

[Agenda for the April 2022 web-meetings of the
Forum for INTOSAI Professional Pronouncements \(FIPP\)](#)

<p>Due to the pandemic Covid-19 situation, the FIPP Chairmanship has decided to conduct shorter, more frequent web-based FIPP meetings in order to be agile regarding the FIPP's assigned tasks.</p> <p>The agenda is an overview of all agenda-items planned to be discussed during all sessions. Some items will be discussed in several sessions.</p>		
<p>Meeting days Thursday 21 April 2022 - 13:00–17:00 CEST Tuesday 26 April 2022- 13:00–17:00 CEST Thursday 28 April 2022 - 13:00–17:00 CEST</p>		
Agenda Items	Purpose	Output
Process for developing the Strategic development plan for IFPP		
SDP 2023-2015	According to due process FIPP is responsible for the development of a proposal for the planning process. When a draft plan is developed, FIPP present the draft SDP to PSC-SC for their approval before forwarding the plan to the INCOSAI for endorsement.	<p>The SDP planning process was initially discussed at the FIPP October and December 2021 meetings and concluded by at the February 2022 meeting. The draft plan will be circulated to the PSC-SC for approval in their first meeting in 2022.</p> <p>At the April meeting there will be a joint discussion session with representatives from CBC, KSC and PSC as well as FIPP members regarding the vision and the further work with the SDP.</p>
Project Proposal / Exposure Draft / Endorsement version submitted from Goal Chair for discussion / appraisal		
Updated project proposal SDP 2.6 GUID 5160 Guidance on using the work of internal auditors	To discuss/appraise/approve according to FIPP Working Procedures and drafting conventions	<p>An initial introduction from the PSC Secr. regarding their ideas for mitigating the risks.</p> <p>For FIPP to discuss/approve/vote. See Annex 1</p>
<p>Endorsement Versions</p> <ul style="list-style-type: none"> • ISSAI 150 Auditor Competence • GUID 1950 Guidance on the development of 	To discuss/appraise/approve according to FIPP Working Procedures and drafting conventions	For FIPP to discuss/appraise/approve/vote. See Annex 2

<p>competency frameworks for auditors</p> <ul style="list-style-type: none"> • GUID 1951 Guidance on the development of pathways for professional development of auditors • ISSAI 100 Fundamental Principles of Public-Sector Auditing 		
<p>An updated Exposure Draft SDP 2.8 GUID 5101 Guidance on Audit of Security of Information Systems</p>	<p>To discuss/appraise/approve according to FIPP Working Procedures and drafting conventions</p>	<p>For FIPP to discuss/appraise/approve/vote. See Annex 3</p>
<p>An updated Exposure Draft SDP 2.7 GUID 5340 on the Audit of Public-Private Partnership (PPP)</p>	<p>To discuss/appraise/approve according to FIPP Working Procedures and drafting conventions</p>	<p>For FIPP to discuss/appraise/approve/vote. See Annex 4</p>
<p>Information from FIPP Chair</p>		
<p>AoB</p>	<p>FIPP Chair</p>	
<p>Concluding the meeting</p>		
<p>Summary of activities</p>	<p>FIPP Chair</p>	
<p>Summary of key decisions in the minutes</p>	<p>FIPP Chair</p>	

Approved November 2018
Update of December 2021

Project Proposal (updated)

Subcommittee ICS

PART A: PROJECT IDENTITY

Description	Information						
Project number and title as per SDP	2.6 Consolidated and Improved Guidance on Reliance on the Work of Internal Auditors						
Working title(s) for the new pronouncement(s)	Guidance on cooperation with internal auditors						
Project aim	To develop guidance to help Supreme Audit Institutions (SAI) cooperate efficiently with the internal auditors of audited entities.						
Project objectives	To support SAIs' cooperation with internal audit function, based on understanding of the function and awareness of both benefits and risks so as to create favourable environment to make cooperation advantageous to the two parties, and allow SAIs to efficiently use the work of internal auditors with a view to achieving higher effectiveness of auditing.						
Project duration	2 years (in line with the updated schedule; see Part B)						
Name of the lead WG ¹	Subcommittee on Internal Control Standards (ICS)						
Key contacts	Name	Surname	Address	Email	Office Phone	Business Mobile Phone	Organization / Sponsoring SAI
Project Group lead	Paweł	Banaś	Poland	Pawel.Banas@nik.gov.pl	+48 22 444 5081	+48 728 412 441	SAI of Poland
Contact person for the goal chair							
FIPP liaison officer	Marita	Salgrāve	Latvia	Marita.Salgrave@lrvk.gov.lv	+371 67017596	+371 29408537	SAI of Latvia
Other anticipated project team members							

¹ For those “type A” projects where an existing working group/subcommittee is considered to have “natural ownership” of the project

PART B: PROJECT MILESTONES

[Updated in December 2021]

Stage		Due process milestones			
1.	Project proposal (updated version)	Start Date	End Date	Expected Time in Total	Comments
		11 October 2021	15 December 2021	2 months	
		N.B. Allow three months between end date of stage 1 and start date of stage 2 for FIPP approval of the project proposal			
2.	Exposure draft	Start Date	End Date	Expected Time in Total	Comments
		15 March 2022	1 October 2022	6.5 months	
		N.B. Allow three months between end date above and start date below for FIPP approval of the exposure draft			
	Exposure period	Start Date	End Date	Time in Total (not negotiable)	Comments
		1 January 2023	31 March 2023	3 months	
3.	Endorsement version	Start Date	End Date	Expected Time in Total	Comments
		1 April 2023	1 June 2023	2 months	
		N.B. Allow three months between end date of stage 3 and start date of stage 4 for FIPP approval			
4.	Final pronouncement, including translation into all official INTOSAI languages*	Start Date	End Date	Expected Time in Total	Comments
		1 September 2023	1 November 2023	2 months	Approval by INTOSAI Governing Board
		*“Unless other mechanisms have been established, the working group is responsible for translation of the approved endorsement version into the five official languages.” (Due Process, page 9). Time must be allowed to obtain the required translations of the endorsement version(s).			

<p>PART C: INITIAL ASSESSMENT AND PROJECT PROPOSALN°</p>	<p>Initial assessment - Matters to be covered (Due Process, pages 6 and 7)²</p>	
<p>C.1.</p>	<p>Explanation of the need for the project</p> <p>Explanation of the purpose of the project</p>	<p>The need for the project was identified in the Strategic Development Plan 2017–2019 (SDP) approved by the INTOSAI Governing Board in December 2016.</p> <p>The aim of the project is to clarify how SAIs can cooperate with internal audit functions (IAF) of auditees. Cooperation is understood as working together, including coordination, exchange of information, advice, mutual usage of work, etc. The rationale of cooperation is to raise overall audit efficiency and quality. As a product we propose a guidance document in the GUID 5000-5999 range of the IFPP ('Subject specific guidance') – the number assigned by FIPP to the pronouncement is GUID 5160. The GUID will follow the <i>Drafting conventions for guidance documents in the INTOSAI Framework of Professional Pronouncements</i>.</p> <p>When using the GUID, SAIs will be supported in judging whether or not sufficient independence, objectivity, expertise and quality assurance is in place for the level and degree to which they want to cooperate with internal auditors. At this point relevant parts of INTOSAI GOVs 9140 and 9150 will be integrated into the new guidance, as well as the latest insights on assessment of internal audit maturity, the Three Lines concept, and communication with those charged with governance for both internal and external audit.</p> <p>The GUID, following the recommendations of the <i>Drafting conventions</i>, will begin with an introduction, objective and scope, while the content of the GUID will be divided into three main parts:</p> <ol style="list-style-type: none"> 1. how to <u>understand</u> cooperation between external and internal auditors, comprising the basic definitions, the INTOSAI approach stemming from the Lima Declaration and the revised IIA's Three Lines Model;

² Please give detailed explanations in the right-hand column or provide references to annexed supporting material

		<p>2. how to consider existing <u>modes of cooperation</u> in individual cases – the pronouncement presents the modes of cooperation available (e.g. reliance, usage, direct assistance, etc.), and their benefits and risks so that an external auditor can choose the best mode of cooperation;</p> <p>3. ways to <u>review</u> the internal audit function with regard to the SAI-IAF cooperation's goals, requirements and quality assurance. Different review approaches will be suggested, depending on the planned scale of cooperation, varying from minimal to maximal expectations.</p> <p>Additional area of interest will be looking for a format for the GUID that could be a response to the issues revealed by the Component 1 discussion. The GUID will be developed in parallel as a web document and a pdf file, so that the rules of content management can be applied, with an option to transform it into a traditional IFPP pronouncement available when needed – a pdf printout option. During the development of the web document, mechanisms will be applied to better control references and quotations, as well as to facilitate translation into other languages.</p>
C.2.	Description of the categories of auditing or other engagements that will be covered by the new pronouncement(s)	<p>The project is intended to focus on what is common in cooperation with internal auditors regarding every audit type, conducted separately as well as in an integrated or combined approach to auditing.</p> <p>The document may also be used in other engagements of SAIs, such as peer reviews, audit-based analyses and advice for governments and public sector entities, etc.</p>
C.3.	Description of different types of SAIs / audit engagements that must be accommodated in the new pronouncement	The GUID aims to be applicable for different types of SAIs / audit engagements, without inclining towards any specific types thereof.
C.4.	Challenges, if any foreseen, that would have to be managed by SAIs in implementing the new pronouncements	<p>One of the challenges we can foresee is that SAIs may have to convince the management and the internal audit functions of the audited entities about the risks and benefits of the intended cooperation between SAIs and IAIs. Ways to mitigate additional effort related to the cooperation's preparatory stage should also be taken into account.</p> <p>Another challenge could be accommodating the new pronouncement to the national public sector auditing frameworks, which in the past were based on INTOSAI GOVs.</p>

C.5.	Explanation of how consistency with ISSAI 100, other existing ISSAIs and other professional pronouncement(s) will be ensured	<p>Effort will be made to ensure the consistency between GUID 5160 and ISSAI 100, other ISSAIs and other relevant IFPP pronouncements. On the other hand, attention will be paid to avoiding problems of overlapping and contradictions between IFPP projects and pronouncements. In order to remain in alignment, also with ongoing SDP projects, we will coordinate and, if necessary, seek to reach clear agreements on scopes of pronouncements with other subcommittees/working groups, in particular FAAS, PAS and CAS. The project leader will be also in contact with the Goal Chair, the FIPP Liaison Officer and the other SDP projects leaders. The project team will follow any new relevant issues relating to existing ISSAIs or to the development of ISSAIs by other INTOSAI structures.</p> <p>The project team will also observe developments of ISAs by IFAC/IAASB. One of the important pronouncements to stay aligned with is updated ISA 315, which contains the requirements for the auditor's risk assessment, based upon the auditor's understanding of the business and internal control of the entity to be audited.</p>
C.6.	Explanation of the extent to which it will be possible and desirable to build on pronouncements from other internationally recognized, regional or national standard-setters and, if so, the extent to which supplementary pronouncements are needed to provide clarity on new pronouncement	The ICS has been performing research to identify existing relevant guidance developed by other organisations on this topic. In the opinion of the ICS, the GUID should be in harmony with pronouncements of other internationally recognised organisations, simultaneously emphasising the issues of key importance to INTOSAI. To this end, the ICS has been cooperating with the Institute of Internal Auditors (The IIA), the International Federation of Accountants (IFAC), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Value Reporting Foundation.

N°	Project proposal – Matters to be covered (Due Process, page 7) ²	
C.7.	Explanation of organisation of the project describing how project group members will be drawn from relevant subcommittees/ working groups/ other interested parties	The proposed GUID will be shared with competent INTOSAI bodies (i.e. the PSC Chair, PSC Subcommittees and the FIPP) at subsequent stages of drafting, which is in line with the practices foreseen for a consultation project in the PSC document: <i>Working together effectively within the PSC to achieve success in cross-cutting SDP projects</i> (August 2021).

C.8.	Explanation of the outcome of the project specifying how existing professional pronouncements may be affected.	Other pronouncements are not foreseen to be affected. The ICS will consider the provisions of other pronouncements that deal with issues related to internal audit functions, such as ISSAI 2610. If issues that might affect other professional pronouncements are identified, the respective parties involved will be informed.
C.9.	Explain the quality processes that will be applied in the drafting process (see Due Process, page 7 and 8) along with the parties that the project group will consult and engage with.	<p>The project team will apply the following quality processes:</p> <ul style="list-style-type: none"> – The project team will include auditors that are highly experienced at evaluating internal audit. – The project team will consider existing guidance on the topic and will identify the specific needs of Supreme Audit Institutions in their relation with internal audit functions. – The project team will adhere to the Due Process for the INTOSAI Framework of Professional Pronouncements. – Consultations with the PSC Chair and the FIPP at subsequent stages of the development of the GUID.

PART D: AUTHORITIES

PERSON	NAME	SURNAME	DATE	SIGNATURE
Project leader	Mr. Pawel	Banaś		
Responsible Goal Chair				



PREZES
NAJWYŻSZEJ IZBY KONTROLI
MARIAN BANAS

KST-KSM.0711.021.2021

Warszawa, 2 December 2021

**Forum for INTOSAI Professional
Pronouncements**

Dear Members of the Forum for INTOSAI Professional Pronouncements,

Attached to this cover letter you will find an updated project proposal for the pronouncement of a GUID type dedicated to cooperation between Supreme Audit Institutions and internal auditors of auditees, with a kind request to take note of the changes introduced to the proposal and the resulting consequences for the pronouncement.

In accordance with the Strategic Development Plan (SDP) for 2017–2019, which was approved by the INTOSAI Governing Board and Congress in 2016, the Subcommittee on Internal Control Standards (ICS) was tasked with developing project 2.6. “Consolidated and Improved Guidance on Reliance on the Work of Internal Auditors”. To this end, the ICS developed a project proposal in close cooperation with the FIPP Liaison Officer appointed for the project, with the Professional Standards Committee (PSC) and its individual structures – the Financial Audit and Accounting Subcommittee (FAAS), the Performance Audit Subcommittee (PAS) and the Compliance Audit Subcommittee (CAS), and through an extensive and in-depth consultation process. The project proposal for 2.6. was approved by the FIPP in November 2018.

In accordance with that project proposal, the planned guidance was to be divided into sections presenting how public auditors can use the work of internal auditors when conducting three main audit types: financial, performance and compliance. This was in line with the new INTOSAI Framework of Professional Pronouncements (IFPP) whose idea was to strictly differentiate between the above three audit types, and to comprise separate standards and guidance for each of these types. The other assumption behind the project was to encourage close collaboration among all the INTOSAI structures (subcommittees, working groups, task forces) with a view to ensuring expert knowledge and avoiding overlaps.

The team of writers that volunteered to develop the GUID comprised the experts of all the Subcommittees of the PSC: FAAS, PAS, CAS and naturally ICS – indicated at the main author of the guidance in the SDP 2017–2019. However, the actual involvement of representatives of these subcommittees – except for ICS that considered themselves the main authors of the pronouncement – varied greatly. Some believed that the ICS is the main expert in the issues related to internal auditing and its potential usage by external auditors, while others considered themselves the exclusive experts in the area of their audit type, including how internal auditors' work should be approached in their respective field of expertise. Simultaneously, during the development of the guidance it turned out that many attributes of internal auditing have to be looked at irrespectively of the audit type, such as, e.g. internal auditors' independence or reliability of their work. Consequently, it turned out that if these particular attributes were described for each audit type separately, the pronouncement would become repetitive.

The works to date also allowed for some interesting discussions with the partners of the Subcommittee, especially with the Institute of Internal Auditors (The IIA). The ICS have also won a new partner – the Value

Reporting Foundation whose integrated reporting concept displays some potential to be used in developing the guidance and in the other pending project of the ICS (2.5. "Consolidated and improved guidance on understanding internal control in an audit").

Having the above in consideration, at the meeting in October 2021 and through written correspondence, the ICS agreed that the guidance to be developed within the project 2.6. should be a practical document presenting the aspects of cooperation with internal audit functions at the level that is common to all audit types. Hence the decision was taken to make the pronouncement a tool to support SAIs' cooperation with internal audit function, based on understanding of the function and awareness of both its benefits and risks. In this way, favourable environment can be created to make cooperation advantageous to the two parties, and allow SAIs to efficiently use the work of internal auditors – when considered reliable – with a view to achieving higher effectiveness of auditing. The pronouncement will therefore depict the way how internal audit function is understood, what potential modes of cooperation between external and internal auditors are available, and how a SAI should choose the best mode in the given audit engagement. The pronouncement will also emphasise the benefits and risks of each cooperation mode, and indicate the ways in which SAIs can review the reliability of internal audit work. The proposed outline of the pronouncement has been presented in the annex to this letter.

Another reason for updating the project proposal is the novelty formula of the guidance that the ICS has foreseen for the pronouncement, namely a website document governed by the rules of web-content management, yet easily transformed into a traditional INTOSAI brochure format (a pdf document). The ICS strongly believes that it can be a solution for the future format of INTOSAI documents, permitting effective and fast dissemination and introduction of necessary updates or amendments due to reviews and/or revisions.

The attached project proposal is therefore an update that has resulted from the works to date and the experience gathered so far. At the same time, we strongly believe that project proposals should be updated in principle. This issue have been debated on at the working level with representatives of various INTOSAI bodies, including the FIPP, and we agree that project proposals, apart from a role in the pronouncement development process, should also be a place to discuss various concepts and solutions. This updated project proposal has been discussed with the Members of the ICS, the PSC Chair and the Chairs of the PSC Subcommittees, and we hope that it is now ready to be discussed in the forum of the FIPP.

With this letter, as the Chair of the Subcommittee on Internal Control Standards, I would like to address the FIPP Members with a kind request to thoroughly consider the modifications to the attached updated project proposal at their upcoming meeting in February 2022 and approve the update. The representatives of the ICS Chair and the team of authors are available to answer any questions and to provide more details if such a need arises on the part of the FIPP Members.

Yours sincerely,



PREZES
Najwyższej Izby Kontroli
Marian Banaś

Marian Banaś

President of the Supreme Audit Office of Poland (NIK)
Chair of the INTOSAI Subcommittee on Internal Control Standards

Annexes:

1. Updated project proposal for 2.6.
2. Outline of the Guidance on Cooperation with Internal Auditors.

Guidance on Cooperation with Internal Auditors

Outline

1. INTRODUCTION

1.1. Structure of the Guidance

2. UNDERSTANDING INTERNAL AUDIT

2.1. Definition

2.2. International Support

2.3. Three Lines Model – Roles and Accountability

2.4. Relation to Internal Control and Good Governance

2.5. Assurance, Advice and Insight

2.6. Audit Universe – Neighbouring Functions

2.7. Public Sector Perspective – Focus on Public Interest – Legal Obligations

2.8. How it Differs from External Audit

3. COOPERATION

3.1. Benefits and Risks

3.2. Cooperation Modes

PREPARATORY STAGES: PLANNING – TRAINING – METHODOLOGY

SHARING KNOWLEDGE: AD HOC COMMUNICATION - AUDIT REPORTS ANALYSIS - GRANTING ACCESS TO AUDIT DOCUMENTATION - REGULAR MEETINGS

AUDITS: AD HOC SINGLE AUDITS - SEGREGATED AUDITS - ALIGNED AUDITS - DIRECT ASSISTANCE -SOLE RESPONSIBILITY

3.3. Find Your Mode

PRECONDITIONS: LEGAL ENVIRONMENT - MUTUAL APPROACH

EXTERNAL AUDITOR'S PREPARATIONS: STAGES OF REVIEW - BENEFITTING FROM DATA COLLECTED

STRATEGIES OF REVIEWING: BENEFITS VS. COSTS OF THE REVIEW - LOOKING FOR RELIANCE - FULL REVIEW

4. REVIEW OF INTERNAL AUDIT

4. 1. Environment and Input

PROFESSIONAL RELATIONSHIPS - ORGANISATIONAL POSITION

HUMAN RESOURCES - INTELLECTUAL CAPITAL

FINANCE

CONDITIONS AND TOOLS

4.2. Governance and Management

MISSION - BUSINESS MODEL

OBJECTIVITY AND INDEPENDENCE – RESPONSIBILITIES – LIMITATIONS – STATUS

MEMBERSHIP IN PROFESSIONAL BODIES - OTHER ACTIVITIES

RISKS – STRATEGIES – PERFORMANCE – OUTLOOK -QUALITY ASSURANCE

4.3. Outputs – Outcomes



Ms Åse Kristin Hemsén
Chair: Forum for INTOSAI Professional Pronouncements (FIPP)
Riksrevisjonen
Postboks 8130 Dep.
0032 Oslo
Norway

25 March 2022

Dear Åse

**DEVELOPMENT OF INTOSAI PROFESSIONAL PRONOUNCEMENTS ON AUDITOR
COMPETENCE – SUBMISSION POST EXPOSURE PERIOD**

As you will recall, the three draft professional pronouncements on auditor competence developed by the Task Force on INTOSAI Auditor Professionalisation (TFIAP), as well as a proposed conforming change to ISSAI 100, were sent out for comment in the period October to December 2021.

We have worked through all comments and can report a very positive response from the community. We are happy with the number of Supreme Audit Institutions (SAIs) that commented, and the depth of comments. It is perhaps also important to remind you and the Forum that the last submission of these documents to FIPP (before the exposure period) was preceded by an equally extensive round of comments by the many SAIs that are members of the TFIAP.

It is interesting to note that a number of SAIs shared their models for dealing with the development of auditor competence, including professional development pathways, showing how these – although vastly different in nature and complexity – still adhere to the requirements of the proposed ISSAI 150. This correlates well with the experience of the TFIAP during the development phase. It confirms the view of the INTOSAI Capacity Building Committee (CBC) that it will be useful to share the different practices as part of a process of introducing these new developments to the INTOSAI community. The TFIAP plans to deal with the above during the remainder of 2022 and in 2023.

Allow me to provide feedback on the inputs at two levels:

1. Detailed tracking of all comments received

A spreadsheet was developed, listing all inputs received during this last round of comments and the related responses. While the comments did trigger some minor amendments to the documents, the essence of what the TFIAP submitted to FIPP in 2021 remained.

The draft pronouncements, in both marked-up and clean format, are attached for FIPP's consideration.

2. Responses to the five questions posed during the exposure period

Also attached, find a spreadsheet that summarises and colour-codes the responses to the five questions from the explanatory memorandum. The overwhelming green responses give a good sense of the reaction of the community to the new developments.

We were particularly happy with the positive feedback on the proposed effective date for these documents.

A few SAIs chose not to comment on the five questions, but did provide detailed inputs that will be useful in the TFIAP's efforts to introduce these pronouncements to the community and support the implementation thereof.


