



EUROPEAN
COURT
OF AUDITORS

Competency Models and Performance Audit Practice

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Topics



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1. Understanding competencies

- A conceptual model/benchmark
- Cross-cutting, specific audit-related, & discretionary
- Proficiency levels and teamwork
- Dynamic tools

2. Distinct performance audit competencies

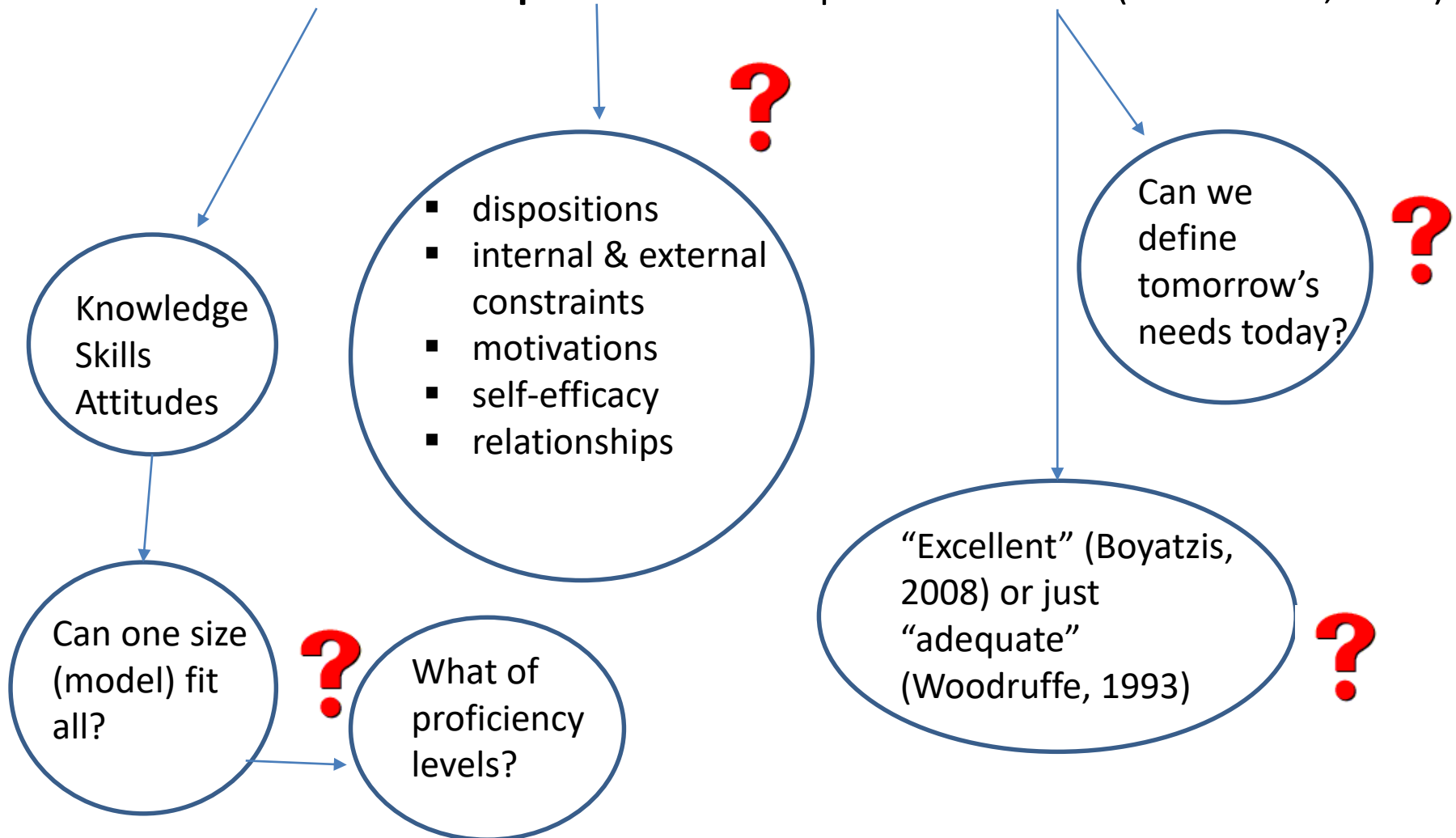
- importance of motivation, attitudes, relationships
- distinctive methodologies

