the key aspects of new ways of working and some key considerations.

Flexible working is defined as working arrangements which allow employees to vary the amount, timing or location of their work, in a manner that is mutually beneficial to the individual and the institution.

2. WHAT IS FLEXIBLE WORKING

Flexible work is about rethinking the needs of individuals, the team and the organisation to come to an agreement on when, where and how to work. Flexible working is defined as working arrangements which allow employees to vary the amount, timing or location of their work, in a manner that is mutually beneficial to the individual and the institution.

Adopting a flexible working model creates more opportunities for all staff, with a focus on inclusion and diversity. At the same time, it is important to note that working from home is not an option for every job, but where it is enabled correctly, it has clear advantages for the individual and the organisation.

A **"resilient institution"** is one that has transformed, having built the attitudes, beliefs, agility, and structures into its DNA that enable it not only to recover to where it was, but also to catapult forward - quickly.

Recent research indicates that up to 25% of workforces could work from home, depending on the strength of the economy, but also shows that certain types of work is best done in person. Critical business decisions, brainstorming sessions, important client engagements, providing sensitive feedback, and on-boarding of new employees are examples of activities that may lose some effectiveness when done remotely. It will therefore be important for to know under what circumstances to take advantage of remote working arrangements.

Some of the key questions to ask when considering flexible working arrangements include:

- Do your staff members have the financial means to set up and sustain a home office?
- How will productivity be measured?
- Do your staff feel valued and included as a part of your culture?
- Is there adequate technical and leadership support?
- Do employees have routines in place to manage their day?
- Is there a relationship of mutual trust?
- How long will the arrangement be in place, and how often will it be reviewed?

3. WHAT IS HYBRID WORKING

Hybrid working is a form of flexible working where workers spend some of their time working remotely (usually, but not necessarily, from home) and some in the employer's workspace. Hybrid work is likely to deliver the benefits of remote working while still allowing for the social and collaborative advantages of working together with colleagues in the workplace.

An effective hybrid working system has the potential to encourage autonomy, flexibility, high motivation and performance, collaboration,

Hybrid working is a form of flexible working where workers spend some of their time working remotely (usually, but not necessarily, from home) and some of their time in the employer's workspace.

positive work relationships and effective work habits (which, in turn, encourage productivity, engagement, and valuable collaboration between staff working from different locations).

3.1 TRANSFORMING THE HR LANDSCAPE

With workplace transformations being accelerated, the importance of the HRM is amplified. Covid-19 has created a complex and challenging environment for leaders and human resource management (HRM) practitioners. In equal measure, the HR operations have significantly been affected – roles are changing, expectations are rising, boundaries are blurring. The covid-19 pandemic has elevated the importance of HR professionals within institutions as never before. Senior leaders are counting on the speed, expertise and creativity of HR professionals in reshaping the workplace for resilience and recovery.

HR practitioners must work to find effective ways of ensuring continuity of the organisations and helping staff to adjust to the new working environments. HRM must also play an active role in determining the approach to be followed in a post covid-19 context, for example flexible working strategies and promoting health and well-being in the workplace.

3.2 KEY CONSIDERATIONS FOR SAIS

As leaders and staff adapt to new ways of working, a SAI needs to pay careful attention to change management. The intention is to bring all staff through the journey successfully, paying attention to how the organisation is likely to reshape its culture to support new ways of working models and strategies. The challenge for SAI leaders, supported by their HR team, is to capitalise on the opportunities brought by accelerated transitioning to the "new normal" and put in place arrangements, structures and resources to ensure that this new way of working is future-proof, looking beyond the location of staff. Specific focus must be placed on well-being, reconnecting leaders and staff, and an acknowledgement that 'one size will not fit all' when addressing employee needs.

The following are some of the ways in which SAIs can navigate the disruption and prevalent uncertainty about the future world of work:

- SAIs have an opportunity to "hit reset" on traditional workplace practices – many of which have remained largely unchanged for very long.
    - o Explore and adopt strategies to remove the boundaries between being physically in the office and out of the office to maintain productivity, collaboration and learning, and to preserve the organisation's culture.
    - o Proactively reimagine how work, the workplace and the workforce will look in the medium to long term so that the necessary adjustments and investments can be made.
    - o Accelerate the push to increase agility and foster –
        - o an agile mindset
        - o faster decision-making and better decisions
        - o strategic alignment across the organisation
        - o enhanced collaboration, and
        - o the ability to pivot faster in response to changes.
    - o Improve tech support for employees, including *cyber security for remote workers*.

- Communication with employees:
  - o Leaders and HR professionals will need to rethink the way they communicate with staff. Clear, concise and continual communication will be key to helping staff feel more prepared than panicked. Employee anxiety will not disappear overnight.
  - o Regularly expressing gratitude to employees will boost morale and help staff endure during difficult times.

- Alignment and engagement:
  - o A SAI can nurture alignment through clear strategy, frequent communication of that strategy, and a thoughtful approach to information overload. When people understand how their work fits into the larger whole, organisations can tackle even the most difficult challenges.

- The SAI's policy for flexible and/or hybrid working should guide the implementation of alternate working arrangements:
  - o Consider a hybrid working and/or flexible working model that strikes the right balance between office and remote working for all staff.
  - o Appreciate that 'one size will not fit all' when addressing employee needs. (Benchmark fellow SAIs that have already adopted new ways of work.)
  - o Use SAI values to guide new ways of working, with high levels of engagement and productivity.
  - o Implementation of flexible working and/or hybrid working requires careful planning to prevent an adverse effect on organisational requirements.

- Adopt a transformational approach to reinventing offices.
  - o Take a fresh look at how much and where space is required and how it fosters desired outcomes for collaboration, productivity, culture, and work experience.
  - o Create workspaces specifically designed to support the kind of interaction and collaboration that cannot happen remotely.

- Leverage opportunities to equip workspaces with the best tools, systems and technology which will ensure the delivery of quality service to stakeholders/customers/clients.

SOME KEY SUCCESS FACTORS

Create a fact base of what is going on with your people what has worked and what has not worked during covid-19; and what does your teams need?

Define your remote working strategy and operating model You have to be deliberate, you can't simply extend the emergency.

Align key processes and policies to support your model Redefine performance, motivation and culture, especially the way that the SAI measures productivity.

Evolve your culture and experience to make remote working prosper Treat this like you would every other large change: improve over time. And ensure that an atmosphere is trust is built, with sensible clarity about objectives: what needs to be delivered and when.

- o   Explore and adopt digital platforms and technology to underpin and optimise the agility of the workforce and enable employers to harness value in new ways of working.

- Developing capacity to navigate the disruption and enable staff to continue to perform in future.

  - o   Dignity, respect and mutual trust are imperative to building a remote work environment where staff feel valued and engaged.

  - o   Empathic leadership will become more important than ever as the different needs of a diverse group of employees have to be managed and addressed.

  - o   New skills and a new orientation toward continuous improvement are needed.

- The SAI's HR professionals adopt approaches and technologies that can enhance the HR function and integrate it across all aspects of the SAI.

  - o   Be more agile, proactive and responsive to the changed situation.

  - o   Help staff to adjust to the new ways of working.

  - o   Emphasize employee well-being and safety.

  - o   Transform the HR function and position HR professionals as strategic partners to leaders.

  - o   Ensure HR practices still re lect the SAI's goals.

  - o   Adopt new digital processes to support new ways of working.

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