There are two red indicators on the spreadsheet which require further comment. SAI Canada raised a question around the conforming change to ISSAI 100, arguing for the change to reflect more widely on human resource management practices as a whole, rather than merely the competence of auditors. The TFIAP remains convinced that the primary consideration in the professional pronouncements should be the need for competent auditors and not the enabling human resource management practices, and therefore remain comfortable that the conforming changes, as proposed, remain appropriate.

SAI Netherlands argued that an effective date was not necessary, given that not all SAIs would choose to implement all the standards. This argues against the strategic intent of standards development in INTOSAI and the TFIAP remains convinced of the need for a clear effective date, in line with standard practice. Based on other commentary from SAI Netherlands, it is assumed that implementation of the proposed pronouncements does not represent any challenges.

We look forward to discussing the pronouncements on auditor competence at the next FIPP meeting and confirm that the secretariat of the INTOSAI CBC and the TFIAP stand ready to attend to the actions that it committed to in its project proposal, in the build-up to 2022 INCOSAI.

Thank you very much for your support on the journey towards developing these pronouncements over the past number of years. The constructive working relationship between the FIPP and the TFIAP certainly contributed to the success of these efforts and the quality of what was produced.

Kind regards

 25/3/2022

JAN VAN SCHALKWYK

TFIAP CHAIR

Commentary summary document
(should be read together with detailed commentary)

Questions	SAI Norway	SAI Canada	CAS Norway	CAS Azerbaijan	SAI Lithuania	SAI Hungary	SAI Sweden	SAI Brazil	SAI Romania	SA Slovenia	SAI UAE	GAO- USA	SAI Argentina	SAI NZ	NCA	AFROSAI E	ICGFM	SAI Philippines
Question 1: Does ISSAI 150 provide a complete, yet practical set of organizational requirements that SAIs need to consider in ensuring that their auditors have the necessary competencies to conduct audits in line with the ISSAIs and the enabling legislation of the SAI?	Yes (a)	Yes	(c)	(c)	(c)	(d)	N/a	(d)	Yes	Yes	Yes	Yes	(d)	Yes	(d)	Yes	(d)	Yes
Question 2: Does the four organizational requirements in ISSAI 150, supported by a number of considerations at the level of application material, adequately allow for the concept of «global profession, local solution» to play out? In other words, does this allow for appropriate flexibility for a SAI to apply the four organizational requirements in ISSAI 150 with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc?	Yes	Yes	(c)	(c)	(c)	(d)	N/a	(d)	Yes	Yes	Yes	Yes	(d)	Yes	(d)	Yes	(d)	Yes
Question 3: Do the two GUIDs adequately assist SAIs to deal with the concept of determining competencies and developing pathways for professional development, as required in ISSAI 150?	Yes	Yes	(c)	(c)	(c)	(d)	N/a	(d)	Yes	Yes	Yes	Yes	(d)	Yes	(d)	Yes	(d)	Yes
Question 4: With the introduction of a principle on auditor competency management in ISSAI 100, all SAIs must ensure that the new fundamental principle is reflected in their standards and practice. Do you agree that it is considered a fundamental principle of public-sector auditing that a SAI should establish procedures of competency management as proposed and thereby be included in ISSAI 100?	Yes	No (b)	(c)	(c)	(c)	N/a	N/a	N/a	Yes	Yes	Yes	Yes	N/a	Yes	N/a	Yes	N/a	Yes

<p>Question 5: When ISSAI 150 takes effect, SAIs that have adopted the ISSAIs as their authoritative standards should be required to implement and adopt ISSAI 150 in order to be compliant with the ISSAIs. Will it be possible for your SAI to achieve compliance with the proposed requirements by the proposed effective date?</p>	Yes	Yes	(c)	(c)	(c)	(d)	N/a	N/a	Yes	Yes	Yes	Yes	N/a	Yes	(e)	Yes (f)	N/a	Yes
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Legend :

- (a) – required further language changes, which was accommodated
- (b) – wants conforming changes to ISSAI 100 to be wider than Competence management
- (c) – No negative commentary
- (d) – Positive commentary by implication
- (e) – believe that effective date not relevant
- (f) – proposed a staggered approach

Comment tracking

Professional pronouncements on auditor competence (ISSAI 150, GUID 1950 and GUID 1951)

SAI Norway

Number	Comment	Document reference from document	Response	Reference addressing comment in document
1	<p>A general assessment of ISSAI 150 is that it agrees well with how the Office of the Auditor General of Norway actually works with or has plans to work with competence, be it the competence strategy, a number of development measures we have implemented in recent years and how we work with competence in daily life.</p> <p>For the past three years, we have been using elements from the two GUIDs, where, among other things, the draft competence framework for the Office of the Auditor General of Norway is based on GUID 1950, and the two-year training programs are in line with the thinking in GUID 1951.</p>	General reference to all documents	Noted, with thanks	Not applicable
2	<p>Question 1: Does ISSAI 150 provide a complete, yet practical set of organizational requirements that SAIs need to consider in ensuring that their auditors have the necessary competencies to conduct audits in line with the ISSAIs and the enabling legislation of the SAI? Response: Yes.</p> <p>It is a very ambitious goal to set up a complete competence management system with only a few points in an ISSAI. The ISSAI is built around three main parts / phases: planning (requirement 1: defining what we need), implementing (requirements 2 and 3: using all HR tools, emphasizing the creation of paths to professional development) and evaluating / following up (requirement 4: assess whether we get where we are going and whether our measures work well).</p> <p>There are different perceptions of what lies in competence management and how it should happen, and there are many different models with different content. Whether ISSAI 150 defines a complete set of organizational requirements is ensured primarily by requiring comprehensive HR in requirement no. 2, and that all HR tools must be used to ensure the necessary competence. Requirements no. 1, 3 and 4 are more about practical competence management and set specific requirements for what it shall contain.</p> <p>In addition to what ISSAI 150 addresses, we have, for example, tried to link competence management to annual processes in corporate performance management, and use tools such as competence analyzes and competence plans in that context.</p> <p>The Office of the Auditor General of Norway have some suggestions to the wording in some of the requirements to make them clearer. In requirement number 1 we mean that there must be a link to the SAI mandate to give a reason to why it is important that all auditors have the competence required in a SAI. It is to be sure that the audits are conducted in line with the SAI mandate, and of high quality.</p> <p><u>Concrete proposal to change requirement 1:</u> 15) A SAI shall determine and document relevant competencies required for all auditors in order to fulfil the SAI mandate.</p> <p>In requirements number 2 we mean that the tools to achieve the goals must be mentioned, and propose to add attract, recruit, develop and retain auditors.</p>	ISSAI 150, generally and with specific reference to the 4 principles	<p>Fully agree with general narrative – hence the requirements around HR processes.</p> <p>Principle 1, link to mandate - change made.</p> <p>Principle 2, listing HR processes - no change made, as not all SAIs have control over all these processes. Paragraph 25 was specifically inserted to provide some sense of the processes envisaged, with an appropriate “and/or” statement.</p> <p>Principle 4, tools v means – the task force preferred the broader term means as this envisage tools, processes, relationships, etc.</p> <p>Principle 4, monitor v follow up – change made</p>	See the wording of the different principles

	<p><u>Concrete proposal to change requirement 2:</u></p> <p>24) A SAI shall have appropriate human resource management processes and practices in order to attract, recruit, develop and retain auditors with to ensure that its auditors have the relevant competencies determined by the SAI.</p> <p>In requirement number 4 we think that tools is a better word to use than means when we think of competence development. To motivate the auditors in their competence development, we mean that to follow-up is a better word to use than monitor.</p> <p><u>Concrete proposal to change requirement 4:</u></p> <p>34) A SAI shall develop and implement the tools for assessment of competencies and to follow up on auditor development progression or self-development on a periodic basis.</p>			
3	<p>Question 2: Does the four organizational requirements in ISSAI 150, supported by a number of considerations at the level of application material, adequately allow for the concept of «global profession, local solution» to play out? In other words, does this allow for appropriate flexibility for a SAI to apply the four organizational requirements in ISSAI 150 with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc?</p> <p>Answer: Yes.</p> <p>The design of the ISSAI 150 and the guides give us the flexibility needed to design our way of implementing the standard and the GUIDs. There are no bonds in the material that create problems for the Office of the Auditor General of Norway.</p> <p>In general, the content of ISSAI 150 agrees well with both our own competence strategy and various measures we are working on today.</p> <p>The ISSAI 150 and the guidelines help us to focus further, e.g. on clear descriptions / definitions / documentation of competencies and systematics for individual assessment and follow-up.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
4	<p>Question 3: Do the two GUIDs adequately assist SAIs to deal with the concept of determining competencies and developing pathways for professional development, as required in ISSAI 150?</p> <p>Answer to question 3. Yes.</p> <p>The GUIDs are good tools, especially because they provide a comprehensive explanation of the proposed system and what level of detail we should pay attention to.</p>	Both GUIDS, generally	Noted with thanks	Not applicable
5	<p>Question 4: With the introduction of a principle on auditor competency management in ISSAI 100, all SAIs must ensure that the new fundamental principle is reflected in their standards and practice. Do you agree that it is considered a fundamental principle of public-sector auditing that a SAI should establish procedures of competency management as proposed and thereby be included in ISSAI 100?</p> <p>Answer: Yes.</p> <p>Ideally, competence in general and competence management should have been taken care of under ISSAI 140, mainly under management / control and HR.</p> <p>The fact that there are now requirements (in principle the same requirements even though they are designed a little differently) for comprehensive HR, including competence, in both 140 and 150 appears to be a somewhat untidy doubling.</p> <p>A separate ISSAI for competence can give the necessary weight and energy to the work to achieve the goal of professionalizing public auditing, and this measure can well be defended on that basis.</p> <p>The design of the ISSAI 150 is otherwise well adapted for this purpose.</p> <p>In ISSAI 100/36 we would have added <i>in accordance with their mandate</i>. This to make it correspond with ISSAI 150. The paragraph shall than have the following text:</p>	ISSAI 100, paragraph 36	Change made, noting that ISSAI 140 is up for review soon	ISSAI 100, paragraph 37 (after update)

	ISSAI 100/36: Each SAI should establish and maintain procedures for competency management on an organisational level that will provide it with reasonable assurance that the SAI's auditors have the competencies required to fulfil their function in accordance with their mandate.			
6	<p>Question 5: When ISSAI 150 takes effect, SAIs that have adopted the ISSAIs as their authoritative standards should be required to implement and adopt ISSAI 150 in order to be compliant with the ISSAIs. Will it be possible for your SAI to achieve compliance with the proposed requirements by the proposed effective date?</p> <p>Answer : Yes.</p> <p>We may have the systems (policies and procedures) in place during 2022, but fully implemented practices will take a longer time, especially related to requirement no. 4.</p>	Not applicable	Noted with thanks	Not applicable
7	<p>ISSAI 150 page 5 and onwards, it is indicated ISSAI 400 - Compliance Audit principles on the top and not ISSAI 150.</p> <p>GUID 1950 page 9 and onwards, it is indicted GUID 3910 - Central Concepts for Performance Auditing on the top.</p> <p>In GUID 1951 page 5, point 5 should be the objective of GUID 1951 and not GUID 7500. In GUID 1951 page 6 and onwards, it is indicted GUID 3910 - Central Concepts for Performance Auditing on the top.</p>	General formatting	<p>The challenges originated in the original formatting of the documents in the appropriate IFPP format. The PSC has since corrected this formatting hiccup.</p> <p>Paragraph 5 of GUID 1951 – change made</p>	Paragraph 5 of GUID 1951

SAI Canada (in addition to the commentary already provided by the SAI Canada member of the TFIAP)

Number	Comment	Reference	Response	Reference addressing comment
8	<p>Question 1: Does ISSAI 150 provide a complete, yet practical set of organizational requirements that SAIs need to consider in ensuring that their auditors have the necessary competencies to conduct audits in line with the ISSAIs and the enabling legislation of the SAI?</p> <p>Answer: Yes - ISSAI 150 provides a complete set of practical organizational requirements.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
9	<p>Question 2: Does the four organizational requirements in ISSAI 150, supported by a number of considerations at the level of application material, adequately allow for the concept of “global profession, local solution” to play out? In other words, does this allow for appropriate flexibility for a SAI to apply the four organizational requirements in ISSAI 150 with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc.?</p> <p>Answer: Yes - We see throughout the document and in the choice of words that an effort was made to allow for flexibility in the application of the four organizational requirements.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
10	<p>Question 3: Do the two GUIDs adequately assist SAIs to deal with the concept of determining competencies and developing pathways for professional development, as required in ISSAI 150?</p> <p>Answer: Yes - while we noted a number of inconsistencies between ISSAI 150 and the Guides, our view is that the concepts can easily be applied. Please see our more detailed comments in the Annex below.</p>	Both guides, generally	Noted with thanks. TFIAP was not sure about the inconsistencies noted, but will attend to the additional commentary provided to the extent relevant	Not applicable
11	<p>Question 4: With the introduction of a principle on auditor competency management in ISSAI 100, all SAIs must ensure that the new fundamental principle is reflected in their standards and practice. Do you agree that it is considered a fundamental principle of public-sector auditing that a SAI should establish procedures of competency management as proposed and thereby be included in ISSAI 100?</p>		<p>No change made.</p> <p>The trigger for the conforming change is work on auditor competence and not HR management. To use work on</p>	Not applicable

	<p>Answer: No - in our view ISSAI 100 should focus on the fundamental principle that is to have in place policies and processes for sound human resources management practices. Auditor competence is only one aspect of the overall management of an SAI human resources.</p> <p>Section 5 of ISSAI 100 paragraph 34 states the following:</p> <p>“The principles detailed below are fundamental to the conduct of an audit. Auditing is a cumulative and iterative process. However, for the purposes of presentation the fundamental principles are grouped by principles related to the SAI’s organisational requirements, general principles that the auditor should consider prior to commencement and at more than one point during the audit and principles related to specific steps in the audit process.”</p> <p>ISSAI 100 only includes one organizational requirement which states that SAIs should establish and maintain appropriate procedures for ethics and quality control. It is proposed to add Auditor competence as an additional organizational requirement.</p> <p>When compared to the current ISQC standard we note the absence of the following organisation level requirements/principles.</p> <ul style="list-style-type: none"> • Leadership responsibilities for quality within the firm or SAI • Acceptance and continuance of client relationships • Human resources • Engagement performance • Monitoring <p>Auditor competence is only partially filling the gap related to the Human resources element. While ISSAI 150 speaks to sound human resource management practices and processes in paragraph 25, its main focus is on competence and professional development.</p> <p>We encourage INTOSAI to consider adding more perspectives on the management of the other human resources elements listed in paragraph 25. The addition of principles and requirement for SAIs to adopt policies and procedures directing important human resources activities such as resource planning, recruitment, retention and performance management in ISSAI 150 or in another ISSAI would in our view increase SAIs ability to fulfil their mandate and conduct high-quality and effective audits.</p> <p>Additionally, ISSAI 100 would benefit from a closer alignment with ISQC or the up-coming ISQM1 standards as it relates to the human resources element and other important considerations.</p>	<p>ISSAI 100, relevant sections from paragraph 34 to 36</p>	<p>competence management to argue a broader change to ISSAI 100 is therefore perhaps not appropriate, in the context of this project.</p> <p>At heart of this comment lies the question whether the key principle relates to the need for competent people or for appropriate human resource practices. Based on the TFIAP’s understanding of the standards (referencing the analysis of these done at the start of the project) and the INTOSAI definition of professionalism, the principle issue at hand is to have competent auditors in place (the primary reason), which then asks of the SAI to have appropriate HR practices in place to ensure this (the secondary reason).</p> <p>The TFIAP is clear that its work focused on auditor competence and therefor believe that any related confirming changes should be limited to just that. Any broader changes to ISSAI 100 falls outside the mandate of the TFIAP and rests with the FIPP.</p>	
<p>12</p>	<p>Question 5: When ISSAI 150 takes effect, SAIs that have adopted the ISSAIs as their authoritative standards should be required to implement and adopt ISSAI 150 in order to be compliant with the ISSAIs. Will it be possible for your SAI to achieve compliance with the proposed requirements by the proposed effective date?</p> <p>Answer: Yes - ISSAI 150 requirements are standard practice in Canada. We support its adoption by SAIs.</p>	<p>Not applicable</p>	<p>Noted with thanks</p>	<p>Not applicable</p>
<p>13</p>	<p>Comments on ISSAI 150:</p> <p>Paragraph 12 (Page 8): The definition of competence on page 8 is not quite right and is somewhat inconsistent in how the term is used throughout the 3 documents. A competence is the observable behaviours that employees demonstrate successfully on the job. Those behaviours are the result of</p>	<p>ISSAI 150, paragraph 12 (Page 8)</p>	<p>In evaluating the input, the problem appears to lie in the fact that the definition already attempts to deal with the documentation and/or measurement part of competence management. In addressing the input, the</p>	<p>ISSAI 150, paragraph 13 (after update). Also triggered conforming changes to the definition in GUIDs 1950 and 1951</p>

	<p>various abilities, skills, knowledge, motivations, and traits an employee may possess. It is the behaviours that are measurable at the competency level – not the skill or knowledge.</p> <p>In relation to the comment above paragraph 23 (Page 10): The determination of competencies in a SAI is also impacted by career progression. Where technical competence skills may be the overriding consideration at the start of an auditor’s career, managerial and leadership competencies skills or behaviours may become increasingly important as the auditor progresses career-wise.</p>		<p>definition was stated more generically, with an addition to paragraph 19 to bring in the dimension of measurable behavior, as also described in GUID 1950.</p>	
14	<p>Paragraph 28 (Page 13): The framework makes a clear distinction on the baseline competence for an auditor to be able to manage and audit with the auditing standards and continuing development which is critical. However, these statements appear to be contradictory to the point made in GUID 1951 where a learning strategy needs to focus on a baseline or preparing for the future. It would be important to ensure overall alignment of the guidance with the ISSA.</p>	ISSAI 150, paragraph 28 (Page 13):	<p>Fully agree – hence the focus on CPD in the (b) section of this paragraph. The element of “future readiness” that was contained in previous versions, has, as a result, been brought back into the text.</p>	ISSAI 150, paragraph 29 (after update)
15	<p>Paragraph 27 (Page 13): Requirement 3: A SAI shall establish dedicated pathways for professional development of auditors, specifically tailored to the SAI’s mandate, regulatory framework, organisation structure and needs. This is more or less the definition of a curriculum not that of a pathway.</p> <p>Pathways successfully blend the needs of the organization with the needs and wants of the employee in order to ensure learning and growth as well as competency development. Pathways empower employees by giving them control, choice and agency over their professional development. We encourage the revision of this requirement to better align with the common Learning and Development industry definitions.</p>	ISSAI 150, paragraph 27	<p>While the authors agree with the ideal notion that a pathway should describe the individual’s control, choice and agency over their professional development (as per the comment) in reality, this may not hold true for the majority of SAIs, even in very developed, mature circumstances (refer to some of the options described in GUID 1951). The TFIAP will consider an appropriate reference in GUID 1951.</p>	<p>ISSAI 150 – no change made (although partly catered for in the change in paragraph 31 (after update)– see input item 16)</p> <p>GUID 1951 – see new paragraph 28</p>
16	<p>Paragraph 30 (Page 14): All pathways for professional development contain appropriate elements of: a. external learning opportunities (such as a degree at a university, SAI academy or similar institution); b. internal learning opportunities (such as specific training courses); and c. practical experience.</p> <p>Pathways should also always include elements of self-reflection and assessment, targeted goal setting and immediate and meaningful feedback. (See above comment on Paragraph 27)</p>	ISSAI 150, paragraph 30 (Page 14):	Change made	ISSAI 150, paragraph 31 (after update)
17	<p>Comments on GUID 1950:</p> <p>Paragraph 18 (Page 9): The T shaped design is an interesting and easy to understand approach to baseline cross curricular competencies and more in depth specialized competencies and is a good example of what it could look like in the annex. However, in the annex, we don’t see a progression in the competency i.e. for different level of auditors.</p>	GUID 1950, paragraph 18 (Page 9):	<p>The TFIAP intentionally decided to only provide a basic framework that describes an auditor that is proficient to execute an audit (see GUID 1950, paragraph 27), as trying to provide an example of a progression framework may be more confusing that it would add value. The concepts of career progression and possible ways of addressing this are addressed in GUID 1950, paragraphs 40 and 41.</p>	Not applicable
18	<p>Annex Table (Page 23): For each of the competencies we provide an explanation. We wonder it would not be more appropriate to label the column as “Expected Behaviours”. Expected behaviours will be used to evaluate an auditor’s performance. An explanation is not very binding compared to expected behaviors.</p>	GUID 1950, annex Table (Page 23):	Agreed	GUID 1950, annexure headings

19	Paragraph 31 (a) (Page 14): We question the use of the word attribute. An attribute is defined as a quality or feature regarded as a characteristic or inherent part of someone or something. The word “attribute” is commonly used in auditing but less in reference to competence. We suggest replacing the word attribute with the words “behaviour” or “skill” which seem more appropriate in the context. Attributes cannot be learned. We recommend: leadership behaviours at the managerial level. In reviewing paragraphs a) to e) examples they all fall in the skills or behaviours categories and are, in view, more than considerations or attributes.	GUID 1950, paragraph 31 (a) (Page 14):	Change made	GUID 1950: Paragraph 31 (a) (Page 14):
20	Paragraphs 43 and 44 (Page 19): The paragraphs discuss competency correctly as an observable behaviour but this is contradictory to the definition in ISSAI150. Attributes are mentioned here as well, we recommend that these be changes to interpersonal skills or another appropriate term	GUID 1950, paragraphs 43 and 44 (Page 19):	1 - See change to definition 2 – This is a direct quote from the definition, which was arrived at after intense debate in TFIAP – no change	Not applicable
22	Comments on GUID 1951: Paragraph 9 (Page 8) Definitions: Pathways - Please refer to comment 4 above concerning pathways versus curriculums.	GUID 1951, paragraph 9 (Page 8) Definitions	See responses to items 15 and 16 above	GUID 1951, new paragraph 28
23	Step 1, Paragraph 16 (Page 9) mentions that a learning strategy needs to be established and it should focus on either creating a sustainable baseline for the SAI to execute its mandate OR it is aimed at preparing the SAI for the future. We recommend replacing the word “or” by the word “and can also be”. In our view both objectives can be attained.	GUID 1951, step 1, paragraph 16 (Page 9)	The original text already contains the word “and” and not the term quoted. Appropriateness confirmed with language expert that reviewed the document. No change made.	Not applicable
24	Step 7(Page 14): Another important consideration in this step is the visible support of the SAI leadership. From enrolment to attendance and utilisation of the newly acquired skills, leadership support for the development initiative is a critical enabler, confirming the value-add of the skills being developed in addressing current work needs and, in the longer run, achievement of the SAI’s strategy.	GUID 1951, step 7(Page 14):	No change proposed?	Not applicable