3. Using standards, competencies & guidance

1. What are competencies and their limitations?



- Individual's **attributes** as **predictor** of occupational **success** (McClelland, 1973)



2. Core/cross-cutting and PA competencies



Cross-cutting competencies

Core 3

Behaves in a professional manner

Core 2

Engages effectively with stakeholders

Core 1

Leads by example

Core 4

Contributes to the values of the SAI

Performance audit-related competencies

PAC 2

Demonstrates an **understanding of context, environment and entity** in a performance audit

PAC 4

Performs and documents performance **audit procedures** as per ISSAIs

PAC 3

Assesses and manages **risk** in a performance audit

PAC 1

Adds value by conducting ISSAI-compliant performance audits

PAC 5

Effectively communicate and follows up on performance audit results

ISSAI 3000



- 63. The SAI shall ensure that, the audit team collectively has the necessary professional competence to perform the audit.**

Explanation

64. Professional competence in performance auditing includes having sound knowledge of auditing, research design, social science methods and investigation or evaluation techniques. It also includes personal abilities such as analytical capacity, writing skills and communication skills, creativity and receptiveness to views and arguments. Performance auditing also requires sound knowledge of government organizations, programmes, and functions related to the subject matter of the audit, and may require expertise in social, physical, computer, or other sciences, as well as legal expertise.
65. If the auditor determines that external expertise is required to complement the knowledge of the audit team then the auditor may consult, as appropriate, with individuals, within and outside the SAI, who have this specialized expertise. Any external experts engaged with the audit also need to be independent from situations and relationships that could impair the external experts' objectivity. Although the auditor may use the work of experts as audit evidence, the auditor retains full responsibility for the audit work and the conclusions in the audit report.

3. How are PA competencies different?



Ref	18 Performance Audit (Sub)Competencies
PAC 1	SAI audit professional adds value by conducting ISSAI-compliant performance audits
PAC 1.1	Demonstrates an understanding of how performance audit contributes to promoting accountability, transparency, good governance and more effective and efficient service delivery, which contributes to the implementation of SDGs
PAC 1.2	Demonstrates an ability to apply key concepts of performance auditing appropriately and consistently in audit practice
PAC 1.3	Ensures quality in conducting a performance audit
PAC 1.4	Exercises professional judgement and scepticism throughout the performance audit
PAC 2	SAI audit professional demonstrates an understanding of context, environment and entity in a performance audit
PAC 2.1	Demonstrates an understanding of the context of the public-sector environment
PAC 2.2	Shows appreciation of the entity's operations and the interrelations among public entities
PAC 3	SAI audit professional assesses and manages risk in a performance audit
PAC 3.1	Demonstrates an understanding of the relationship between risks , and evaluates the effect in the performance of the audit topic
PAC 3.2	Selects performance audit topics and portfolio based on criteria that is significant and auditable
PAC 3.3	Manages risk throughout the performance audit process
PAC 4	SAI audit professional performs and documents performance audit procedures as per ISSAIs
PAC 4.1	Sets clear and well-defined audit objective and chooses the best audit approach considering the audit objective
PAC 4.2	Establishes suitable criteria for performance audit
PAC 4.3	Determines materiality at all stages of the performance audit process
PAC 4.4	Applies sampling techniques and evaluate results
PAC 4.5	Demonstrates an ability to use a variety of social science methods and diagnosis techniques throughout the performance audit process
PAC 4.6	Documents entire performance audit process
PAC 4.7	Communicates with stakeholders throughout the performance audit process
PAC 5	SAI audit professional effectively communicates and follows up on performance audit results
PAC 5.1	Demonstrates an ability to write performance audit reports and recommendations that meet standards
PAC 5.2	Follows up on performance audit recommendations