Consolidated feedback from Compliance Audit Sub-Committee (CAS)

1. SAI Norway Representative:

Number	Comment	Reference	Response	Reference addressing comment
25	ISSAI 100 related to new ISSAI 150 paragraph 36: add “in accordance with their mandate” to the first sentence to read “Each SAI should establish and maintain procedures for competency management on an organisational level that will provide it with reasonable assurance that the SAI’s auditors have the competencies required to fulfil their function in accordance with their mandate”	ISSAI 100 related to new ISSAI 150 paragraph 36	Already addressed as part of SAI Norway commentary – see items 2 and 5 above	Not applicable
26	ISSAI 150 paragraph 15: Suggested text to make the requirement more focused – “A SAI shall determine and document what is relevant competencies required for all auditors to fulfil the SAI mandate.”	ISSAI 150 paragraph 15		
27	ISSAI 150 paragraph 24: It is advisable to explain what the processes and practices are in the requirement, not only in the application text. The paragraph should then be: “A SAI shall have appropriate human resource management processes and practices in order to attract, recruit, develop and retain auditors with relevant competencies determined by the SAI”	ISSAI 150 paragraph 24:		
28	ISSAI 150 paragraph 34: the use of the word monitor can be perceived as rather strict. It is maybe better to use the word ‘follow-up’. Maybe also use the word ‘tools’ instead of ‘means’ to make it broader. The paragraph should then be: “A SAI shall develop and implement the tools for assessment of competencies and follow up on auditor development progression or self-development on a periodic basis.”	ISSAI 150 paragraph 34:		

Consolidated feedback from Compliance Audit Subcommittee (CAS)

2. Azerbaijan Representative

Number	Comment	Reference	Response	Reference addressing comment
29	The documents were reviewed and we consider these documents acceptable and useful for the future activities of Supreme Audit Institutions	General reference to all documents	Noted with thanks	Not applicable

National Audit Office of Lithuania

Number	Comment	Reference	Response	Reference addressing comment
30	SAI Lithuania supports all three documents and appreciates effort that was put into drafting those. While seeing documents as being prepared in a very professional manner, we further provide some comments / suggestions on those three documents:	General reference to all documents	Noted with thanks	Not applicable
31	ISSAI 150: Overall, we would find very useful, if more detailed reference to GUID 1950 and 1951 would be provided where they provide guidance to certain requirement of the standard. Would make it easier to look it up. All three documents include explanation of same terms, so we would suggest to have those main terms in ISSAI 150, and only include references to this ISSAI in GUID1950 and 1951 as to avoid repetition of the same information	ISSAI 150, general drafting conventions	Drafting, including references and “scaling down of definitions” was done in line with FIPP guidance. Any decision to revisit will have to be at the level of the FIPP.	Not applicable, FIPP to consider against required drafting conventions
32	Paragraph 36 talks about providing the SAI with reliable information about the success of development interventions undertaken and the impact of these interventions on the work of the SAI. At the moment in our SAI we feel like we need more information as to what is considered reliable information and whether it is always possible to reliably assess impact of each individual development intervention (e.g. training course).	ISSAI 150, paragraph 36	The reference is intentionally generic as the expectation is that a SAI should ideally not embark on an intervention if it is not able to specify upfront what the expected outcome should be. This would differ from SAI to SAI and from intervention to intervention. GUID 1951, new paragraph 42 spells that out in detail.	Not applicable
33	GUID 1950: Paragraph 7(c) refers to paragraph 6(b). Should it be 7(b) instead? Or is it about some other document – which then should be mentioned.	GUID 1950, paragraph 7(c)	Change made	GUID 1950, paragraph 7(c)
34	We think the reader might find it useful if paragraph 16 would contain certain overlook of what will be presented further in the document – maybe by simply listing titles A, B and C?	GUID 1950, paragraph 16	Not convinced of value-add, no change made.	Not applicable
35	Formatting of the title “Alignment to the INTOSAI Framework of Professional Pronouncements” should be changed in order to align it to the following titles (“Ongoing relevance”, “Core consistency”, etc)	GUID 1950, paragraph 22	Change made	GUID 1950, paragraph 22
36	Should paragraph 53 belong in page 20, rather than in ANNEX (page 21)? Reg. 1950th GUID: Numbers of guidelines (7500 or 7600) should be corrected in the 5th paragraph, table on page 18 as well as table on page 27.	GUID 1950, formatting issues	Noted – this relates to a formatting challenge at the time of the PSC reworking the TFIAP documents into a IFPP format. Will be addressed at the time of final formatting	Not applicable, flag for final editing process

SAI of Hungary

Number	Comment	Reference	Response	Reference addressing comment
37	The Audit Office of Hungary essentially agrees with the content of draft ISSAI 150 and the GUID 1950 and 1951, and is able to fully comply with the guidelines (requirements?) set out in the draft ISSAI 150 standard by the expected date of entry into force (1 January 2023).	General reference to all documents	Noted with thanks	Not applicable
38	We recommend that the development of the competency framework, and in particular the establishment of the related recruitment and performance evaluation methods, and the use of its results in the allocation of resources shall be carried out by the SAI in accordance with the applicable labor law and data protection regulations in their up-to-date version	ISSAI 150 and related guidance, generally	Limitations noted in text	ISSAI 150, new paragraph 12. Done in consultation with FIPP liaison officer, recognizing that FIPP will have final guidance

39	Furthermore, we recommend to draw attention to the legal risks of defining and measuring certain competencies related to psychological or personality traits. In addition to labor law and data protection aspects, we recommend not including personal competencies in the appendix to the GUID 1950 guide, which in our opinion do not fall within the factors determining the professionalism of a public finance auditor (for example the assessment of emotional intelligence may reveal specific psychological and health features of a given person or the assessment of the respect of diversity may relate to specific data on philosophical beliefs)	ISSAI 150 and related guidance, generally	As for item 37	Not applicable
40	It is recommended that the competencies imposed on public financial auditors formulate objective requirements for suitability for work and professionalism	ISSAI 150 and related guidance, generally	Noted, can be addressed as part of SAI specific considerations in SAI policies and/or frameworks	ISSAI 150, drafting conventions
41	With respect to the accelerated digitalisation processes and the introduction of technological innovations concerning the management of human resources, it is proposed to emphasize that IT systems supporting decision making are acceptable, but decision-making automation should be avoided.	ISSAI 150 and related guidance, generally	Noted, can be addressed as part of SAI specific considerations in SAI policies and/or frameworks	Not applicable
42	During the measurement of basic skills, creating related database, and then in the phase of utilisation and application in practice, it is extremely important to bear in mind the full compliance with the labor law and data protection regulations in force in their up-to-date version. It is also recommended that digitization skills and competencies shall be included at the basic level of skills in the draft GUID 1950 guide. With best regards,	ISSAI 150 and related guidance, generally	As for item 37	Not applicable

Swedish National Audit Office

Number	Comment	Reference	Response	Reference addressing comment
43	Comments to ISSAI 150 General comment on table of contents - another numbering to make structure of content easier to follow The paragraphs in this present draft, run from 1 to 38 without reference to chapter or which organisational requirement the paragraph relates to. The structure would be easier to understand and follow if the numbering would originate from a chapter and relate to a specific requirement.	ISSAI 150, drafting conventions	Noted – numbering is largely dictated with drafting conventions, but an index will be added once the text has been finalised	Not applicable, but flag adding of an index to all three pronouncements as part of the final editing process.
44	General comment on graphic design – recommendation to use illustrations to highlight key statements Discrete illustrations to single out key statements, would add value to make the content more user-friendly. An example: paragraph (6) states the purpose of the document and a highlight, like a background of a different colour, would make the content stand out and add to the design. A different graphic could also apply to the headlines/organisational requirements 1-4	ISSAI 150, drafting conventions	Noted, but not possible given a) drafting conventions, b) look and feel of IFPP and c) ROI considerations within the TFIAP. No change made to documents, but will be considered as part of implementation support.	Not applicable
45	Illustration as part of an introduction Chapter 5 It would add value if a graphic illustration would be added at the beginning of chapter 5. It would add to the understanding of what the chapter contains if a graphic illustration would show the headlines connected to the organisational requirements. A good example of how illustrations help the understanding of the content, are page 8-9 in the CBC Competency Framework for public sector audit professionals at Supreme Audit institutions (updated July 19).	GUID 1950 -illustration as part of an introduction Chapter 5	This has been tried out in earlier versions of the document and, given the confusion created, the idea was abandoned. Also note the comment re TFIAP ROI considerations in 44 above. No change made to document, but will be considered as part of implementation support.	Not applicable
46	Clarification where the GUIDs apply - refer to “further reading and support” in an illustrated “box” An illustration of a box, which includes text that directs reader to a GUID can be helpful to understand the organisational requirement and the application material. An example: next to the text “organisational requirement 1”, have a box that informs the reader that GUID 150 is applicable.	ISSAI 150, drafting conventions	Not advised in terms of current drafting conventions, but am aware that PSC is advocating for this in a more refined future version of the IFPP. No change made to document, but will be considered as part of implementation support.	Not applicable

47	<p>Specific comment regarding paragraph (13) – broaden definition of competency framework to include groups/teams A competency framework is described/defined as a model that defines the competencies expected of an individual auditor. This is applicable to how Swedish NAO works with competency development. There is a clear pathway how to develop and ensure that every auditor holds the required competency to perform the audit. As explained in paragraph (21), the competency framework can also be applied to groups or teams. An approach at the Swedish NAO is to define the required competences to perform audit based on a team, not only on individual auditors. This is more frequent within performance audit. A recommendation is to add this application to paragraph (13).</p>	ISSAI 150, paragraph 13	Change made	ISSAI 150, new paragraph 14 (after update). Conforming changes made to definitions in GUID 1950 and 1951
48	<p>Specific comment regarding paragraph (25) – a description of what HR contains As previously commented: the GUIDs do not give adequate support and guidance on how to deal with organisational requirement 2 (“A SAI shall have appropriate human resource management processes and practices to ensure that its auditors have the relevant competencies determined by the SAI”). The strategies and processes which paragraph 25 refers to, are extensive and contain most HR strategies/policies which characterizes a well-developed HR function. The two GUIDS do not address these strategies and processes enough to support the application of this requirement. A recommendation is to refer to material which offer further support how to develop and implement that which paragraph 25 refers to (CBC HR Manual or regional HR handbooks?). To make the list of processes complete, add to the list in paragraph 25: Induction, Leadership development, Staff wellness and Exit.</p>	ISSAI 150, paragraph 25	<p>Agreed. This was specifically scoped out of the TFIAP project proposal made to FIPP, purely for practical / resourcing reasons. The current CBC guide on HR practices (a document outside the IFPP) is being revised with a view to adoption at INCOSAI 2022.</p> <p>As to the completeness of the list of HR practices – a more open-ended statement was included to allow for addition of other HR processes.</p>	<p>Not applicable</p> <p>ISSAI 150, new paragraph 26 (after update)</p>
49	<p>Comments to GUID 1950 General comment on graphic design – use illustrations A general suggestion to the GUID is to include as many illustrations as possible, to improve and help understanding. The content is quite complex (even for someone well acquainted with HR) and any design that helps to highlight, summarise, or illustrate processes step-by-step - would add value. An idea is to highlight parts which help readers to a categorization like “must have”, “need to have” or “nice to have”. This would help SAIs with less developed HR functions to know what to prioritise to get a competency framework in place.</p>	GUID 1950, additional examples and additional illustrations	This was considered at the TFIAP, but given TFIAP ROI and scope considerations, the idea was abandoned. No change made.	Not applicable
50	<p>General comment on disposition of content Chapter 5 and onwards When reading about the T-bar (paragraph 17-20), it would be logical for the reader to get a continuation and an explaining of the methodology of how to, step-by step. A more user-friendly continuation would be to go on reading paragraph 31-43 and continue with paragraph 27-30 and a final chapter about assessment paragraph 44-52. This would create a flow of going from general instruction to more specific information (that may not be applicable to all SAIs). Paragraph 21-26 feels like a side-track in this flow of “step-by-step-guide”.</p>	GUID 1950, chapter 5	Noted – this was the flow of information decided on by the TFIAP (already a departure from the original guide), as its view of the most logical flow. No change made.	Not applicable
51	<p>General comment – add introduction about competency framework It would be useful to get an introduction of the competency framework and its purpose in chapter 3, before unpacking it into definitions and methodology. A reference is chapter 2, in the CBC Competency Framework for Public Audit Professionals at Supreme Audit institutions (updated July 2019). That kind of HR-related introduction, showing the benefits of a competency framework, gives the reader a good overview of how the competency framework is a useful platform for a variety of HR-related processes. An introduction about the competency framework would improve the understanding of paragraph 17 and onwards. It would also add to the understanding of how the processes in paragraph (25), ISSAI 150, are connected to one another.</p>	GUID 1950, general comment re introduction	In the July 2019 guide, the need for a competency framework was explained in detail, given that this was a stand-alone document. It’s current positioning as explanatory guidance following the introduction of a set of requirements in ISSAI 150 achieves the same (in other words GUID 1950 should be read in the context of ISSAI 150). Any additional introductory comments may confuse or weaken the linkages with ISSAI 150. No change made.	Not applicable
52	<p>Specific comment regarding paragraph (26) – give example work task connected to competency Recommendation to add a work-related task for an auditor, for each competency. This will clarify what the competency is needed for and how the competency will be demonstrated.</p>	GUID 1950, paragraph (26)	By implication, this is achieved in the annexure, through the broad grouping of competencies in 5 clusters that correlate with a) the	Not applicable

			audit process and b) the IFPP. No change made.	
53	Specific comment regarding paragraph (31) to (37) – summarize this section Recommendation to use graphic design/illustrations to summarize paragraphs 31-37 and make the section less extensive. Have illustration to show “Abilities and skills to perform well” and summarize the text.	GUID 1950, paragraph (31) to (37)	This was considered at the TFIAP, but given ROI and scope considerations, the idea was abandoned. No change made to document, but will be considered as part of implementation support.	Not applicable
54	Specific comment regarding chapter 6 – annex Is there a template/form that could be included, with no text, but only headlines to use when getting started and documenting their framework?	GUID 1950, chapter 6	No change made to document, but will be considered as part of implementation support.	Not applicable

SAI of Brazil / TCU

Number	Comment	Reference	Response	Reference addressing comment
55	Please notice that in some parts of the document there are references to GUID 7500 and 7600 instead of GUID 1950 and 1951.	General formatting	The challenges originated in the original formatting of the documents in the appropriate IFPP format. The PSC has since corrected this formatting hiccup.	Not applicable
56	Paragraph: In general terms, the SAI Brazil supports all three documents. We would only like to emphasize that a complete competency framework is not necessarily enough. Even if we have adequate and well-defined competencies, the auditors might not get access to them in practice. Having a framework is different from using and applying it. When a SAI doesn't apply the competencies in human resources management processes, there is more space for "political" arrangements in people management.	All three pronouncements	Support is noted with thanks. Agree with principle that a competency framework is not enough, hence the broader context of the 4 requirements in ISSAI 150 and the more detailed guidance on developing pathways in GUID 1951. No change made.	Not applicable
57	The SAIs must apply the mapped competencies in practice, which is probably quite simple for SAIs in developed countries. However, in the developing countries it is not the case. It would be good to make clear that the SAIs need to have a framework of competencies for the auditors, and stress that these need to be applied in the work processes.	All three pronouncements	The requirements of ISSAI150 “forces” implementation beyond just “having a framework”. Adherence to principles such as institutionalizing pathways and assessing competence, by their very nature implies implementation. No change made.	Not applicable
58	In the TCU we have the competencies mapped since 2003, however they have not been taken into consideration in most management processes. Only recently the capacity building has addressed the gaps in the identified competencies. The departments carried out diagnosis about the gaps to ask for capacity building activities. This is a good example of the attitude change of the SAI. Nowadays the competencies are basis for decision-making, which is essential for the success of the framework. Not related to the document as such, we would just like to share with you our experience in creating capacity building paths for auditors: we have not made a distinction between performance and compliance audit. There are 16 competencies that apply to both. Only the differences are addressed in separate courses. For financial audit, we have a specific learning path. As said, this is not related to these documents, rather it is aimed to contribute to the wider discussion in Intosai about the differences or similarities between the three audit types	All three pronouncements	The combination of certain audit types appear to be quite commonplace. GUID 1950 confirms the principles, while the recent Global Stocktaking Report also indicate that this idea of “integration: is gaining traction in the market	Not applicable

Romanian Court of Accounts

Number	Comment	Reference	Response	Reference addressing comment
59	General comments on ISSAI 150, GUID 1950 and GUID 1951 from the Romanian Court of Accounts: Following the analysis of the materials exposed for comments by the CBC, it can be noticed a coherence of information between the three materials, correct reference introduced in order to avoid duplication of information, clarity of principles and flexibility of guidance provided, as well as fluidity of texts within their contents	All three pronouncements	Noted with thanks	Not applicable
60	The draft ISSAI 150 standard provides a complete and practical set of organizational requirements that the Romanian Court of Accounts has already taken into consideration in developing the job profile of the position, to ensure that auditors have the necessary competencies to perform audits in accordance with ISSAI standards and with the applicable legislation in the context of the audit missions in which they will be designated	ISSAI 150, general	Noted with thanks, would appear to support implementation date by implication	Not applicable
61	The four organizational requirements of the ISSAI 150 standard, together with the application instructions, will allow the auditor to carry out his audit profession in an adjustable way, in accordance to the audit mandate of the Romanian Court of Accounts, the applicable legislation, and the size of the institution's audit capacity.			
62	The two GUIDs 1950 and 1951, come to support of the Romanian Court of Accounts on the framework for the development of competencies and guidance regarding professional development, as provided by the basic standard ISSAI 150.	GUID 1950 and 1951, general	Noted with thanks	Not applicable
63	The intention to create a link between ISSAI 150 and ISSAI 100 and the introduction of the principle of management of auditors' competencies in the ISSAI 100 standard at points 36 and 40 can be considered appropriate.	ISSAI 100 v ISSAI 150	Noted with thanks	Not applicable
64	The Romanian Court of Accounts will ensure that ISSAI 100 and ISSAI 150 are taken over and reflected by its own standards, competency management procedures and audit practice, after the respective principles will be approved by INCOSAI.	ISSAI 100 v ISSAI 150	Noted with thanks, would appear to support implementation date by implication	Not applicable
65	There are no observations from the Romanian Court of Accounts regarding the deadline provided by the standard (January 2023), which is reasonable for the adoption and implementation of the requirements of the ISSAI 150 standard by member SAIs of INTOSAI	All three pronouncements	Noted with thanks	Not applicable
66	Proposals to improve GUID 1950 and GUID 1951 Since the draft proposal regarding the professional competencies of the auditor is to elaborate some guides with coding 7500 and 7600, and the material exposed for comments has the coding 1950 and 1951, we propose to correct the references from paragraph 5, question no. 1/description, question no. 2/standards, question no. 3/standards and question no. 4/description, all from GUID 1951. We propose that the last paragraph of point 29, of GUID 1950, should be considered as letter (b). We propose that the text in point 35 of the GUID 1950 should contain only the competencies for performance auditing and that for compliance auditing should be taken as text in a new point 36.	All three pronouncements	The challenges in coding originated in the original formatting of the documents in the appropriate IFPP format. The PSC has since corrected this formatting hiccup.	Not applicable
		ISSAI 1950, paragraph 29	Change made	ISSAI 150, paragraph 29
		ISSAI 150, paragraph 35	Noted, not considered necessary, as it is clearly dealing with two distinct examples	Not applicable

SAI of Slovenia

Number	Comment	Reference	Response	Reference addressing comment
67	<p>Question 1: Does ISSAI 150 provide a complete, yet practical set of organizational requirements that SAIs need to consider in ensuring that their auditors have the necessary competencies to conduct audits in line with the ISSAIs and the enabling legislation of the SAI?</p> <p>SAI Slovenia: Yes, in our view the proposed ISSAI 150 provides a complete and adequately flexible set of requirements.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
68	<p>Question 2: Does the four organizational requirements in ISSAI 150, supported by a number of considerations at the level of application material, adequately allow for the concept of “global profession, local solution” to play out? In other words, does this allow for appropriate flexibility for a SAI to apply the four organizational requirements in ISSAI 150 with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc.?</p> <p>SAI Slovenia: In our case the organisational requirements in ISSAI 150 allow for the necessary flexibility to take into account the specifics of our size, mandate and legislation.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
69	<p>Question 3: Do the two GUIDs adequately assist SAIs to deal with the concept of determining competencies and developing pathways for professional development, as required in ISSAI 150?</p> <p>SAI Slovenia: With reference to our established and recently updated schemes and system for professional development, the two GUIDs would be adequate assistance in setting up such schemes.</p>	GUID 1950 and 1951, generally	Noted with thanks	Not applicable
70	<p>Question 4: With the introduction of a principle on auditor competency management in ISSAI 100, all SAIs must ensure that the new fundamental principle is reflected in their standards and practice. Do you agree that it is considered a fundamental principle of public-sector auditing that a SAI should establish procedures of competency management as proposed and thereby be included in ISSAI 100?</p> <p>SAI Slovenia: Yes, we agree with procedures of competency management be considered a fundamental principle. We have included such approach in our procedures and regulations already.</p>	ISSAI 100 v ISSAI 150	Noted with thanks	Not applicable
71	<p>Question 5: When ISSAI 150 takes effect, SAIs that have adopted the ISSAIs as their authoritative standards should be required to implement and adopt ISSAI 150 in order to be compliant with the ISSAIs. Will it be possible for your SAI to achieve compliance with the proposed requirements by the proposed effective date?</p>	ISSAI 150, generally	Noted with thanks	Not applicable

	SAI Slovenia: Our requirements, procedures and regulations are already in compliance with the proposed ISSAI 150			
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SAI UAE

Number	Comment	Reference	Response	Reference addressing comment
72	We would like to begin by thanking the INTOSAI Capacity Building Committee (CBC) and specifically the Task-force on INTOSAI Auditor Professionalization (TFIAP) for developing the proposed pronouncements that aim to help ensure the operational effectiveness of a Supreme Audit Institution (SAI) through the continuous development of the capacities of its work force. As Chair of the Financial Audit and Accounting Subcommittee of INTOSAI (FAAS), we certainly believe in the benefits of the application of the financial auditing standards and guidance that FAAS develops and maintains but we also understand that these benefits can only be fully realized when these standards and guidance are effectively operationalized through the development and implementation of appropriate audit methodologies that are applied by competent audit professionals. The inclusion of a new fundamental principle and of a new standard and related guidance dealing specifically with auditor competence in the INTOSAI Framework for Professional Pronouncements (IFPP) is therefore a very important and appropriate IFPP development that will help ensure that all SAIs prioritize the development of their work force in a manner that is feasible, sustainable, and most appropriate in their circumstances.	All three pronouncements	Insightful comment. Noted with thanks.	Not applicable
73	Question 1 Does ISSAI 150 provide a complete, yet practical set of organizational requirements that SAIs need to consider in ensuring that their auditors have the necessary competencies to conduct audits in line with the ISSAIs and the enabling legislation of the SAI? Yes	ISSAI 150, generally	Noted with thanks	Not applicable
74	Question 2 Does the four organizational requirements in ISSAI 150, supported by a number of considerations at the level of application material, adequately allow for the concept of “global profession, local solution” to play out? In other words, does this allow for appropriate flexibility for a SAI to apply the four organizational requirements in ISSAI 150 with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc.? Yes	ISSAI 150, generally	Noted with thanks	Not applicable
75	Question 3 Do the two GUIDs adequately assist SAIs to deal with the concept of determining competencies and developing pathways for professional development, as required in ISSAI 150? Yes	GUID 1950 and 1951, generally	Noted with thanks	Not applicable
76	Question 4 With the introduction of a principle on auditor competency management in ISSAI 100, all SAIs must ensure that the new fundamental principle is reflected in their standards and practice. Do you agree that it is considered a fundamental principle of public-sector auditing that a SAI should establish procedures of competency management as proposed and thereby be included in ISSAI 100? Yes	ISSAI 100 v ISSAI 150	Noted with thanks	Not applicable
77	Question 5 When ISSAI 150 takes effect, SAIs that have adopted the ISSAIs as their authoritative standards should be required to implement and adopt ISSAI 150 in order to be compliant with the ISSAIs. Will it be possible for your SAI to achieve compliance with the proposed requirements by the proposed effective date? Yes	ISSAI 150, generally	Noted with thanks	Not applicable

Number	Comment	Reference	Response	Reference addressing comment
78	<p>Question 1: Does ISSAI 150 provide a complete, yet practical set of organizational requirements that SAIs need to consider in ensuring that their auditors have the necessary competencies to conduct audits in line with the ISSAIs and the enabling legislation of the SAI?</p> <p>Yes, ISSAI 150 appears to provide a complete, yet practical set of organization requirements, and we did not identify any additional requirements that SAIs would need to consider</p>	ISSAI 150, generally	Noted with thanks	Not applicable
79	<p>Question 2: Do the four organizational requirements in ISSAI 150, supported by a number of considerations at the level of application material, adequately allow for the concept of “global profession, local solution” to play out? In other words, does this allow for appropriate flexibility for a SAI to apply the four organizational requirements in ISSAI 150 with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc.?</p> <p>It is our view that, in general, the four organizational requirements in ISSAI 150 provide flexibility for applying such requirements in a SAI’s organization, with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc.</p> <p>We provide Page 2 suggestions to enhance proposed Organisational requirement 2 as follows (additions in italics): Organisational requirement 2 A SAI shall have appropriate human resource management processes and practices to ensure that its auditors have possess the relevant competencies determined by the SAI. The audit organization shall assign auditors to conduct the engagement, who before beginning work on the engagement, collectively possess the competence needed to address the engagement objectives and perform their work in accordance with professional standards</p>	ISSAI 150, generally	Comments on organizational requirement 2 were noted and are entirely appropriate in the bigger IFPP context. The authors are of the opinion that the addition may not be appropriate here, as it deals with specific engagement requirements, which is already contained in pronouncements that deal with engagement considerations.	Not applicable
80	<p>Question 3: Do the two GUIDs adequately assist SAIs to deal with the concept of determining competencies and developing pathways for professional development, as required in ISSAI 150?</p> <p>Yes, GUID 1950 and GUID 1951 appear to adequately assist SAIs with determining competencies and developing pathways for professional development</p>	GUID 1950 and 1951, generally	Noted with thanks	Not applicable
81	<p>Question 4: With the introduction of a principle on auditor competency management in ISSAI 100, all SAIs must ensure that the new fundamental principle is reflected in their standards and practice. Do you agree that it is considered a fundamental principle of public-sector auditing that a SAI should establish procedures of competency management as proposed and thereby be included in ISSAI 100?</p> <p>Yes, we agree that auditor competency is a fundamental principle of public-sector auditing and that a SAI should establish procedures of competency management as proposed. To that end, it is our view as related to auditor competence, that the audit organization should have a process for recruitment, hiring, continuous development, assignment, and evaluation of personnel so that the workforce has the essential knowledge, skills, and abilities necessary to conduct the engagement. The nature, extent, and formality of the process will depend on various factors, such as the size of the audit organization, its structure, and its work. ISSAI 150 paragraph 25 application material includes many of the items that we believe are requirements necessary for auditor competency management. However, given the wide range of SAI mandates, enabling legislation, size and capabilities, we understand the underlying rationale as to why this information is included as application material in ISSAI 150 rather than as requirements. As it relates to auditor competence, it may also be beneficial for INTOSAI to consider the International Accounting and Auditing Standards Board’s</p>	ISSAI 100 v ISSAI 150	<p>Noted with thanks. The comments about opting for reflections on size of organization, structure, etc as application material is appreciated, as it confirms one of the difficult decisions for the TFIAP.</p> <p>ISQM was considered as part of the original comparative study that underpinned the project proposal to FIPP, and the TFIAP trusts that it managed to deal with those requirements, as it pertains to competence management, appropriately. It will be interesting to see how FIPP deals with ISQM in its work in reworking ISSAI 140 and whether any conforming changes to other organizational requirements will become necessary</p>	Not applicable

	International Standard on Quality Management (ISQM) 1: Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which was revised in December 2020. ISQM 1 contains steps to help firms design, implement and operate a system of quality management for audits, some of which could be used to promote competence within audit organizations.			
82	<p>Question 5: When ISSAI 150 takes effect, SAIs that have adopted the ISSAIs as their authoritative standards should be required to implement and adopt ISSAI 150 in order to be compliant with the ISSAIs. Will it be possible for your SAI to achieve compliance with the proposed requirements by the proposed effective date?</p> <p>Yes. Our current requirements in Government Auditing Standards, as developed by the Comptroller General of the United States, together with the GAO policies that we apply in conducting our audits, are consistent with those contained in the exposure drafts for ISSAI 150.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
83	Finally, on a personal note, I would like to congratulate you on your leadership of the Task Force on INTOSAI Auditor Professionalization. I would also like to express my gratitude to your highly capable and professional staff for effectively guiding this effort. It was a pleasure serving on the task force and believe this is an excellent contribution to the INTOSAI community	Not applicable	Noted with thanks. The TFIAP has huge appreciation for the support and involvements of the GAO on this project	Not applicable

SAI Argentina

Number	Comment	Reference	Response	Reference addressing comment
84	<p><u>International Standard for Supreme Audit Institutions (ISSAI) 150: Auditor Competence.</u></p> <p>In this regard, it should be noted that the email refers to ISSAI 150 "Auditor Competence" and the Guid, which provide additional guidelines in relation to the theoretical organizational requirements of the aforementioned ISSAI and do not contain any other requirements for SAIs.</p> <p>ISSAI 150 establishes and describes the organizational requirements that an SAI must follow to establish the competencies of an auditor, as well as the requirements for their hiring, development, maintenance and evaluation of their competencies.</p> <p>Considerations on competencies should be appropriately reflected in an SAI's strategies, policies and procedures. It must be ensured that the auditors are competent and can fulfil the mandate of the SAI.</p> <p>The framework defines several aspects to be taken into account: The SAI shall: a) determine and document the competencies required for all auditors, b) have adequate human resource management processes and practices to ensure that its auditors have the competencies established by the SAI and c) establish specific pathways for the professional development of auditors, specifically designed for the mandate, regulatory framework, organizational structure and needs of the SAI.</p> <p>In this sense, all pathways for professional development include, among others: internal and external learning opportunities (inside and outside the organization), and Internship.</p> <p>Lastly, the framework will periodically develop and implement the means for assessing competencies and monitoring the progress of the auditor's development or self-development. The SAI must ensure that its auditors obtain and maintain the required competencies.</p>	ISSAI 150, generally	Very appropriate summary of the document, which – read together with item 87 – appear to indicate agreement to the appropriateness of the requirements	Not applicable

	<p>As a premise, it can be stated that the ability of an SAI to fulfil its mandate and carry out a high-quality and effective audit depends to a large extent on the quality, integrity and capacity of its employees.</p>			
85	<p><u>Guidance (GUID) 1950: Guidance on developing competency frameworks for auditors.</u></p> <p>Regarding GUID 1950, it offers additional guidelines in relation to the theoretical organizational requirements of ISSAI 150, and its objective is to present a basic process to help a SAI define competencies that reflect the uniqueness of the public sector audit, and describe all the needs of a specific SAI, reflected in a SAI-specific competency framework.</p> <p>Fundamentally, the GUID assists SAIs in the implementation and application of the requirements of ISSAI 150.</p> <p>The framework or competency profile should be aligned with the ISSAIs or public sector specific auditing standards adopted by the SAI, as provided for in ISSAI 100 (i.e. a SAI may choose to adopt the ISSAIs as authorised standards that will determine performance of their work, or use them as a basis for developing their own standards or adopting national standards).</p> <p>The SAI with the proposed profile could consider aspects such as: Permanent relevance (review the competency framework regularly); Basic coherence (defines individual basic competencies); Full competence (they are described at the level of full competence for that position) and Observable behaviour (it is good practice that each competency, at a minimum, be described in terms of observable and measurable behaviour).</p> <p>For example: if the behavioural framework is observable, will be used to recruit professional staff or to specifically develop the professional career in the SAI, components such as: a) Knowledge (it will indicate the necessary qualification for the specific job and/or the specific learning elements); b) Capabilities (it will provide information on the practical experience necessary to be developed for the specific task and c) Personal attributes (which will provide information on the personal attributes of the person hired for a position that need to be developed). Also, the SAI may consider how to assess these 3 components, as this will guide the design of the corresponding development plan.</p> <p>Evaluation plays an important role, constituting a process of gathering evidence that an individual has demonstrated the necessary professional skills for a position within a SAI or to carry out a specific task.</p> <p>It is highlighted as an important aspect that the evaluation activities should not necessarily be carried out by the staff of the SAIs. They can also be carried out by third parties, for example: universities, other entities, etc.</p> <p>A graph is drawn according to the qualification of the audit with its competencies and foundations of what was described above.</p>	<p>GUI 1950, generally</p>	<p>Very appropriate summary of the document, which – read together with item 87 – appear to indicate agreement to the appropriateness of the guidance</p>	<p>Not applicable</p>
86	<p><u>Guidance (GUID) 1951: Guidance on the development of pathways for professional development of auditors.</u></p>	<p>GUID 1951, generally</p>	<p>Very appropriate summary of the document, which – read together with item 87 – appear to indicate agreement to the appropriateness of the guidance</p>	<p>Not applicable</p>

	<p>The objective of the Guid 1951 in its fullest meaning, guarantees that the personnel possess a credible professional qualification in the audit of the public sector.</p> <p>The draft Guid is built around the organizational requirement by offering a clear and simple process that an SAI can incorporate in developing a pathway(s) for the professional development of its auditors.</p> <p>The importance of implementing or providing pathways for professional development is highlighted in order to assess the competencies that were developed.</p> <p>It is determined in the Guid that the follow-up of what has been learned or the result of an evaluation could consider corrective measures and improvements to the pathway or, in extreme cases, the suspension of the ongoing process.</p>			
87	<p><u>Conclusion</u></p> <p>It is relevant to highlight that the principles, the INTOSAI standards, inspire and support SAIs in the production of high-quality audits and that providing the auditor for their management and leadership functions in the organization is <u>critical and appropriate</u>.</p> <p>SAIs must have the appropriate competencies and provide support for continuous professional development, understanding that the draft standards under analysis provide guidance on the auditor's competencies, and <u>will be very useful if approved, as a complement to the continuous improvement tasks carried out, without any observation regarding their content.</u></p>	All three pronouncements	Noted with thanks	Not applicable

SAI NZ

Note - the reference materials that we referred to includes the Audit Leadership Framework (for Audit New Zealand financial auditors' competency), knowledge from the CA ANZ CA Program, the IFAC's International Accountants Education Standards Board's International Education Standards (IES) series and general knowledge through our connections (e.g. through Victoria University's School of Accounting and Commercial Law, and Centre for Accounting, Governance, Taxation Research).

Number	Comment	Reference	Response	Reference addressing comment
88	<p>The Office of the Auditor-General (OAG) is currently developing a refreshed competency framework for staff of the OAG and the corporate services team. As staff within this cohort have very diverse technical backgrounds the focus of this framework is 'behaviour-based'. The exposure draft puts the technical auditing competencies at the forefront, and then considers any leadership attributes, "soft skills", and values. Ours is the other way around.</p> <p>Our 'What we stand for statements' are the foundation of the framework and all staff are expected to uphold them, followed by competencies with behavioural indicators. Following those two parts, there is then room to 'plug in' any technical requirements for the role. In the OAG and corporate services team (CST) context these will be technically very diverse and for Audit New Zealand it will connect with their auditor technical competency framework. The design principles of the OAG framework are aligned to the principles set out on page 10, point 21.</p>	General comment re competency framework	The comments confirm the appropriateness of competency management as a key driver in the organization, and also highlights the key concept in GUID 1950 – that it must be workable for the needs of the specific SAI. It is also comforting to know that it can still be done within the envisaged requirements and application guidance provided.	Not applicable

89	<p>Overall response</p> <p>We recommend that “auditor competency management” be added as a fundamental principle to ISSAI 100.</p> <p>We support the content of ISSAI 150, GUID 1950 and GUID 1951 noting the documents are comprehensive. We are not proposing any substantive changes to the documents.</p>	<p>ISSAI 100 v ISSAI 150</p> <p>All three pronouncements</p>	Noted with thanks	Not applicable
90	<p><i>Question 1: Does ISSAI 150 provide a complete, yet practical set of organizational requirements that SAIs need to consider in ensuring that their auditors have the necessary competencies to conduct audits in line with the ISSAIs and the enabling legislation of the SAI?</i></p> <p><i>Response:</i> In principle, we agree that it is complete yet practical.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
91	<p><i>Question 2: Does the four organizational requirements in ISSAI 150, supported by a number of considerations at the level of application material, adequately allow for the concept of “global profession, local solution” to play out? In other words, does this allow for appropriate flexibility for a SAI to apply the four organizational requirements in ISSAI 150 with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc.?</i></p> <p><i>Response:</i> Yes, we can work with ISSAI 150’s four organisational requirements.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
92	<p><i>Question 3: Do the two GUIDs adequately assist SAIs to deal with the concept of determining competencies and developing pathways for professional development, as required in ISSAI 150?</i></p> <p><i>Response:</i> Yes, it does. See our detailed comments for consideration.</p>	GUIDs 1950 and 1951	Noted with thanks – see responses to further inputs below	Not applicable
93	<p><i>Question 4: With the introduction of a principle on auditor competency management in ISSAI 100, all SAIs must ensure that the new fundamental principle is reflected in their standards and practice. Do you agree that it is considered a fundamental principle of public-sector auditing that a SAI should establish procedures of competency management as proposed and thereby be included in ISSAI 100?</i></p> <p><i>Response:</i> We support the inclusion of “auditor competency management” in ISSAI 100 (a new Paragraph 36). The inclusion of organisational level type management (including risk management) is consistent with the requirements of the International Auditing and Assurance Standards Board’s International Standard on Quality Management (ISQM) 1, <i>Quality Management for Firms that Perform Audits or</i></p>	ISSAI 100 v ISSAI 150	Noted with thanks	Not applicable

	<i>Reviews of Financial Statements, or Other Assurance or Related Services Engagements.</i>			
94	<p>Question 5: When ISSAI 150 takes effect, SAIs that have adopted the ISSAIs as their authoritative standards should be required to implement and adopt ISSAI 150 in order to be compliant with the ISSAIs. Will it be possible for your SAI to achieve compliance with the proposed requirements by the proposed effective date.</p> <p>Response: Yes</p>	ISSAI 150, generally	Noted with thanks	Not applicable
95	<p>ISSAI 150 Auditor Competence</p> <p>We agree with the four organisational requirements that underpin the professional development responsibilities of SAIs – they are reasonable, and we have no suggestions to improve them.</p> <p>We have no specific feedback to improve ISSAI 150.</p>	ISSAI 150, generally	Noted with thanks	Not applicable
96	<p>GUID 1950 Guidance on the development of competency frameworks for auditors</p> <p>In the New Zealand context, we have the Auditor-General’s auditing standards that incorporate International Standards on Auditing (ISAs). The Auditor-General’s auditing standards have an emphasis on integrity and ethics (requiring his auditors to be vigilant on these matters and require his auditors to be so when carrying out work on his behalf). The emphasis on this has been highlighted in the 2020 edition of the standards.</p> <p>In our view paragraph 30 of the exposure draft could benefit from the explicit inclusion of <i>integrity and ethics</i> in the competency framework at SAI consideration level (sub-paragraph (l) – <i>SAI values</i>) and individual consideration level (sub-paragraph (r) <i>specific personal abilities, attributes, and aptitudes</i>).</p> <p>While <i>integrity and ethics</i> (as well as <i>professional scepticism</i>) is not a competency, it is certainly an attribute which a SAI and an individual should have. Integrity and ethics should also be included in paragraph 31 (a) personal attributes at a management and leadership levels to complement ISSAI 130 <i>Code of Ethics</i>. There are also references to responding to ethical dilemmas or ethical principles in International Education Standards 8 <i>Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)</i>.</p> <p>We note that ethical behaviour is highlighted in the annex (page 23) as part of the “leads by example” cross cutting competency. However, in our view this could be given more prominence.</p> <p>Section on assessment of competencies – we have a range of tools to perform assessments of competencies but by and large we fall back on an auditor’s documentation of their work, work review/supervision and observable behaviour.</p> <p>As noted above the Office of the Auditor-General is currently developing a refreshed competency framework for staff of the OAG and the corporate services team.</p>	<p>GUID 1950, paragraph 30 and 31</p> <p>GUID 1950, generally</p>	<p>Change made</p> <p>Noted with thanks. The different take on the framework, while still adhering to the essence of what is required, provides comfort about the universal applicability of what is set out,</p>	<p>GUI 1950, paragraph 30 and 31</p>

	<p>Although this framework has a behaviour-based focus, we agree with the considerations set out on pages 17-20 (paragraphs 40 to 52) and have applied these to the development of our framework. For example, we will be developing career pathways using the competencies and proficiency levels designated to each role. We have grouped our competencies into four “buckets”: Be, Do, Connect, Lead. Assessment tools are to be developed as part of a toolkit of resources to accompany the competency framework.</p> <p>Annex to the GUID – we have reviewed the core competency framework (excluding the jurisdictional Courts of Audit competencies). In our view the cross-cutting, compliance auditing, financial auditing, and performance auditing competencies – the ED’s core competencies and explanations are comprehensive. At Audit New Zealand, our Audit Leadership Framework is at a detailed level that is consistent with the GUID’s annex.</p> <p>In respect to the OAG competency framework which is in the process of development there is some overlap with the behavioural based indicators which we have tied to our “What we stand for” statements and with our communication-based competencies. However, overall, our behavioural competencies are broader as this is the focus of our framework. The exposure draft’s behavioural components have a strongly technical orientation. This is suited to the nature of the focus of the framework.</p> <p>Overall, the GUID is helpful.</p>			
97	<p>GUID 1951 <i>Guidance on the development of pathways for professional development of auditors</i></p> <p>General comment about the 10-step approach – it appears reasonable.</p> <p>Specific comments from our experience for the 10-step approach to work:</p> <ul style="list-style-type: none"> • Leadership and Investment in professional development and ongoing Continuing Professional Development (CPD) is fundamental for audit quality • Clarity about which professional qualifications the SAI is prepared to recognise as relevant/of a sufficiently high professional standard for its workforce is critical e.g. recognised accounting qualifications in your location (New Zealand/Australia, UK CA qualification on par with market recognition and the local regulatory framework (e.g. our licensed auditor and qualified auditor equivalent) • Organisational Infrastructure to support PD and CPD (beyond human resource practices and enablers to more specifically including use of support tools and technology like Learning Management Systems) • Flexibility in delivering relevant PD content • Stakeholder management to be able to influence PD across Professional Accounting Organisations/Member Bodies 	GUID 1951, generally	Feedback noted with thanks. Bullet points were used as an understatement test to the existing text, keeping in mind the need to keep the GUID fairly generic. The same test was applied to the annexures. Where appropriate changes were factored in	GUID 1951, stepped approach

	<ul style="list-style-type: none"> Recognised Pathway for career progression and career development in a SAI Robust performance reviews Mitigating the rising Audit Quality bar expectations – support for appointed auditors Most difficult to achieve – cost benefit analysis for management interventions and downstream evaluation of specific PD initiatives other than learning outcomes at an individual level (as opposed to organisational level which takes time) In respect to our experience working with developing SAIs in peer support or partnership roles we consider the 10-step approach to be sound. One of the most significant issues we observe is the lack of structured approach to professional development. This makes small SAIs vulnerable to taking up new training opportunities without sufficient reference to an overall strategy for professional development and without considering the prerequisite knowledge to obtain the greatest benefit from training offered or the contextual conditions that will enable the training offered to be put into practice. This exposure draft supports a logical and structured approach (at the organisational and individual levels) so if followed should be helpful. 			
98	<p>Specific comments about the FAQ guide:</p> <p>Q1 – We support the information provided and note that from our experience specialists require specific continuing profession development (CPD) investments relevant to their profession. With the increasing use of Audit Experts or Subject Matter Experts (SME) – membership of relevant professional bodies is key and keeping up to date with relevant developments. The difficulty is being able to mitigate the market portability considerations for the professional SME within the SAI’s programme of work or having critical mass of the required skill in the SAI’s annual audit portfolio.</p>	GUID 1951, Q1	Noted. The additional context provided may be useful to consider in the CBC’s efforts to a) prepare the INTOSAI community for the adoption of ISSAI 150 and the related GUIDS, and b) the implementation support.	Not applicable
99	<p>Q2 – We do not generally support this pathway of sourcing people from a central government human resource. However, we understand that due to limitations on SAI independence many SAIs are required to source staff in this way. It is important that this FAQ more clearly explains this. Where sourcing staff this way is required, our view is that the key considerations that should be included in the guide would be how to inculcate an auditor mindset, ability to exercise professional scepticism and other attributes that assist to ensure an auditor maintains objectivity so independence is protected. The SAI must have strong processes for managing Conflicts of Interests.</p>	GUID 1951, Q2	<p>Noted. The additional context provided may be useful to consider in the CBC’s efforts to a) prepare the INTOSAI community for the adoption of ISSAI 150 and the related GUIDS, and b) the implementation support.</p> <p>Note the concern about this option, but in reality that remains an only option to many SAIs in developing environments</p>	Not applicable