4. What did 175 performance auditors say?

Top 10 important behaviours



Rank	Behaviours	Mean
1	Obtains sufficient and appropriate audit evidence to establish findings, reach conclusions in response to the audit objective(s) and questions and issue recommendations when appropriate	4.81
2	Draws fact-based, independent and unbiased conclusion	4.78
3	Provides audit reports which are comprehensive, convincing, timely, reader friendly, and balanced	4,60
4	Respects confidentiality and secures the trust of other parties	4.57
5	Exercises professional scepticism by adopting a critical approach and maintaining an objective distance from the information provided	4.54
6	Ensures that the findings clearly conclude against the audit objective(s) or questions, or explain why this was not possible	4.53
7	Maintains an open and objective attitude to various views and arguments	4.52
8	Collaborates and effectively interacts with audit team members and the auditee	4.52
9	Analyses the collected information and ensures that the audit findings are put in perspective and respond to the audit objective(s) and questions	4.51
10	Listens actively, asking questions as required to check own understanding	4.47

.....least important behaviours



Rank	Behaviours	Mean
38	Selects appropriate communication forms (verbal, non-verbal, visual, written) and media (face-to-face, electronic, paper-based)	3.95
39	Maintains industry specific knowledge appropriate to the audit engagement	3.93
40	Leads through influence, personal conviction and sensitivity rather than position	3.93
41	Values and promotes diverse viewpoints and cultural sensitivity	3.84
42	Considers the risk of fraud throughout the audit process	3.78
43	Initiates and manages change within sphere of responsibility	3.62



5. Some specific attributes of performance auditors



- Citizenship – a sense of obligation to promote social responsibility and good
- Secure and inspire trust – having confidence, sharing values motives and intentions
- Social intelligence – influencing others to effect change, negotiation
- Perspective-taking with empathy – creative thinking with emotional nuance
- Creativity – reflective (critical thinking, opportunities and solutions) and structured (patterns and propositions)
- Love of learning – curiosity and mastering new skills



6. PAC 4: PA methodologies



	Competencies	PESA Syllabus objectives
PAC 4	SAI audit professional performs and documents performance audit procedures as per ISSAIs	<p>Knowledge:</p> <ol style="list-style-type: none"> 1. Identifies social science methods and techniques that can be used in PA. 2. Identifies data gathering methods most used in PA. 3. Identifies data analysis methods most used in PA. 4. Explains documentation required at each step of the audit process. 5. Identifies if the audit process is correctly documented in accordance with templates given. 6. Explains the importance of engaging with stakeholders since the beginning of the audit planning. 7. Explains stakeholder analysis (those with a vested interest in the project) and RACI analysis (Responsible, Accountable, Consulted, and Informed). 8. Explains the importance of multi-stakeholder engagement. <p>Skills:</p> <ol style="list-style-type: none"> 1. Conducts a risk assessment for a specific audit topic. 2. Manages the risk in a specific audit 3. Selects an audit topic based on the set of criteria. 4. Chooses the appropriate social science methods and techniques. 5. Develops a SWOT analysis and a stakeholder analysis. 6. Develops a survey questionnaire. 7. Conducts an interview. 8. Does a content analysis. 9. Analyses statistical data. 10. Chooses the relevant stakeholders for a specific performance audit. 11. Chooses to whom, and how, matters related to fraud should be communicated.

7. Using standards and competencies to support SAI's strategic development



THE 4 FUNDAMENTALS FOR PROFESSIONALISM



« Developing public sector audit professionals in the most context-appropriate way »



Environment

- Constitution of the country
- Public Finance Management (PFM) legislation of the country
- 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
- The expectations of the SAI's stakeholders



SAI

- SAI strategy and performance agreements
- SAI audit methodology
- SAI policies and procedures
- SAI technology
- SAI values



Team

- Availability of competent staff in the country/organisation
- 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

8. Using the standards, competencies and guidance to best effect



1. Identify SAI-specific discretionary competencies
2. Define their HR strategy using the Pathways guidance
3. Carry out a gap-analysis (current training vs. Competencies)
4. Develop action plan to address gaps
5. Update job profiles