100	<p>Q3 – In the New Zealand context we have found partnering with doesn't work. The investment has to be public sector specific content (e.g. public sector auditing, climate change) to be attractive – matched with funding in today's environment. The work-around approach we have used to increase SAI profile in the tertiary education environment is via guest lecturing.</p> <p>Note that we have found the most critical relationship is with the Professional Accountancy Organisations (PAOs) as they establish the professional qualifications and accreditation ability). PAOs dictate the curriculum or partner with universities. As a result we have found it more effective to pursue professionalisation policy with PAOs and through that to influence the university curriculum framework. We have found that any partnering with universities is better off with being a “whole of government or public sector” type initiative on a subject matter like public sector accountability for a post graduate qualification.</p>	GUID 1951, Q3	<p>Noted. The additional context provided may be useful to consider in the CBC's efforts to a) prepare the INTOSAI community for the adoption of ISSAI 150 and the related GUIDS, and b) the implementation support.</p> <p>The ideal, in the view of authors, is a combination of Q3 and 4, although it is clear from feedback in the community that the Q3 model does have some applicability in the market.</p>	Not applicable
101	<p>Q4 – As noted above we agree this is certainly a preferred option as it also influences demand/supply of professionals to the labour market to strengthen public accountability and public sector professionalisation (beyond SAI professionalisation). This could also leverage off the public sector as an employer rather than the SAI itself.</p>	GUID 1951, Q4	<p>Noted. The additional context provided may be useful to consider in the CBC's efforts to a) prepare the INTOSAI community for the adoption of ISSAI 150 and the related GUIDS, and b) the implementation support.</p> <p>Concur that this option probably provides the most solid option, should a SAI be mandated to do this.</p>	Not applicable
102	<p>Q5 – We have not commented on this as it is not our operating model.</p>	GUID 1951, Q5	<p>Noted – hence the positioning of these as options, either individually or in combination.</p>	Not applicable
103	<p>Q6 – In our view this is only viable in a large country where the volume of staff makes maintaining the full professional development programme for all aspects of SAI needs viable. We are aware that SAI India does this quite successfully for example. In New Zealand we use a mixed model made up of in-house PD with CA Program offerings and professional body CPD.</p>	GUID 1951, Q6	<p>Noted – hence the positioning of these as options, either individually or in combination.</p>	Not applicable
104	<p>Q7 – This approach is used in New Zealand with some audits allocated to private sector providers and Audit New Zealand also has arrangements where other audit firms offer staff supplementation at peak times. Much of the competency expectations/considerations are managed via common professional qualifications (through PAOs) but the key consideration to be included is the expectation to work to the AG auditing standards which includes the international standards on auditing.</p>	GUID 1951, Q6	<p>Noted, Also correlates well with the relevant requirements of the SAI PMF in this regard</p>	Not applicable
105	<p>Q8 – SAI NZ plays a role through PASAI and partnering with Pacific Islands Audit Offices. We agree that INTOSAI and INTOSAI regional bodies play an important role in supporting smaller and developing SAIs to deliver professional development. However, as noted above it is critical that the SAI is clear on a logical framework of development and their professional development strategy and needs. This is vital to assist them to filter professional development offers received and to focus on providing their staff a pathway that contains a logical progression of competency based professional development.</p>	GUID 1951, Q8	<p>Noted. It also explains the value of the INTOSAI – Regions Coordination Forum (see INTOSAI strategic plan) and the INTOSAI CBC's framework for regional professionalism.</p>	Not applicable

106	Q9 – We have no additional comment.	GUID 1951, Q9	Noted	Not applicable
107	Q10 – It is not easy as a transition to professionalisation of the SAI to recognise prior learning/experience. If the SAI uses a roadmap/pathway that is via recognising PAO qualifications, such recognition is not within its control (our experience). Increasingly, PAOs make choices about their own brand recognition (quality versus mass membership balance) therefore it has an impact on how SAI could recognise prior experience. SAI needs to make some choices within its own pathways and to align to its own needs.	GUID 1951, Q10	Noted. A difficult and often controversial option, but nonetheless an option that can create momentum towards professionalisation, if managed appropriately	Not applicable

NCA

Number	Comment	Reference	Response	Reference addressing comment
108	The Netherlands Court of Audit considers auditor competency management as a fundamental organisational requirement in public-sector auditing. We therefore agree to including this requirement in ISSAI 100 (paragraph 36). The organizational requirements mentioned in ISSAI 150 in our view are complete. As for GUID 1951 (development of pathways) we think that this GUID is a good and useful tool with practical steps when setting up or improving the professional development system within your SAI. As for GUID 1950 (development of competency framework) we observe that the annex with the proposed ISSAI-based core competency framework contains a list of detailed explanations. Without further explanation this annex might give the impression that such a level of detail is the most recommendable level. Below we suggest to give some more explanation in GUID 1950 on how to use this annex and choose the right framework. We would like to bring to your attention that the practical implementation of the ISSAI and its GUIDs will be a choice in which feasibility, context, advantages and disadvantages are weighed.	All three pronouncements.	Noted with thanks. The comments re GUID 1950 has been considered and, where relevant, changes have been made. The authors believe that the non-compulsory nature of the GUID is adequately covered in both ISSAI 150 and GUID 1950 and that further “softening” will detract from the value of the document	See select changes to ISSAI 150 and GUID 1950
109	Feasibility of a timely compliance The question about the feasibility of achieving compliance with the proposed requirements by the proposed effective date of the ISSAI is one we do not completely understand. As not every SAI will follow the ISSAIs and complying to the ISSAIs cannot be enforced, a date for compliance is not relevant. Furthermore reaching compliance might also be very difficult for SAIs who do not have the budget, capacity or expertise to set up or improve such a competency management system.	All three pronouncements	Noted. It will be futile in a framework of ISSAIs to assume selective adoption, and, according to drafting conventions (and international practice) an effective date is required. Feedback has been noted for FIPP consideration.	Not applicable

110	<p>Level of detail</p> <p>The presented level of detail in the annex of GUID 1950 can be useful when setting up a competency framework. But it also poses some risks. An example of such a risk is judging/assessing each auditor by – what the annex of GUID 1950 calls – the explanation and losing sight of how the auditors achieve on the overall competency. We would like to stress that nowadays there are many organisations, including SAIs, that prefer a more general level of competencies that only uses the competencies as presented in GUID 1950 (or another list of more general competencies, depending on the specific choices of the SAI) and not the explanation.</p> <p>We realise that GUID 1950 is clearly stating that its contents are not mandatory but guidance. We agree that it is important to formulate GUIDS with respect for the resources of an SAI and thus for what can be achieved by SAIs in more challenging situations. We feel that the usability of this GUID could be improved by adding an explicit explanation of how to properly choose a framework and a level of detail that fits an SAI. We suggest to add to GUID 1950 what the advantages and disadvantages are of choosing a more general and a more detailed approach.</p>	GUID 1950, generally	<p>The level of detail has been decided upon, in line with feedback from smaller SAIs and SAIs in developing environments. The options to not go as detailed as shown in GUID 1950 is described in ISSAI 150, paragraph 22 (after update).</p> <p>Adding the advantages and disadvantages were debated, but were decided against given that it carries similar risks of “forcing SAI thinking in a specific direction”. The option in ISSAI 150, paragraph 22 appears to be the most suitable, generic reference.</p>	Not applicable
111	<p>Framework supported by entire staff</p> <p>A risk with a competency framework is that the SAI leadership imposes a framework on their personnel without this being recognised and supported by the personnel. As a result, it is possible that there is no support among the staff for the chosen framework. We suggest explicitly adding in ISSAI 150 and/or GUIDs 1950 and 1951 that it is good practice to develop the framework in close consultation with the whole staff.</p>	ISSAI 150, generally	This is already contained, albeit in more generic terms, in ISSAI 150, paragraph 19 (after update)	ISSAI 150, paragraph 19 (after update)
112	<p>Tone of voice</p> <p>Sometimes we find the wording in GUID 1950 too strong as if it is something an SAI would be obliged to do. We strongly suggest to use words/verbs that imply having a choice. In the current GUID 1950 there are some elements that seem to suggest that the presented competencies and explanations are the best way to proceed. The use of the term ‘core competencies’ in GUID 1950 for example suggests that these competencies should all be used by the SAIs, while in practice SAIs may differ on their definition of what core competencies are to them.</p>	GUID 1950, generally	<p>Where possible changes to reflect the essence of this comment have been made. The TFIAP did its best to show the positioning of this document as a GUID in text in both ISSAI 150 and the GUID itself, and also used the appropriate drafting conventions to reflect that these are not requirements.</p> <p>Two observations – firstly, seeing that the GUID is part of the IFPP, the references to ISSAI based considerations (the underlying though to why the word core competency is used) has remained strong. It would be self-defeating to not promote a foundation of ISSAI in the IFPP. Secondly, the position of the competency framework as an example in annexure to a GUID, rather than the original idea of reflecting this as party of ISSAI 150, also underlines the non-compulsory nature of the guidance.</p>	<p>GUID 1950, generally</p> <p>This consideration will also be highlighted in the final language review before final submission to the FIPP.</p>
113	<p>Other examples of a wording that is in our view too strict (not limitative):</p> <ul style="list-style-type: none"> In GUID 1950 in the title of chapter 6 the word ‘proposed’ is being used: ‘ANNEX PROPOSED ISSAI-BASED...’. We suggest ‘ANNEX AN EXAMPLE OF AN ISSAI-BASED...’. We would not prefer to use the words ‘proposed’ (or words like ‘intended’) because it seems to suggest that this is the preferred way forward. 	GUID 1950, Chapter 6	Change made	GUID 1950, Chapter 6 heading

114	GUID 1950 point 7 a. introduces a number of concepts 'to be considered' in the development of a competency framework. For the same reason we prefer 'may be considered'.	GUID 1950, paragraph 7(a)	Change made	GUID 1950, paragraph 7(a)
115	Context We would like to stress that national labour agreements can lead to restrictions in freedom of choice. Therefore we strongly suggest also emphasizing the possible role, influence and consequences of national collective labour agreements in ISSAI 150 and/or the GUIDs. This could be mentioned in ISSAI 150 point 25, at page 11 and/or in GUID 1950 at the introduction point 4 at page 2.	ISSAI 150, paragraph 25	Change already made based on earlier comments – see new paragraph 12. This positioning was selected as the applicability stretches across all four requirements	ISSAI 150, new paragraph 12

AFROSAI-E

Number	Comment	Reference	Response	Reference addressing comment
116	It is indeed appropriate to include a principle that relates to auditor competence in ISSAI 100, to match the technical audit requirements related to the conducting of public sector audits. Overall the standard and the related guidance are largely appropriate for the intended purpose of enhanced auditor competence.	ISSAI100 v ISSAI 150	Noted with thanks	Not applicable
117	The effective date for the standard, stated as 01 January 2023, is noted, especially in the context of the GUIDs being based on existence guidance. However, the committee should consider requiring or mandating the implementation of the standards in a staggered approach. For example, requiring that the requirements for Paragraph 10 (a) (Determining relevant competencies), to be implemented first, and those relating to actual application being given more time, before they are mandated.	ISSAI 150	Preference for a staggered approach is noted with thanks	Not applicable
118	The assessment and monitoring of competencies are key aspects that what will provide evidence of whether the intended outcomes of enhancing auditor competence are being achieved. The GUIDs could perhaps provide further guidance on this aspect, coupled with a planned post-implementation review of the standard, at an appropriate point, to see if the standard as a whole is achieving its intended purpose- for example, after 5 years post- implementation	General	TFIAP is supportive of a post-implementation review, but also understand that this would be initiated by the FIPP. The CBC will of course be happy to support such a review.	Not applicable
119	ISSAI 150 : ISSAI 400- Compliance audit principles	General formatting	The challenges originated in the original formatting of the documents in the appropriate IFPP format. The PSC has since corrected this formatting hick-up.	Not applicable
120	GUID 1950-1: GUID 3910- Central concepts for performance auditing			
121	GUID 1950-2 : GUID 3910- Central concepts for performance auditing			

Chair Ad-hoc Committee on International Auditing Standards, ICGFM

Number	Comment	Reference	Response	Reference addressing comment
122	Overall, the exposure drafts provides a good overview and pathway for SAIs to develop frameworks and plans for addressing the competence and continued competency of their staff. We believe that the discussions on defining the competency at the various levels is important because it helps focus the types of educational experiences are necessary for the SAI staff. We believe that the four organizational principles are foundational and that the ISSAI 150 and the two guides provide for the varying sizes and funding of the SAIs. Additional discussion around the integration of level programming and individual staff needs maybe helpful as part of the questions in the Annex.	All three pronouncements	Noted with thanks. The additional discussion items is not seen as critical for the narrative in the documents, but will receive attention as part of implementation support	Not applicable
123	GUID 1950 paragraph 7 mentions a 6b but there is none in this document.	GUID 1950 paragraph 7	The reference should read 7(b) and has been fixed based on earlier commentary	Not applicable
124	GUID 1951 Step1 paragraph 16 – Makes it seems as if the SAI needs to pick one or the other (current baseline or future focuses). In the current environment the SAI needs both goals for the minimum competency and plans for the future	GUID 1951 Step1 paragraph 16	Language adjusted	GUID 1951 Step1 paragraph 16

	development for specific types of audit or use of specific types of specialist who will need. This may require staged implementation.			
125	GUID 1951 paragraph 32 – Makes it seem that the training programme is finite rather than a process of continuous learning. It makes sense to have individual programmes for a specific competency (ie. Cybersecurity)but the overall organizational objective should be one of continuous learning and staff development	GUID 1951 paragraph 32	Language adjusted	GUID 1951 paragraph 32
126	Personal attributes seems an odd phrase for the characteristics of a good auditor.	All three pronouncements	TFIAP had considered a number of terms, but settled on this as the most appropriate descriptor	Not applicable
127	The GUID 1951 should factor in meeting the external certification requirements to a greater extent.	GUID 1951, generally	Research by the TFIAP indicates that certification is not a commonplace practice in INTOSAI and hence the “downplayed” positioning	Not applicable
128	Please review GUID for references to incorrect GUID numbers	All three documents	The challenges originated in the original formatting of the documents in the appropriate IFPP format. The PSC has since corrected this formatting hick-up.	Not applicable

SAI Philippines

Number	Comment	Reference	Response	Reference addressing comment
129	Auditing standards give structure to the execution of a SAI’s mandate and work, but these can only be implemented by staff with the appropriate competencies. Standards on auditor competence at organizational level, emphasize that the employment of competent auditors is an integral part of a SAI’s identity, professionalism, credibility and relevance. Commendably, this paragraph is an emphasis on the importance of competent auditors to execute SAI’s mandate, as it is through them that auditing standards can be executed with impartiality. However, adding the adverb “effectively” before the word “implemented” can better highlight the desired result when appropriate competency is applied.	ISSAI 150, page 4, paragraph 2	The authors were not convinced that this adds to the essence of the point being made. Additionally, in the context of a professional pronouncement the term “effectively” can also open more questions than what it would add value (typically – “what does effectively implementation mean?”)	No change made
130	A SAI shall determine and document relevant competencies required for all auditors. Since all the competency requirements under ISSAI Standards of the IFPP pertain to the assessment of the “collective competencies” of the audit team rather than the auditor as an individual, we suggest that this be highlighted as well in the paragraph.	ISSAI 150, page 9, paragraph 15	ISSAI 150 intentionally allow for this to play out at either individual and team level, and is addressed in detail in paragraph 22 of ISSAI 150	No change made, as the concept is already addressed in the document.
131	It may be important for a SAI to describe the competencies of an auditor who is fully able to manage an audit in line with the auditing standards that the SAI has adopted, thereby creating a baseline for all other audit positions in the SAI. Clarification may be provided in the application guidance that the determination of the minimum competencies of an auditor will only depend on the overall requirement of the competencies for a particular audit discipline. Based on the overall requirements, SAI may set overarching minimum competencies (core competencies as termed in GUID 1950) and another set of functional competencies relevant to the specific audit. Another set of conditional competencies is needed to fit with the industry or requirement of the nature of the audited entity.	ISSAI 150 , page 10, paragraph 20	The application material provided in ISSAI 150 represents the key issues that a SAI should consider in giving effect to the stated requirement and in the view of the authors, this falls outside that definition. The key considerations here (discipline that drives the description) is already contained in paragraph 17 and 18 of ISSAI 150. Anything beyond that belongs at the level of GUIDs, and the tailoring of framework has therefor been left for GUID 1950.	No change made, as the concept is already addressed in the document.

132	<p>To attract, develop and maintain the competence of individual auditors, it may be necessary to invest in the following appropriate and sound human resource management practices and processes</p> <p>The phrase attract, develop and maintain the competence of individual auditors may be re-phrased to reflect the right intention, i.e., attract a talent and not competence of individual auditors. It must be emphasized, too, that learning and development and, reward and recognition all form part of the bigger area of performance management.</p>	ISSAI 150, page 11, paragraph 25	<p>The intention with the paragraph is to ensure that a SAI have the necessary HR processes and to provide SAIs with a sense of what these processes can be. To prescribe how these practices should be executed or what the focus should be, would be inappropriate in a professional pronouncement and certainly not in line with the intention of this section.</p> <p>The authors note the comments about the structuring of HR processes, but prefer to go with the more generic and separate references, as not all SAIs structure it in that way.</p>	No change made.
133	<p>The expectation of SAI leadership to have access to competent resources to give effect to the SAI's mandate also implies an investment in individual capacity development and creating a culture of life-long learning in the organisation.</p> <p>The term "capacity development" may not necessarily mean "professional development." Clarification on the meaning of the term or to instead use the latter throughout for consistency, is suggested.</p>	ISSAI 150, page 12, paragraph 26	Requirement 2 does not deal with professional development and the terms competence development is used intentionally to deal with a wider context. That specific nuance is only introduced and dealt with in requirement 3.	No change made.
134	<p>c. providing access, internally or externally, to relevant training interventions e. providing access to regularly updated audit manuals</p> <p>The use of learning and development interventions is more apt instead of training interventions. Inclusion of the phrase including other written policies and procedures pertaining to audit methodologies such as guidelines may be necessary to make the statement more inclusive</p>	ISSAI 150, page 12 paragraph 26	Accepted.	See paragraph 27 (previously 26).
135	<p>b. Workplace observation by a supervisor</p> <p>Emphasis may be made on the reliable means of assessment and monitoring on this area</p>	ISSAI 150, page 15, paragraph 35.b	Agreed - this is already emphasized in the introductory sentence.	No change made.
136	<p>To apply the concept of assessment to the SAI as an organization, its practices for competence development may also be independently assessed at regular intervals.</p> <p>The use of the term "competence development" may be confused with the notion of professional development, unless both terms refer to the same concept. Distinguishing between the two terms or providing for a definition for professional development, in addition to the definition of the "pathway for professional development".</p>	ISSAI 150, Page 15, paragraph 38	<p>The use of the term "competence development" in requirement 4 is intentional as it refers to the SAIs commitment to generally develop competence and not just its commitment to professional development.</p> <p>Professional development is a specific term introduced in requirement 3, almost as a specific focus within the broader HR considerations in a SAI. Instead of including very detailed definition of professional development, the application material attempts to steer the SAI on a journey of considerations that achieves the same as a definition, but allowing some flexibility in execution.</p>	No change made.
137	<p>ISSAI 400 - COMPLIANCE AUDIT PRINCIPLES</p> <p>Please update the header to avoid confusion</p>	ISSAI 150, page 10 to 15 , Header	The challenges originated in the original formatting of the documents in the appropriate IFPP format. The PSC has since corrected this formatting hick-up.	Appropriate changes was made to all three pronouncements

138	<p>Annex-Proposed ISSAI-based core competency framework)</p> <p>Some SAIs have existing Competency Frameworks that define behaviours and competencies quite differently from the one shown in this Annex. It is suggested that a global survey be conducted to ensure that the existing frameworks are taken into context as well as in the development of the baseline information. This is to offer the future users of the Guidance with better and complete perspective.</p>	GUID 1950, page 21 to 44	<p>The annexure is shown as an example and not as a requirement. SAIs are free to document in whatever way they see fit.</p> <p>As to finding a universally acceptable generic framework – the work done in the original TGIAC between 2013 and 2016 aimed to do exactly that, and resulted in the example included in GUID 1950. Incidentally, this is the same framework that also informs the global PESA project. More detail is available from the CBC secretariat.</p>	No change made.
139	<p>To ensure continued alignment with the INTOSAI Framework of Professional Pronouncements (IFPP), it is good practice to revisit the competency framework on a regular basis. This enable the SAI to also appropriately reflect any expectations or challenges posed by emerging issues within the SAI or within the environment in which audits are conducted. It may also be relevant to assess the impact that these competencies have on the work of the SAI (fit-for-purpose).</p> <p>While updating the Competency Framework is a good practice, having a definite and definitive time frame for the update would add more value to the guidance. SAI Philippines updates its Framework every after three years.</p>	GUID 1950, page 20, paragraph 23	<p>The authors believe that it will be inappropriate to be more specific that asking for regular revisiting, given different circumstances and change drivers.</p> <p>Every SAI is encouraged to confirm a specific timeframe, with due cognizance of its circumstances</p>	No change made.
140	<p>B – Developing a SAI-Specific Competency Framework</p> <p>it is vital for first time adopters of Competency Framework to be guided on several baseline processes and it is for this reason that a set of guidance has to be also put in place in the following activities, in support of the build-up of the Framework: a. Competency Modelling and Profiling b. Development of Competency-based Qualification Standards and Job Description c. Competency Assessments d. Career Development and Succession Management, and, e. Integration of Competencies in the Human Resource Management System</p>	GUID 1950, page 12	<p>Agreed.</p> <p>The project proposal to develop ISSAI 150, GUID 1950 and 1951 specifically excluded this, given what could be achieved (at the level of a professional pronouncement) in a specific time framework.</p> <p>However, the concepts are being addressed in the current updating of the CBC Human Resource management guide (a document outside the IFPP).</p>	No change made.
141	<p>In describing the development of a competency framework, the competencies were defined in terms of observable behaviour. If this framework were to be used to recruit professional staff, or to develop a specific professionalization pathway in the SAI, it would be necessary to formally unpack the competency framework into the following components: a) Knowledge – which will give an indication of the qualification necessary for the specific job and/or the specific knowledge-based elements of learning that need to take place; b) Skills – which will provide insights into the practical experience that is necessary or needs to be developed for the specific job, through specifically agreed-on (and monitored) on-the-job exposure; and, c) Personal attributes – which will give insights into the personal attributes of the person recruited for a position or that need to be developed.</p> <p>It is also important that Professional Experience is taken into the equation involved in either the Knowledge or Skills criteria since professional experience is also part of the Learning and Development pathway.</p>	GUID 1950, page 18, paragraph 43	<p>Agreed. The authors believe that this is appropriately covered in the three elements listed (believing that professional experience is covered in skills), but SAIs are encouraged to add to this, as they feel appropriate. Keep in mind the fact that a GUID is not listing compulsory actions, but rather provides examples of how certain requirements can be met.</p> <p>The whole process described in GUID 1950 is intended to prompt SAI specific tailoring.</p>	No change made.

142	<p>c) Personal attributes – which will give insights into the personal attributes of the person recruited for a position or that need to be developed. Definition of Personal Attributes may be further elaborated to include certain characteristics, for better clarity</p>	GUID 1950, page 18, paragraph 43.c	<p>The authors have gone with the definition in ISSAI – a standard human resource definition, without examples. This was shortened in GUID 1950 and 1951, as these documents need to be read together with ISSAI 150.</p> <p>No examples were given, as these (at this level of broad definitions) can have unintended consequences in limiting thinking of the users (what examples do you use at the exclusion of others?).</p>	No change made.
143	<p>The aim for credible assessment activities is to produce an outcome that is consistent with the learner’s true competence in the context of the needs of the SAI. To ensure credibility of these processes, the following can be considered: a) Reliability – considering whether the assessment activities produce substantively the same result given the same set of circumstances; b) Verifiability – considering whether the assessment activities generate documented evidence of achievement of the assessment outcome; and, c) Comprehensiveness – considering whether the assessment activities cover all relevant competencies and their component parts.</p> <p>Assessing competencies must also be undertaken in the area of Relevance, hence this criterion needs to be a part of the consideration.</p>	GUID 1950, page 19, paragraph 48	<p>The concept of relevance is already contained in the introductory sentence (“needs of the SAI”).</p>	No change made.
144	<p>Types of assessment activities include oral examinations, online testing, findings from quality assurance reviews, on-the-job assessment, a review of a portfolio of evidence of workplace activities and/or written examinations. Assessment activities can also include such actions as direct observation, peer review and self-assessment.</p>	GUID 1950, page 19, paragraph 49	<p>Agreed. These are provided as examples and not as a comprehensive list.</p>	No change made.
145	<p>Assessment activities need not necessarily be conducted by SAI staff. They may also be performed by universities, private education providers, professional organizations, government training centers or other institutions.</p> <p>Assessment activities must be classified into main and sub-categories. The main categories can either be internal or external assessments, independent or self-assessment, etc.</p>	GUID 1950, page 20, paragraph 51	<p>Agreed. This concept is already contained in the document in the section dealing with assessments and does not need to be restated.</p>	No change made.
146	<p>A competency framework is a conceptual model that details and defines the ideal competencies expected of an individual auditor for a specific task, and for a specific position within an organisation. While competency frameworks need to be largely stable, predictable and certain in the short term, they need to be dynamic in nature in the long term, reflecting the expectations of an ever-changing world. They seek to define the elements needed to drive success and high performance, and will change depending on the circumstances.</p> <p>This definition of a competency framework should match with Paragraph No. 13, Page No. 8 in ISSAI 150 for better coherence</p>	GUID 1951, page 6 , paragraph 8	<p>Noted with thanks</p>	ISSAI 150 definition inserted in GUID 1950.
147	<p>Question 1: Does ISSAI 150 provide a complete, yet practical set of organizational requirements that SAIs need to consider in ensuring that their auditors have the necessary competencies to conduct audits in line with the ISSAIs and the enabling legislation of the SAI?</p> <p>ISSAI 150 basically contains the guidance in the management and development of auditors’ competence. The Standard supports the competency framework currently adopted by the Philippine Civil Service.</p>	ISSAI 150, generally	<p>Noted with thanks</p>	N/a

148	<p>Question 2: Does the four organizational requirements in ISSAI 150, supported by a number of considerations at the level of application material, adequately allow for the concept of “global profession, local solution” to play out? In other words, does this allow for appropriate flexibility for a SAI to apply the four organizational requirements in ISSAI 150 with due cognizance of its unique mandate, enabling legislation, SAIs size and capability etc.?</p> <p>Yes, the four organizational requirements leave more elbow room for our SAI to customize its related policies.</p>	ISSAI 150, generally	Noted with thanks	N/a
149	<p>Question 3: Do the two GUIDs adequately assist SAIs to deal with the concept of determining competencies and developing pathways for professional development, as required in ISSAI 150?</p> <p>The two GUIDS (1950 and 1951) support SAI Philippines in making its competency framework responsive to the current challenges and operating reality.</p>	Both guides, generally	Notes with thanks	N/a
150	<p>Question 4: With the introduction of a principle on auditor competency management in ISSAI 100, all SAIs must ensure that the new fundamental principle is reflected in their standards and practice. Do you agree that it is considered a fundamental principle of public-sector auditing that a SAI should establish procedures of competency management as proposed and thereby be included in ISSAI 100?</p> <p>Without the fundamental principle of competency management, audit quality may never be ensured so the proposed ISSAI is timely and relevant. The implementation of ISSAI 150 in our SAI is actually buoyed by a similar Philippine Civil Service program on Learning and Development.</p>	ISSAI 100, relevant sections from par 34 to 36	Noted with thanks	N/a
151	<p>Question 5: When ISSAI 150 takes effect, SAIs that have adopted the ISSAIs as their authoritative standards should be required to implement and adopt ISSAI 150 in order to be compliant with the ISSAIs. Will it be possible for your SAI to achieve compliance with the proposed requirements by the proposed effective date??</p> <p>Yes, this is possible. In fact, SAI Philippines has already embarked on adopting the “competency” operating philosophy commencing with the adoption of a Competency-Based Human Resource Framework and Strategy that served as the anchor in the preparation of its Learning and Development Framework and Strategy that details the Learning Pathways of all of its staff.</p>	All three pronouncements	Noted with thanks	N/a

ISSAI 100

Fundamental Principles of Public-Sector Auditing



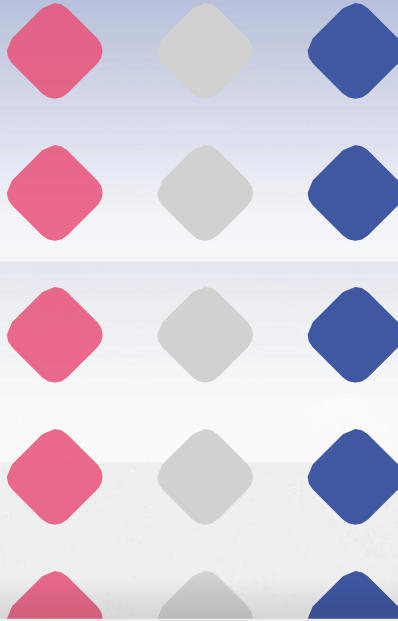
INTOSAI

INTOSAI Standards are issued
by the International
Organisation of Supreme Audit
Institutions, INTOSAI, as part of
the INTOSAI Framework of
Professional Pronouncements.

For more information visit
www.issai.org



INTOSAI



INTOSAI, 2019

- 1) Endorsed as Basic Principles in Government Auditing in 2001
- 2) Revised and renamed Fundamental Principles of Public-Sector Auditing in 2013
- 3) With the establishment of the Intosai Framework of Professional Pronouncements (IFPP), editorial changes were made in 2019

ISSAI 100 is available in all INTOSAI official languages: Arabic, English, French, German and Spanish

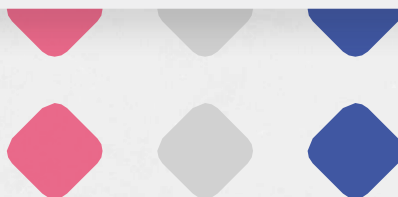


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1

INTRODUCTION

- 1) Professional standards and guidelines are essential for the credibility, quality and professionalism of public-sector auditing. The International Standards of Supreme Audit Institutions (ISSAIs) developed by the International Organisation of Supreme Audit Institutions (INTOSAI) aim to promote independent and effective auditing by supreme audit institutions (SAIs).
- 2) The ISSAIs support the members of INTOSAI in the development of their own professional approach in accordance with their mandates and with national laws and regulations.
- 3) The ISSAIs form part of the INTOSAI Framework of Professional Pronouncements (IFPP). Within this framework, the INTOSAI Principles (INTOSAI-P) contain the framework's founding principles and core principles that set out prerequisites for the proper functioning of SAIs. The International Standards of Supreme Audit Institutions (ISSAIs) address the conduct of audits and include generally-recognised professional principles that underpin the effective and independent auditing of public-sector entities.
- 4) INTOSAI Guidance (GUIDs) also form part of the IFPP. They provide guidance to support SAIs and individual auditors in enhancing organizational performance and implementing and applying the ISSAIs in practice.
- 5) *The ISSAI 100 - Fundamental Principles of Public-Sector Auditing* draw and elaborate on *INTOSAI-P 1 The Lima Declaration* and provide an authoritative international frame of reference defining public-sector auditing. The full set of ISSAIs is based on these principles.

- 6) *ISSAI 100 Fundamental Principles of Public-Sector Auditing* provides detailed information on:
- the purpose and authority of the ISSAIs;
 - the framework for public-sector auditing;
 - the elements of public-sector auditing;
 - the principles to be applied in public-sector auditing.

- 7) *ISSAI 100 Fundamental Principles of Public-Sector Auditing* establishes fundamental principles which are applicable to all public-sector audit engagements, irrespective of their form or context. *ISSAI 200 Financial Audit Principles*, *ISSAI 300 Performance Audit Principles* and *ISSAI 400 Compliance Audit Principles* build on and further develop the principles to be applied in the context of financial, performance and compliance auditing respectively. They should be applied in conjunction with the principles set out in ISSAI 100. The principles in no way override national laws, regulations or mandates or prevent SAIs from carrying out investigations, reviews or other engagements which are not specifically covered by the existing ISSAIs.
- 8) *The Fundamental Principles of Public-Sector Auditing (ISSAI 100)* and the *Financial, Performance and Compliance Auditing Principles*¹ that flow from this can be used to establish authoritative standards in three ways:
- as a basis on which SAIs can develop standards;
 - as a basis for the adoption of consistent national standards;
 - as a basis for adoption of the ISSAIs.

SAIs may choose to compile a single standard-setting document, a series of such documents or a combination of standard-setting and other authoritative documents.

¹ ISSAIs 200, 300 and 400

SAIs should declare which standards they apply when conducting audits, and this declaration should be accessible to users of the SAI's reports. Where the standards are based on several sources taken together, this should also be stated. SAIs are encouraged to make such declarations part of their audit reports; however, a more general form of communication may be used.

- 9) An SAI may declare that the standards it has developed or adopted are based on or are consistent with the principles of the ISSAIs only if the standards fully comply with all relevant principles in ISSAIs 100, 200, 300 and 400.

Audit reports may include a reference to the fact that the standards used were based on or consistent with the ISSAI or ISSAIs relevant to the audit work carried out. Such reference may be made by stating:

... We conducted our audit[s] in accordance with [standards], which are based on [or consistent with] ISSAI 100 Fundamental Principles of Public-Sector Auditing [and the principles of ISSAI 200 Financial Audit Principles / ISSAI 300 Performance Audit Principles / ISSAI 400 Compliance Audit Principles] of the International Standards of Supreme Audit Institutions.

In order to properly adopt or develop auditing standards based on these auditing principles, an understanding of the entire text of the principles is necessary. To achieve this, it may be helpful to consult the relevant financial audit standards (ISSAIs 2000-2899), performance audit standards (ISSAIs 3000-3899) and compliance audit standards (ISSAIs 4000-4899).

- 10) SAIs may choose to adopt the ISSAIs as their authoritative standards. In such cases the auditor must comply with all ISSAIs relevant to the audit. Reference to the ISSAIs applied may be made by stating:

...We conducted our audit[s] in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

In order to enhance transparency, the statement may further specify which auditing standards within the ISSAIs 2000-4899 the auditor has considered relevant and applied. This may be done by adding the following phrase:

The audit[s] was [were] based on ISSAI[s] xxx [number and name of the ISSAI or range of ISSAIs].

- 11) The International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC) are incorporated into the INTOSAI financial audit standards (ISSAIs 2000-2899). In financial audits, reference may therefore be made either to the ISSAIs or to the ISAs. The ISSAIs may provide additional public-sector application material, but the requirements upon the auditor in financial audits are the same. The ISAs constitute an indivisible set of standards and the ISSAIs in which they are incorporated may not be referred to individually. If the ISSAIs or the ISAs have been adopted as the SAI's standards for financial audits, the auditor's report should include a reference to those standards. This applies equally to financial audits conducted in combination with other types of audit.
- 12) Audits may be conducted in accordance with both the ISSAIs and standards from other sources provided that no contradictions arise. In such cases reference should be made both to the ISSAIs and to the other standards concerned.

MANDATE

- 13) An SAI will exercise its public-sector audit function within a specific constitutional arrangement and by virtue of its office and mandate, which ensure sufficient independence and power of discretion in performing its duties. The mandate of an SAI may define its general responsibilities in the field of public-sector auditing and provide further prescriptions concerning the audits and other engagements to be performed.
- 14) SAIs may be mandated to perform many types of engagements on any subject of relevance to the responsibilities of management and those charged with governance and the appropriate use of public funds and assets. The extent or form of these engagements and the reporting thereon will vary according to the legislated mandate of the SAI concerned.
- 15) In certain countries, the SAI is a court, composed of judges, with authority over State accountants and other public officials who must render account to it. There exists an important relationship between this jurisdictional authority and the characteristics of public-sector auditing. The jurisdictional function requires the SAI to ensure that whoever is charged with dealing with public funds is held accountable and, in this regard, is subject to its jurisdiction.
- 16) An SAI may make strategic decisions in order to respond to the requirements in its mandate and other legislative requirements. Such decisions may include which auditing standards are applicable, which engagements will be conducted and how they will be prioritised.

PUBLIC-SECTOR AUDITING AND ITS OBJECTIVES

- 17) The public-sector audit environment is that in which governments and other public-sector entities exercise responsibility for the use of resources derived from taxation and other sources in the delivery of services to citizens and other recipients. These entities are accountable for their management and performance, and for the use of resources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources. Public-sector auditing helps to create suitable conditions and reinforce the expectation that public-sector entities and public servants will perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations.
- 18) In general public-sector auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public-sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government policies, programmes or operations.
- 19) SAIs serve this aim as important pillars of their national democratic systems and governance mechanisms and play an important role in enhancing public-sector administration by emphasising the principles of transparency, accountability, governance and performance. INTOSAI P-20 Principles of Transparency and Accountability contain INTOSAI core principles in this regard.
- 20) All public-sector audits start from objectives, which may differ depending on the type of audit being conducted. However, all public-sector auditing contributes to good governance by:
 - providing the intended users with independent, objective and reliable information, conclusions or opinions based on sufficient and appropriate evidence relating to public entities;
 - enhancing accountability and transparency, encouraging continuous improvement and sustained confidence in the appropriate use of public funds and assets and the performance of public administration;

- reinforcing the effectiveness of those bodies within the constitutional arrangement that exercise general monitoring and corrective functions over government, and those responsible for the management of publicly-funded activities;
 - creating incentives for change by providing knowledge, comprehensive analysis and well-founded recommendations for improvement.
- 21) In general, public-sector audits can be categorised into one or more of three main types: audits of financial statements, audits of compliance with authorities and performance audits. The objectives of any given audit will determine which standards apply.

TYPES OF PUBLIC-SECTOR AUDIT

- 22) The three main types of public-sector audit are defined as follows:

Financial audit focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error.

Performance audit focuses on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance is examined against suitable criteria, and the causes of deviations from those criteria or other problems are analysed. The aim is to answer key audit questions and to provide recommendations for improvement.

Compliance audit focuses on whether a particular subject matter is in compliance with authorities identified as criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. These authorities may include rules, laws and regulations, budgetary resolutions, policy, established codes, agreed terms or the general principles governing sound public-sector financial management and the conduct of public officials.

- 23) SAIs may carry out audits or other engagements on any subject of relevance to the responsibilities of management and those charged with governance and the appropriate use of public resources. These engagements may include reporting on the quantitative outputs and outcomes of the entity's service delivery activities, sustainability reports, future resource requirements, adherence to internal control standards, real-time audits of projects or other matters. SAIs may also conduct combined audits incorporating financial, performance and/or compliance aspects.
- 24) Public-sector auditing is indispensable for the public administration, as the management of public resources is a matter of trust. Responsibility for the management of public resources in line with intended purposes is entrusted to an entity or person who acts on behalf of the public. Public-sector auditing enhances the confidence of the intended users by providing information and independent and objective assessments concerning deviations from accepted standards or principles of good governance.

All public-sector audits have the same basic elements: the auditor, the responsible party, intended users (the three parties to the audit), criteria for assessing the subject matter and the resulting subject matter information. They can be categorised as two different types of audit engagement: attestation engagements and direct reporting engagements.

4

ELEMENTS OF PUBLIC-SECTOR AUDITING

THE THREE PARTIES

- 25) Public-sector audits involve at least three separate parties: the auditor, a responsible party and intended users. The relationship between the parties should be viewed within the context of the specific constitutional arrangements for each type of audit.
- The auditor: In public-sector auditing the role of auditor is fulfilled by the Head of the SAI and by persons to whom the task of conducting the audits is delegated. The overall responsibility for public-sector auditing remains as defined by the SAI's mandate.
 - The responsible party: In public-sector auditing the relevant responsibilities are determined by constitutional or legislative arrangement. The responsible parties may be responsible for the subject matter information, for managing the subject matter or for addressing recommendations, and may be individuals or organisations.
 - Intended users: The individuals, organisations or classes thereof for whom the auditor prepares the audit report. The intended users may be legislative or oversight bodies, those charged with governance or the general public.

SUBJECT MATTER, CRITERIA AND SUBJECT MATTER INFORMATION

- 26) Subject matter refers to the information, condition or activity that is measured or evaluated against certain criteria. It can take many forms and have different characteristics depending on the audit objective. An appropriate subject matter is identifiable and capable of consistent evaluation or measurement against the criteria, such that it can be subjected to procedures for gathering sufficient and appropriate audit evidence to support the audit opinion or conclusion.
- 27) The criteria are the benchmarks used to evaluate the subject matter. Each audit should have criteria suitable to the circumstances of that audit. In determining the suitability of criteria the auditor considers their relevance and understandability for the intended users, as well as their completeness, reliability and objectivity (neutrality, general acceptance and comparability with the criteria used in similar audits). The criteria used may depend on a range of factors, including the objectives and the type of audit. Criteria can be specific or more general, and may be drawn from various sources, including laws, regulations, standards, sound principles and best practices. They should be made available to the intended users to enable them to understand how the subject matter has been evaluated or measured.
- 28) Subject matter information refers to the outcome of evaluating or measuring the subject matter against the criteria. It can take many forms and have different characteristics depending on the audit objective and audit scope.

TYPES OF ENGAGEMENT

- 29) There are two types of engagement:
 - In attestation engagements the responsible party measures the subject matter against the criteria and presents the subject matter information, on which the auditor then gathers sufficient and appropriate audit evidence to provide a reasonable basis for expressing a conclusion.

- In direct reporting engagements it is the auditor who measures or evaluates the subject matter against the criteria. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. The outcome of measuring the subject matter against the criteria is presented in the audit report in the form of findings, conclusions, recommendations or an opinion. The audit of the subject matter may also provide new information, analyses or insights.
- 30) Financial audits are always attestation engagements, as they are based on financial information presented by the responsible party. Performance audits are normally direct reporting engagements. Compliance audits may be attestation or direct reporting engagements, or both at once. The following constitute the subject matter or the subject matter information in the three types of audit covered by the ISSAIs:
- a) *Financial audit:* The subject matter of a financial audit is the financial position, performance, cash flow or other elements which are recognised, measured and presented in financial statements. The subject matter information is the financial statements.
 - b) *Performance audit:* The subject matter of a performance audit is defined by the audit objectives and audit questions. The subject matter may be specific programmes, entities or funds or certain activities (with their outputs, outcomes and impacts), existing situations (including causes and consequences) as well as non-financial or financial information about any of these elements. The auditor measures or evaluates the subject matter to assess the extent to which the established criteria have or have not been met.
 - c) *Compliance audit:* The subject matter of a compliance audit is defined by the scope of the audit. It may be activities, financial transactions or information. For attestation engagements on compliance it is more relevant to focus on the subject matter information, which may be a statement of compliance in accordance with an established and standardised reporting framework.

CONFIDENCE AND ASSURANCE IN PUBLIC-SECTOR AUDITING

The need for confidence and assurance

- 31) The intended users will wish to be confident about the reliability and relevance of the information which they use as the basis for taking decisions. Audits therefore provide information based on sufficient and appropriate evidence, and auditors should perform procedures to reduce or manage the risk of reaching inappropriate conclusions. The level of assurance that can be provided to the intended user should be communicated in a transparent way. Due to inherent limitations, however, audits can never provide absolute assurance.

Forms of providing assurance

- 32) Depending on the audit and the users' needs, assurance can be communicated in two ways:
- Through opinions and conclusions which explicitly convey the level of assurance. This applies to all attestation engagements and certain direct reporting engagements.
 - In other forms. In some direct reporting engagements the auditor does not give an explicit statement of assurance on the subject matter. In such cases the auditor provides the users with the necessary degree of confidence by explicitly explaining how findings, criteria and conclusions were developed in a balanced and reasoned manner, and why the combinations of findings and criteria result in a certain overall conclusion or recommendation.

Levels of assurance

- 33) Assurance can be either reasonable or limited.

Reasonable assurance is high but not absolute. The audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects, or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria.

When providing limited assurance, the audit conclusion states that, based on the procedures performed, nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the applicable criteria. The procedures performed in a limited assurance audit are limited compared with what is necessary to obtain reasonable assurance, but the level of assurance is expected, in the auditor's professional judgement, to be meaningful to the intended users. A limited assurance report conveys the limited nature of the assurance provided.

5

PRINCIPLES OF PUBLIC-SECTOR AUDITING

- 34) The principles detailed below are fundamental to the conduct of an audit. Auditing is a cumulative and iterative process. However, for the purposes of presentation the fundamental principles are grouped by principles related to the SAI's organisational requirements, general principles that the auditor should consider prior to commencement and at more than one point during the audit and principles related to specific steps in the audit process.

Areas covered by the principles for public-sector auditing

GENERAL PRINCIPLES			
Ethics & Independence	Professional judgment, due care and scepticism	Quality control	Audit team management & skills
Audit risk	Materiality	Documentation	Communication

PRINCIPLES RELATED TO THE AUDIT PROCESS		
Planning the audit	Conducting the audit	Reporting and follow-up
<ul style="list-style-type: none"> Establish the terms of the audit Obtain understanding Conduct risk assessment of problem analysis Identify risks of fraud Develop an audit plan 	<ul style="list-style-type: none"> Perform the planned audit procedures to obtain audit evidence Evaluate audit evidence and draw conclusions 	<ul style="list-style-type: none"> Prepare a report based on the conclusions reached Follow up on reported matters as relevant

ORGANISATIONAL REQUIREMENTS

35) SAIs should establish and maintain appropriate procedures for ethics and quality control

Each SAI should establish and maintain procedures for ethics and quality control on an organisational level that will provide it with reasonable assurance

that the SAI and its personnel are complying with professional standards and the applicable ethical, legal and regulatory requirements. The existence of these procedures at SAI level is a prerequisite for applying national standards that are based on or consistent with the Fundamental Auditing Principles. *ISSAI 130 - Code of Ethics and ISSAI 140 - Quality Control for SAIs* define the requirements of the ISSAIs and provide related application material in this regard.

36) **SAIs should establish and maintain appropriate procedures for competency management**

Each SAI should establish and maintain procedures for competency management on an organisational level that will provide it with reasonable assurance that the SAI's auditors have the competencies required to fulfill their function in accordance with their mandate. The competency management at an organizational level generally involve:

- (i) Determining relevant competencies
- (ii) Providing enabling human resource practices,
- (iii) Providing pathways for professional development and
- (iv) Assessing and monitoring competencies.

The existence of procedures for competency management is a prerequisite for applying national standards that are based on or consistent with the Fundamental Auditing Principles. *ISSAI 150 - Auditor Competence* defines the requirements of the ISSAIs and provide related application material in this regard.

GENERAL PRINCIPLES

Ethics and independence

- 37) **Auditors should comply with the relevant ethical requirements and be independent.** Ethical principles should be embodied in an auditor's professional behaviour. The SAIs should have policies addressing ethical requirements and emphasising the need for compliance by each auditor. Auditors should remain independent so that their reports will be impartial and be seen as such by the intended users.

Auditors can find INTOSAI Core Principles on independence in the *INTOSAI P-*

10 Mexico Declaration on SAI Independence. The key ethical principles of integrity, independence and objectivity, competence, professional behavior and confidentiality and transparency are defined in *ISSAI 130 Code of Ethics*, together with related requirements and application material.

Professional judgement, due care and scepticism

- 38) **Auditors should maintain appropriate professional behaviour by applying professional scepticism, professional judgment and due care throughout the audit.** The auditor's attitude should be characterised by professional scepticism and professional judgement, which are to be applied when forming decisions about the appropriate course of action. Auditors should exercise due care to ensure that their professional behaviour is appropriate.

Professional scepticism means maintaining professional distance and an alert and questioning attitude when assessing the sufficiency and appropriateness of evidence obtained throughout the audit. It also entails remaining open-minded and receptive to all views and arguments.

Professional judgement implies the application of collective knowledge, skills and experience to the audit process. Due care means that the auditor should plan and conduct audits in a diligent manner. Auditors should avoid any conduct that might discredit their work.

Quality control

39) Auditors should perform the audit in accordance with professional standards on quality control

An SAI's quality control policies and procedures should comply with professional standards, the aim being to ensure that audits are conducted at a consistently high level. Quality control procedures should cover matters such as the direction, review and supervision of the audit process and the need for consultation in order to reach decisions on difficult or contentious matters. Auditors can find further information in *ISSAI 140 Quality Control for SAIs*.

Audit team management and skills

40) Auditors should possess or have access to the necessary skills

The individuals in the audit team should collectively possess the knowledge, skills and expertise necessary to successfully complete the audit. This includes an understanding and practical experience of the type of audit being conducted, familiarity with the applicable standards and legislation, an understanding of the entity's operations and the ability and experience to exercise professional judgement. Common to all audits is the need to recruit personnel with suitable qualifications, offer staff development and training, prepare manuals and other written guidance and instructions concerning the conduct of audits, and assign sufficient audit resources. Auditors should maintain their professional competence through ongoing professional development. *ISSAI 150 - Auditor Competence* defines the organizational requirements of the ISSAIs and provide related application material in this regard.

Where relevant or necessary, and in line with the SAI's mandate and the applicable legislation, the auditor may use the work of internal auditors, other auditors or experts. The auditor's procedures should provide a sufficient basis for using the work of others, and in all cases the auditor should obtain evidence

of other auditors' or experts' competence and independence and the quality of the work performed. However, the SAI has sole responsibility for any audit opinion or report it might produce on the subject matter; that responsibility is not reduced by its use of work done by other parties.

The objectives of internal audit are different from those of external audit. However, both internal and external audit promote good governance through contributions to transparency and accountability for the use of public resources, as well as economy, efficiency and effectiveness in public administration. This offers opportunities for coordination and cooperation and the possibility of eliminating duplication of effort.

Some SAIs use the work of other auditors at state, provincial, regional, district or local level, or of public accounting firms that have completed audit work related to the audit objective. Arrangements should be made to ensure that any such work was carried out in accordance with public-sector auditing standards.

Audits may require specialised techniques, methods or skills from disciplines not available within the SAI. In such cases experts may be used to provide knowledge or carry out specific tasks or for other purposes.

Audit risk

41) Auditors should manage the risks of providing a report that is inappropriate in the circumstances of the audit

The audit risk is the risk that the audit report may be inappropriate. The auditor performs procedures to reduce or manage the risk of reaching inappropriate conclusions, recognising that the limitations inherent to all audits mean that an audit can never provide absolute certainty of the condition of the subject matter.

When the objective is to provide reasonable assurance, the auditor should reduce audit risk to an acceptably low level given the circumstances of the audit. The audit may also aim to provide limited assurance, in which case the acceptable risk that criteria are not complied with is greater than in a reasonable assurance audit. A limited assurance audit provides a level of assurance that, in the auditor's professional judgment, will be meaningful to the intended users.

Materiality

42) Auditors should consider materiality throughout the audit process

Materiality is relevant in all audits. A matter can be judged material if knowledge of it would be likely to influence the decisions of the intended users. Determining materiality is a matter of professional judgement and depends on the auditor's interpretation of the users' needs. This judgement may relate to an individual item or to a group of items taken together. Materiality is often considered in terms of value, but it also has other quantitative as well as qualitative aspects. The inherent characteristics of an item or group of items may render a matter material by its very nature. A matter may also be material because of the context in which it occurs.

Materiality considerations affect decisions concerning the nature, timing and extent of audit procedures and the evaluation of audit results. Considerations may include stakeholder concerns, public interest, regulatory requirements and consequences for society.

Documentation

43) Auditors should prepare audit documentation that is sufficiently detailed to provide a clear understanding of the work performed, evidence obtained and conclusions reached

Audit documentation should include an audit strategy and audit plan. It should record the procedures performed and evidence obtained and support the communicated results of the audit. Documentation should be sufficiently detailed to enable an experienced auditor, with no prior knowledge of the audit, to understand the nature, timing, scope and results of the procedures performed, the evidence obtained in support of the audit conclusions and recommendations, the reasoning behind all significant matters that required the exercise of professional judgement, and the related conclusions.

Communication

44) Auditors should establish effective communication throughout the audit process

It is essential that the audited entity be kept informed of all matters relating to the audit. This is key to developing a constructive working relationship. Communication should include obtaining information relevant to the audit and providing management and those charged with governance with timely observations and findings throughout the engagement. The auditor may also have a responsibility to communicate audit-related matters to other stakeholders, such as legislative and oversight bodies.

PRINCIPLES RELATED TO THE AUDIT PROCESS

Planning an audit

45) Auditors should ensure that the terms of the audit have been clearly established

Audits may be required by statute, requested by a legislative or oversight body, initiated by the SAI or carried out by simple agreement with the audited entity. In all cases the auditor, the audited entity's management, those charged with governance and others as applicable should reach a common formal understanding of the terms of the audit and their respective roles and responsibilities. Important information may include the subject, scope and objectives of the audit, access to data, the report that will result from the audit, the audit process, contact persons, and the roles and responsibilities of the different parties to the engagement.

46) Auditors should obtain an understanding of the nature of the entity/ programme to be audited

This includes understanding the relevant objectives, operations, regulatory environment, internal controls, financial and other systems and business processes, and researching the potential sources of audit evidence. Knowledge

can be obtained from regular interaction with management, those charged with governance and other relevant stakeholders. This may mean consulting experts and examining documents (including earlier studies and other sources) in order to gain a broad understanding of the subject matter to be audited and its context.

47) Auditors should conduct a risk assessment or problem analysis and revise this as necessary in response to the audit findings

The nature of the risks identified will vary according to the audit objective. The auditor should consider and assess the risk of different types of deficiencies, deviations or misstatements that may occur in relation to the subject matter. Both general and specific risks should be considered. This can be achieved through procedures that serve to obtain an understanding of the entity or programme and its environment, including the relevant internal controls. The auditor should assess the management's response to identified risks, including its implementation and design of internal controls to address them. In a problem analysis the auditor should consider actual indications of problems or deviations from what should be or is expected. This process involves examining various problem indicators in order to define the audit objectives. The identification of risks and their impact on the audit should be considered throughout the audit process.

48) Auditors should identify and assess the risks of fraud relevant to the audit objectives.

Auditors should make enquiries and perform procedures to identify and respond to the risks of fraud relevant to the audit objectives. They should maintain an attitude of professional scepticism and be alert to the possibility of fraud throughout the audit process.

49) Auditors should plan their work to ensure that the audit is conducted in an effective and efficient manner

Planning for a specific audit includes strategic and operational aspects.

Strategically, planning should define the audit scope, objectives and approach. The objectives refer to what the audit is intended to accomplish. The scope

relates to the subject matter and the criteria which the auditors will use to assess and report on the subject matter, and is directly related to the objectives. The approach will describe the nature and extent of the procedures to be used for gathering audit evidence. The audit should be planned to reduce audit risk to an acceptably low level.

Operationally, planning entails setting a timetable for the audit and defining the nature, timing and extent of the audit procedures. During planning, auditors should assign the members of their team as appropriate and identify other resources that may be required, such as subject experts.

Audit planning should be responsive to significant changes in circumstances and conditions. It is an iterative process that takes place throughout the audit.

Conducting an audit

50) Auditors should perform audit procedures that provide sufficient appropriate audit evidence to support the audit report

The auditor's decisions on the nature, timing and extent of audit procedures will impact on the evidence to be obtained. The choice of procedures will depend on the risk assessment or problem analysis.

Audit evidence is any information used by the auditor to determine whether the subject matter complies with the applicable criteria. Evidence may take many forms, such as electronic and paper records of transactions, written and electronic communication with outsiders, observations by the auditor, and oral or written testimony by the audited entity. Methods of obtaining audit evidence can include inspection, observation, inquiry, confirmation, recalculation, reperformance, analytical procedures and/or other research techniques. Evidence should be both sufficient (quantity) to persuade a knowledgeable person that the findings are reasonable, and appropriate (quality) – i.e. relevant, valid and reliable. The auditor's assessment of the evidence should be objective, fair and balanced. Preliminary findings should be communicated to and discussed with the audited entity to confirm their validity.

The auditor must respect all requirements regarding confidentiality.

51) Auditors should evaluate the audit evidence and draw conclusions

After completing the audit procedures, the auditor will review the audit documentation in order to determine whether the subject matter has been sufficiently and appropriately audited. Before drawing conclusions, the auditor reconsiders the initial assessment of risk and materiality in the light of the evidence collected and determines whether additional audit procedures need to be performed.

The auditor should evaluate the audit evidence with a view to obtaining audit findings. When evaluating the audit evidence and assessing materiality of findings the auditor should take both quantitative and qualitative factors into consideration.

Based on the findings, the auditor should exercise professional judgement to reach a conclusion on the subject matter or subject matter information.

Reporting and follow-up

52) Auditors should prepare a report based on the conclusions reached

The audit process involves preparing a report to communicate the results of the audit to stakeholders, others responsible for governance and the general public. The purpose is also to facilitate follow-up and corrective action. In some SAIs, such as courts of audit with jurisdictional authority, this may include issuing legally binding reports or judicial decisions.

Reports should be easy to understand, free from vagueness or ambiguity and complete. They should be objective and fair, only including information which is supported by sufficient and appropriate audit evidence and ensuring that findings are put into perspective and context.

The form and content of a report will depend on the nature of the audit, the intended users, the applicable standards and legal requirements. The SAI's mandate and other relevant laws or regulations may specify the layout or wording of reports, which can appear in short form or long form.

Long-form reports generally describe in detail the audit scope, audit findings and conclusions, including potential consequences and constructive recommendations to enable remedial action.

Short-form reports are more condensed and generally in a more standardised format.

» Attestation engagements

In attestation engagements the audit report may express an opinion as to whether the subject matter information is, in all material respects, free from misstatement and/or whether the subject matter complies, in all material respects, with the established criteria. In an attestation engagement the report is generally referred to as the Auditor's Report.

» Direct engagements

In direct engagements the audit report needs to state the audit objectives and describe how they were addressed in the audit. It includes findings and conclusions on the subject matter and may also include recommendations. Additional information about criteria, methodology and sources of data may also be given, and any limitations to the audit scope should be described.

The audit report should explain how the evidence obtained was used and why the resulting conclusions were drawn. This will enable it to provide the intended users with the necessary degree of confidence.

» Opinion

When an audit opinion is used to convey the level of assurance, the opinion should be in a standardised format. The opinion may be unmodified or modified. An unmodified opinion is used when either limited or reasonable assurance has been obtained. A modified opinion may be:

- *Qualified (except for)* – where the auditor disagrees with, or is unable to obtain sufficient and appropriate audit evidence about, certain items in the subject matter which are, or could be, material but not pervasive;

- *Adverse* – where the auditor, having obtained sufficient and appropriate audit evidence, concludes that deviations or misstatements, whether individually or in the aggregate, are both material and pervasive;
- *Disclaimed* – where the auditor is unable to obtain sufficient and appropriate audit evidence due to an uncertainty or scope limitation which is both material and pervasive.

Where the opinion is modified the reasons should be put in perspective by clearly explaining, with reference to the applicable criteria, the nature and extent of the modification. Depending on the type of audit, recommendations for corrective action and any contributing internal control deficiencies may also be included in the report.

» Follow-up

SAIs have a role in monitoring action taken by the responsible party in response to the matters raised in an audit report. Follow-up focuses on whether the audited entity has adequately addressed the matters raised, including any wider implications. Insufficient or unsatisfactory action by the audited entity may call for a further report by the SAI.

ISSAI 100

FUNDAMENTAL PRINCIPLES OF PUBLIC- SECTOR AUDITING



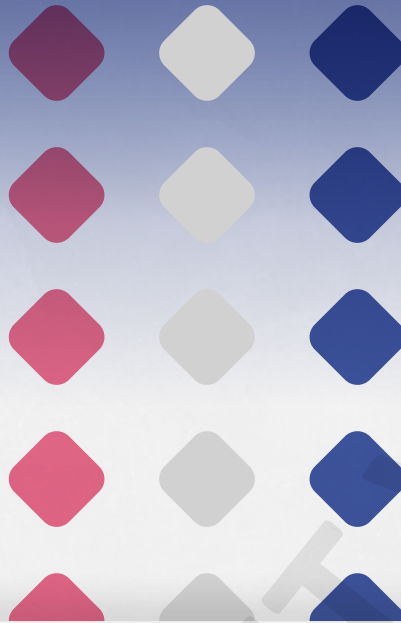
INTOSAI

INTOSAI Standards are issued
by the International
Organisation of Supreme Audit
Institutions, INTOSAI, as part of
the INTOSAI Framework of
Professional Pronouncements.

For more information visit
www.issai.org



INTOSAI



INTOSAI, 2019

- 1) Endorsed as Basic Principles in Government Auditing in 2001
- 2) Revised and renamed Fundamental Principles of Public-Sector Auditing in 2013
- 3) With the establishment of the Intosai Framework of Professional Pronouncements (IFPP), editorial changes were made in 2019

ISSAI 100 is available in all INTOSAI official languages: Arabic, English, French, German and Spanish

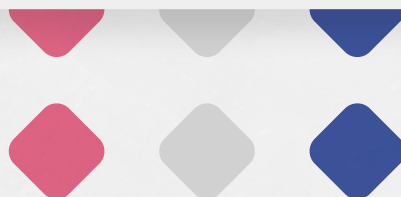


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1

INTRODUCTION

- 1) Professional standards and guidelines are essential for the credibility, quality and professionalism of public-sector auditing. The International Standards of Supreme Audit Institutions (ISSAIs) developed by the International Organisation of Supreme Audit Institutions (INTOSAI) aim to promote independent and effective auditing by supreme audit institutions (SAIs).
- 2) The ISSAIs support the members of INTOSAI in the development of their own professional approach in accordance with their mandates and with national laws and regulations.
- 3) The ISSAIs form part of the INTOSAI Framework of Professional Pronouncements (IFPP). Within this framework, the INTOSAI Principles (INTOSAI-P) contain the framework's founding principles and core principles that set out prerequisites for the proper functioning of SAIs. The International Standards of Supreme Audit Institutions (ISSAIs) address the conduct of audits and include generally-recognised professional principles that underpin the effective and independent auditing of public-sector entities.
- 4) INTOSAI Guidance (GUIDs) also form part of the IFPP. They provide guidance to support SAIs and individual auditors in enhancing organizational performance and implementing and applying the ISSAIs in practice.

- 5) The ISSAI 100 - *Fundamental Principles of Public-Sector Auditing* draw and elaborate on *INTOSAI-P 1 The Lima Declaration* and provide an authoritative international frame of reference defining public-sector auditing. The full set of ISSAIs is based on these principles.
- 6) ISSAI 100 *Fundamental Principles of Public-Sector Auditing* provides detailed information on:
 - the purpose and authority of the ISSAIs;
 - the framework for public-sector auditing;
 - the elements of public-sector auditing;
 - the principles to be applied in public-sector auditing.

PURPOSE AND AUTHORITY OF THE ISSAIS

- 7) *ISSAI 100 Fundamental Principles of Public-Sector Auditing* establishes fundamental principles which are applicable to all public-sector audit engagements, irrespective of their form or context. *ISSAI 200 Financial Audit Principles*, *ISSAI 300 Performance Audit Principles* and *ISSAI 400 Compliance Audit Principles* build on and further develop the principles to be applied in the context of financial, performance and compliance auditing respectively. They should be applied in conjunction with the principles set out in ISSAI 100. The principles in no way override national laws, regulations or mandates or prevent SAIs from carrying out investigations, reviews or other engagements which are not specifically covered by the existing ISSAIs.
- 8) *The Fundamental Principles of Public-Sector Auditing (ISSAI 100)* and the *Financial, Performance and Compliance Auditing Principles*¹ that flow from this can be used to establish authoritative standards in three ways:
- as a basis on which SAIs can develop standards;
 - as a basis for the adoption of consistent national standards;
 - as a basis for adoption of the ISSAIs.

SAIs may choose to compile a single standard-setting document, a series of such documents or a combination of standard-setting and other authoritative documents.

SAIs should declare which standards they apply when conducting audits, and this declaration should be accessible to users of the SAI's reports. Where the standards are based on several sources taken together, this should also be stated. SAIs are encouraged to make such declarations part of their audit reports; however, a more general form of communication may be used.

¹ ISSAIs 200, 300 and 400

- 9) An SAI may declare that the standards it has developed or adopted are based on or are consistent with the principles of the ISSAIs only if the standards fully comply with all relevant principles in ISSAIs 100, 200, 300 and 400.

Audit reports may include a reference to the fact that the standards used were based on or consistent with the ISSAI or ISSAIs relevant to the audit work carried out. Such reference may be made by stating:

... We conducted our audit[s] in accordance with [standards], which are based on [or consistent with] ISSAI 100 Fundamental Principles of Public-Sector Auditing [and the principles of ISSAI 200 Financial Audit Principles / ISSAI 300 Performance Audit Principles / ISSAI 400 Compliance Audit Principles] of the International Standards of Supreme Audit Institutions.

In order to properly adopt or develop auditing standards based on these auditing principles, an understanding of the entire text of the principles is necessary. To achieve this, it may be helpful to consult the relevant financial audit standards (ISSAIs 2000-2899), performance audit standards (ISSAIs 3000-3899) and compliance audit standards (ISSAIs 4000-4899).

- 10) SAIs may choose to adopt the ISSAIs as their authoritative standards. In such cases the auditor must comply with all ISSAIs relevant to the audit. Reference to the ISSAIs applied may be made by stating:

... We conducted our audit[s] in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

In order to enhance transparency, the statement may further specify which auditing standards within the ISSAIs 2000-4899 the auditor has considered relevant and applied. This may be done by adding the following phrase:

The audit[s] was [were] based on ISSAI[s] xxx [number and name of the ISSAI or range of ISSAIs].

- 11) The International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC) are incorporated into the INTOSAI financial audit standards (ISSAIs 2000-2899). In financial audits, reference may therefore be made either to the ISSAIs or to the ISAs. The ISSAIs may provide additional public-sector application material, but the requirements upon the auditor in financial audits are the same. The ISAs constitute an indivisible set of standards and the ISSAIs in which they are incorporated may not be referred to individually. If the ISSAIs or the ISAs have been adopted as the SAI's standards for financial audits, the auditor's report should include a reference to those standards. This applies equally to financial audits conducted in combination with other types of audit.
- 12) Audits may be conducted in accordance with both the ISSAIs and standards from other sources provided that no contradictions arise. In such cases reference should be made both to the ISSAIs and to the other standards concerned.

MANDATE

- 13) An SAI will exercise its public-sector audit function within a specific constitutional arrangement and by virtue of its office and mandate, which ensure sufficient independence and power of discretion in performing its duties. The mandate of an SAI may define its general responsibilities in the field of public-sector auditing and provide further prescriptions concerning the audits and other engagements to be performed.
- 14) SAIs may be mandated to perform many types of engagements on any subject of relevance to the responsibilities of management and those charged with governance and the appropriate use of public funds and assets. The extent or form of these engagements and the reporting thereon will vary according to the legislated mandate of the SAI concerned.
- 15) In certain countries, the SAI is a court, composed of judges, with authority over State accountants and other public officials who must render account to it. There exists an important relationship between this jurisdictional authority and the characteristics of public-sector auditing. The jurisdictional function requires the SAI to ensure that whoever is charged with dealing with public funds is held accountable and, in this regard, is subject to its jurisdiction.
- 16) An SAI may make strategic decisions in order to respond to the requirements in its mandate and other legislative requirements. Such decisions may include which auditing standards are applicable, which engagements will be conducted and how they will be prioritised.

PUBLIC-SECTOR AUDITING AND ITS OBJECTIVES

- 17) The public-sector audit environment is that in which governments and other public-sector entities exercise responsibility for the use of resources derived from taxation and other sources in the delivery of services to citizens and other recipients. These entities are accountable for their management and performance, and for the use of resources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources. Public-sector auditing helps to create suitable conditions and reinforce the expectation that public-sector entities and public servants will perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations.
- 18) In general public-sector auditing can be described as a systematic process of objectively obtaining and evaluating evidence to determine whether information or actual conditions conform to established criteria. Public-sector auditing is essential in that it provides legislative and oversight bodies, those charged with governance and the general public with information and independent and objective assessments concerning the stewardship and performance of government policies, programmes or operations.
- 19) SAIs serve this aim as important pillars of their national democratic systems and governance mechanisms and play an important role in enhancing public-sector administration by emphasising the principles of transparency, accountability, governance and performance. INTOSAI P-20 Principles of Transparency and Accountability contain INTOSAI core principles in this regard.
- 20) All public-sector audits start from objectives, which may differ depending on the type of audit being conducted. However, all public-sector auditing contributes to good governance by:
- providing the intended users with independent, objective and reliable information, conclusions or opinions based on sufficient and appropriate evidence relating to public entities;
 - enhancing accountability and transparency, encouraging continuous improvement and sustained confidence in the appropriate use of public funds and assets and the performance of public administration;

- reinforcing the effectiveness of those bodies within the constitutional arrangement that exercise general monitoring and corrective functions over government, and those responsible for the management of publicly-funded activities;
 - creating incentives for change by providing knowledge, comprehensive analysis and well-founded recommendations for improvement.
- 21) In general, public-sector audits can be categorised into one or more of three main types: audits of financial statements, audits of compliance with authorities and performance audits. The objectives of any given audit will determine which standards apply.

TYPES OF PUBLIC-SECTOR AUDIT

- 22) The three main types of public-sector audit are defined as follows:

Financial audit focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error.

Performance audit focuses on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance is examined against suitable criteria, and the causes of deviations from those criteria or other problems are analysed. The aim is to answer key audit questions and to provide recommendations for improvement.

Compliance audit focuses on whether a particular subject matter is in compliance with authorities identified as criteria. Compliance auditing is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. These authorities may include rules, laws and regulations, budgetary resolutions, policy, established codes, agreed terms or the general principles governing sound public-sector financial management and the conduct of public officials.

- 23) SAIs may carry out audits or other engagements on any subject of relevance to the responsibilities of management and those charged with governance and the appropriate use of public resources. These engagements may include reporting on the quantitative outputs and outcomes of the entity's service delivery activities, sustainability reports, future resource requirements, adherence to internal control standards, real-time audits of projects or other matters. SAIs may also conduct combined audits incorporating financial, performance and/or compliance aspects.
- 24) Public-sector auditing is indispensable for the public administration, as the management of public resources is a matter of trust. Responsibility for the management of public resources in line with intended purposes is entrusted to an entity or person who acts on behalf of the public. Public-sector auditing enhances the confidence of the intended users by providing information and independent and objective assessments concerning deviations from accepted standards or principles of good governance.

All public-sector audits have the same basic elements: the auditor, the responsible party, intended users (the three parties to the audit), criteria for assessing the subject matter and the resulting subject matter information. They can be categorised as two different types of audit engagement: attestation engagements and direct reporting engagements.

THE THREE PARTIES

- 25) Public-sector audits involve at least three separate parties: the auditor, a responsible party and intended users. The relationship between the parties should be viewed within the context of the specific constitutional arrangements for each type of audit.
- The auditor: In public-sector auditing the role of auditor is fulfilled by the Head of the SAI and by persons to whom the task of conducting the audits is delegated. The overall responsibility for public-sector auditing remains as defined by the SAI's mandate.
 - The responsible party: In public-sector auditing the relevant responsibilities are determined by constitutional or legislative arrangement. The responsible parties may be responsible for the subject matter information, for managing the subject matter or for addressing recommendations, and may be individuals or organisations.
 - Intended users: The individuals, organisations or classes thereof for whom the auditor prepares the audit report. The intended users may be legislative or oversight bodies, those charged with governance or the general public.

SUBJECT MATTER, CRITERIA AND SUBJECT MATTER INFORMATION

- 26) Subject matter refers to the information, condition or activity that is measured or evaluated against certain criteria. It can take many forms and have different characteristics depending on the audit objective. An appropriate subject matter is identifiable and capable of consistent evaluation or measurement against the criteria, such that it can be subjected to procedures for gathering sufficient and appropriate audit evidence to support the audit opinion or conclusion.
- 27) The criteria are the benchmarks used to evaluate the subject matter. Each audit should have criteria suitable to the circumstances of that audit. In determining the suitability of criteria the auditor considers their relevance and understandability for the intended users, as well as their completeness, reliability and objectivity (neutrality, general acceptance and comparability with the criteria used in similar audits). The criteria used may depend on a range of factors, including the objectives and the type of audit. Criteria can be specific or more general, and may be drawn from various sources, including laws, regulations, standards, sound principles and best practices. They should be made available to the intended users to enable them to understand how the subject matter has been evaluated or measured.
- 28) Subject matter information refers to the outcome of evaluating or measuring the subject matter against the criteria. It can take many forms and have different characteristics depending on the audit objective and audit scope.

TYPES OF ENGAGEMENT

- 29) There are two types of engagement:
- In attestation engagements the responsible party measures the subject matter against the criteria and presents the subject matter information, on which the auditor then gathers sufficient and appropriate audit evidence to provide a reasonable basis for expressing a conclusion.
 - In direct reporting engagements it is the auditor who measures or evaluates the subject matter against the criteria. The auditor selects the subject matter and criteria, taking into consideration risk and materiality. The outcome of measuring the subject matter against the criteria is presented in the audit report in the form of findings, conclusions, recommendations or an opinion. The audit of the subject matter may also provide new information, analyses or insights.

- 30) Financial audits are always attestation engagements, as they are based on financial information presented by the responsible party. Performance audits are normally direct reporting engagements. Compliance audits may be attestation or direct reporting engagements, or both at once. The following constitute the subject matter or the subject matter information in the three types of audit covered by the ISSAIs:
- a) *Financial audit:* The subject matter of a financial audit is the financial position, performance, cash flow or other elements which are recognised, measured and presented in financial statements. The subject matter information is the financial statements.
 - b) *Performance audit:* The subject matter of a performance audit is defined by the audit objectives and audit questions. The subject matter may be specific programmes, entities or funds or certain activities (with their outputs, outcomes and impacts), existing situations (including causes and consequences) as well as non-financial or financial information about any of these elements. The auditor measures or evaluates the subject matter to assess the extent to which the established criteria have or have not been met.
 - c) *Compliance audit:* The subject matter of a compliance audit is defined by the scope of the audit. It may be activities, financial transactions or information. For attestation engagements on compliance it is more relevant to focus on the subject matter information, which may be a statement of compliance in accordance with an established and standardised reporting framework.

CONFIDENCE AND ASSURANCE IN PUBLIC-SECTOR AUDITING

The need for confidence and assurance

- 31) The intended users will wish to be confident about the reliability and relevance of the information which they use as the basis for taking decisions. Audits therefore provide information based on sufficient and appropriate evidence, and auditors should perform procedures to reduce or manage the risk of reaching inappropriate conclusions. The level of assurance that can be provided to the intended user should be communicated in a transparent way. Due to inherent limitations, however, audits can never provide absolute assurance.

Forms of providing assurance

- 32) Depending on the audit and the users' needs, assurance can be communicated in two ways:
- Through opinions and conclusions which explicitly convey the level of assurance. This applies to all attestation engagements and certain direct reporting engagements.
 - In other forms. In some direct reporting engagements the auditor does not give an explicit statement of assurance on the subject matter. In such cases the auditor provides the users with the necessary degree of confidence by explicitly explaining how findings, criteria and conclusions were developed in a balanced and reasoned manner, and why the combinations of findings and criteria result in a certain overall conclusion or recommendation.

Levels of assurance

- 33) Assurance can be either reasonable or limited.

Reasonable assurance is high but not absolute. The audit conclusion is expressed positively, conveying that, in the auditor's opinion, the subject matter is or is not compliant in all material respects, or, where relevant, that the subject matter information provides a true and fair view, in accordance with the applicable criteria.

When providing limited assurance, the audit conclusion states that, based on the procedures performed, nothing has come to the auditor's attention to cause the auditor to believe that the subject matter is not in compliance with the applicable criteria. The procedures performed in a limited assurance audit are limited compared with what is necessary to obtain reasonable assurance, but the level of assurance is expected, in the auditor's professional judgement, to be meaningful to the intended users. A limited assurance report conveys the limited nature of the assurance provided.

PRINCIPLES OF PUBLIC-SECTOR AUDITING

- 34) The principles detailed below are fundamental to the conduct of an audit. Auditing is a cumulative and iterative process. However, for the purposes of presentation the fundamental principles are grouped by principles related to the SAI's organisational requirements, general principles that the auditor should consider prior to commencement and at more than one point during the audit and principles related to specific steps in the audit process.

Areas covered by the principles for public-sector auditing

GENERAL PRINCIPLES			
Ethics & Independence	Professional judgment, due care and scepticism	Quality control	Audit team management & skills
Audit risk	Materiality	Documentation	Communication

PRINCIPLES RELATED TO THE AUDIT PROCESS		
Planning the audit <ul style="list-style-type: none"> Establish the terms of the audit Obtain Understanding Conduct risk assessment of problem analysis Identify risks of Fraud Develop an audit plan 	Conducting the audit <ul style="list-style-type: none"> Perform the planned audit procedures to obtain audit evidence Evaluate audit evidence and draw conclusions 	Reporting and follow-up <ul style="list-style-type: none"> Prepare a report based on the conclusions reached Follow up on reported matters as relevant

ORGANISATIONAL REQUIREMENTS

35) SAIs should establish and maintain appropriate procedures for ethics and quality control

Each SAI should establish and maintain procedures for ethics and quality control on an organisational level that will provide it with reasonable assurance that the SAI and its personnel are complying with professional standards and the applicable ethical, legal and regulatory requirements. The existence of these procedures at SAI level is a prerequisite for applying national standards that are based on or consistent with the Fundamental Auditing Principles. *ISSAI 130 - Code of Ethics* and *ISSAI 140 - Quality Control for SAIs* define the requirements of the ISSAIs and provide related application material in this regard.

36) SAIs should establish and maintain appropriate procedures for competency management

Each SAI should establish and maintain procedures for competency management on an organisational level that will provide it with reasonable assurance that the SAI's auditors have the competencies required to fulfill their function in accordance with their mandate. The competency management at an organizational level generally involve:

- I) Determining relevant competencies
- II) Providing enabling human resource practices,
- III) Providing pathways for professional development and
- IV) Assessing and monitoring competencies.

The existence of procedures for competency management is a prerequisite for applying national standards that are based on or consistent with the Fundamental Auditing Principles. *ISSAI 150 - Auditor Competence* defines the requirements of the ISSAIs and provide related application material in this regard.

GENERAL PRINCIPLES

Ethics and independence

- 37) Auditors should comply with the relevant ethical requirements and be independent.** Ethical principles should be embodied in an auditor's professional behaviour. The SAIs should have policies addressing ethical requirements and emphasising the need for compliance by each auditor. Auditors should remain independent so that their reports will be impartial and be seen as such by the intended users.

Auditors can find INTOSAI Core Principles on independence in the *INTOSAI P-10 Mexico Declaration on SAI Independence*. The key ethical principles of integrity, independence and objectivity, competence, professional behavior and confidentiality and transparency are defined in *ISSAI 130 Code of Ethics*, together with related requirements and application material.

Professional judgement, due care and scepticism

- 38) Auditors should maintain appropriate professional behaviour by applying professional scepticism, professional judgment and due care throughout the audit.** The auditor's attitude should be characterised by professional scepticism and professional judgement, which are to be applied when forming decisions about the appropriate course of action. Auditors should exercise due care to ensure that their professional behaviour is appropriate.

Professional scepticism means maintaining professional distance and an alert and questioning attitude when assessing the sufficiency and appropriateness of evidence obtained throughout the audit. It also entails remaining open-minded and receptive to all views and arguments.

Professional judgement implies the application of collective knowledge, skills and experience to the audit process. Due care means that the auditor should plan and conduct audits in a diligent manner. Auditors should avoid any conduct that might discredit their work.

Quality control

39) Auditors should perform the audit in accordance with professional standards on quality control

An SAI's quality control policies and procedures should comply with professional standards, the aim being to ensure that audits are conducted at a consistently high level. Quality control procedures should cover matters such as the direction, review and supervision of the audit process and the need for consultation in order to reach decisions on difficult or contentious matters. Auditors can find further information in ISSAI 140 Quality Control for SAIs.

Audit team management and skills

40) Auditors should possess or have access to the necessary skills

The individuals in the audit team should collectively possess the knowledge, skills and expertise necessary to successfully complete the audit. This includes an understanding and practical experience of the type of audit being conducted, familiarity with the applicable standards and legislation, an understanding of the entity's operations and the ability and experience to exercise professional judgement. Common to all audits is the need to recruit personnel with suitable qualifications, offer staff development and training, prepare manuals and other written guidance and instructions concerning the conduct of audits, and assign sufficient audit resources. Auditors should maintain their professional competence through ongoing professional development. ISSAI 150 - Auditor Competence defines the organizational requirements of the ISSAIs and provide related application material in this regard.

Where relevant or necessary, and in line with the SAI's mandate and the applicable legislation, the auditor may use the work of internal auditors, other auditors or experts. The auditor's procedures should provide a sufficient basis for using the work of others, and in all cases the auditor should obtain evidence of other auditors' or experts' competence and independence and the quality of the work performed. However, the SAI has

sole responsibility for any audit opinion or report it might produce on the subject matter; that responsibility is not reduced by its use of work done by other parties.

The objectives of internal audit are different from those of external audit. However, both internal and external audit promote good governance through contributions to transparency and accountability for the use of public resources, as well as economy, efficiency and effectiveness in public administration. This offers opportunities for coordination and cooperation and the possibility of eliminating duplication of effort.

Some SAIs use the work of other auditors at state, provincial, regional, district or local level, or of public accounting firms that have completed audit work related to the audit objective. Arrangements should be made to ensure that any such work was carried out in accordance with public-sector auditing standards.

Audits may require specialised techniques, methods or skills from disciplines not available within the SAI. In such cases experts may be used to provide knowledge or carry out specific tasks or for other purposes.

Audit risk

41) Auditors should manage the risks of providing a report that is inappropriate in the circumstances of the audit

The audit risk is the risk that the audit report may be inappropriate. The auditor performs procedures to reduce or manage the risk of reaching inappropriate conclusions, recognising that the limitations inherent to all audits mean that an audit can never provide absolute certainty of the condition of the subject matter.

When the objective is to provide reasonable assurance, the auditor should reduce audit risk to an acceptably low level given the circumstances of the audit. The audit may also aim to provide limited assurance, in which case the acceptable risk that criteria are not complied with is greater than in a reasonable assurance audit. A limited assurance audit provides a level of assurance that, in the auditor's professional judgment, will be meaningful to the intended users.

Materiality

42) Auditors should consider materiality throughout the audit process

Materiality is relevant in all audits. A matter can be judged material if knowledge of it would be likely to influence the decisions of the intended users. Determining materiality is a matter of professional judgement and depends on the auditor's interpretation of the users' needs. This judgement may relate to an individual item or to a group of items taken together. Materiality is often considered in terms of value, but it also has other quantitative as well as qualitative aspects. The inherent characteristics of an item or group of items may render a matter material by its very nature. A matter may also be material because of the context in which it occurs.

Materiality considerations affect decisions concerning the nature, timing and extent of audit procedures and the evaluation of audit results. Considerations may include stakeholder concerns, public interest, regulatory requirements and consequences for society.

Documentation

43) Auditors should prepare audit documentation that is sufficiently detailed to provide a clear understanding of the work performed, evidence obtained and conclusions reached

Audit documentation should include an audit strategy and audit plan. It should record the procedures performed and evidence obtained and support the communicated results of the audit. Documentation should be sufficiently detailed to enable an experienced auditor, with no prior knowledge of the audit, to understand the nature, timing, scope and results of the procedures performed, the evidence obtained in support of the audit conclusions and recommendations, the reasoning behind all significant matters that required the exercise of professional judgement, and the related conclusions.

Communication

44) Auditors should establish effective communication throughout the audit process

It is essential that the audited entity be kept informed of all matters relating to the audit. This is key to developing a constructive working relationship. Communication should include obtaining information relevant to the audit and providing management and those charged with governance with timely observations and findings throughout the engagement. The auditor may also have a responsibility to communicate audit-related matters to other stakeholders, such as legislative and oversight bodies.

PRINCIPLES RELATED TO THE AUDIT PROCESS

Planning an audit

45) Auditors should ensure that the terms of the audit have been clearly established

Audits may be required by statute, requested by a legislative or oversight body, initiated by the SAI or carried out by simple agreement with the audited entity. In all cases the auditor, the audited entity's management, those charged with governance and others as applicable should reach a common formal understanding of the terms of the audit and their respective roles and responsibilities. Important information may include the subject, scope and objectives of the audit, access to data, the report that will result from the audit, the audit process, contact persons, and the roles and responsibilities of the different parties to the engagement.

46) Auditors should obtain an understanding of the nature of the entity/ programme to be audited

This includes understanding the relevant objectives, operations, regulatory environment, internal controls, financial and other systems and business processes, and researching the potential sources of audit evidence. Knowledge can be obtained from regular interaction

with management, those charged with governance and other relevant stakeholders. This may mean consulting experts and examining documents (including earlier studies and other sources) in order to gain a broad understanding of the subject matter to be audited and its context.

47) Auditors should conduct a risk assessment or problem analysis and revise this as necessary in response to the audit findings

The nature of the risks identified will vary according to the audit objective. The auditor should consider and assess the risk of different types of deficiencies, deviations or misstatements that may occur in relation to the subject matter. Both general and specific risks should be considered. This can be achieved through procedures that serve to obtain an understanding of the entity or programme and its environment, including the relevant internal controls. The auditor should assess the management's response to identified risks, including its implementation and design of internal controls to address them. In a problem analysis the auditor should consider actual indications of problems or deviations from what should be or is expected. This process involves examining various problem indicators in order to define the audit objectives. The identification of risks and their impact on the audit should be considered throughout the audit process.

48) Auditors should identify and assess the risks of fraud relevant to the audit objectives.

Auditors should make enquiries and perform procedures to identify and respond to the risks of fraud relevant to the audit objectives. They should maintain an attitude of professional scepticism and be alert to the possibility of fraud throughout the audit process.

49) Auditors should plan their work to ensure that the audit is conducted in an effective and efficient manner

Planning for a specific audit includes strategic and operational aspects.

Strategically, planning should define the audit scope, objectives and approach. The objectives refer to what the audit is intended to accomplish. The scope relates to the subject matter and the criteria which the auditors

will use to assess and report on the subject matter, and is directly related to the objectives. The approach will describe the nature and extent of the procedures to be used for gathering audit evidence. The audit should be planned to reduce audit risk to an acceptably low level.

Operationally, planning entails setting a timetable for the audit and defining the nature, timing and extent of the audit procedures. During planning, auditors should assign the members of their team as appropriate and identify other resources that may be required, such as subject experts.

Audit planning should be responsive to significant changes in circumstances and conditions. It is an iterative process that takes place throughout the audit.

Conducting an audit

50) Auditors should perform audit procedures that provide sufficient appropriate audit evidence to support the audit report

The auditor's decisions on the nature, timing and extent of audit procedures will impact on the evidence to be obtained. The choice of procedures will depend on the risk assessment or problem analysis.

Audit evidence is any information used by the auditor to determine whether the subject matter complies with the applicable criteria. Evidence may take many forms, such as electronic and paper records of transactions, written and electronic communication with outsiders, observations by the auditor, and oral or written testimony by the audited entity. Methods of obtaining audit evidence can include inspection, observation, inquiry, confirmation, recalculation, reperformance, analytical procedures and/or other research techniques. Evidence should be both sufficient (quantity) to persuade a knowledgeable person that the findings are reasonable, and appropriate (quality) – i.e. relevant, valid and reliable. The auditor's assessment of the evidence should be objective, fair and balanced. Preliminary findings should be communicated to and discussed with the audited entity to confirm their validity.

The auditor must respect all requirements regarding confidentiality.

51) Auditors should evaluate the audit evidence and draw conclusions

After completing the audit procedures, the auditor will review the audit documentation in order to determine whether the subject matter has been sufficiently and appropriately audited. Before drawing conclusions, the auditor reconsiders the initial assessment of risk and materiality in the light of the evidence collected and determines whether additional audit procedures need to be performed.

The auditor should evaluate the audit evidence with a view to obtaining audit findings. When evaluating the audit evidence and assessing materiality of findings the auditor should take both quantitative and qualitative factors into consideration.

Based on the findings, the auditor should exercise professional judgement to reach a conclusion on the subject matter or subject matter information.

Reporting and follow-up

52) Auditors should prepare a report based on the conclusions reached

The audit process involves preparing a report to communicate the results of the audit to stakeholders, others responsible for governance and the general public. The purpose is also to facilitate follow-up and corrective action. In some SAIs, such as courts of audit with jurisdictional authority, this may include issuing legally binding reports or judicial decisions.

Reports should be easy to understand, free from vagueness or ambiguity and complete. They should be objective and fair, only including information which is supported by sufficient and appropriate audit evidence and ensuring that findings are put into perspective and context.

The form and content of a report will depend on the nature of the audit, the intended users, the applicable standards and legal requirements. The SAI's mandate and other relevant laws or regulations may specify the layout or wording of reports, which can appear in short form or long form.

Long-form reports generally describe in detail the audit scope, audit findings and conclusions, including potential consequences and constructive recommendations to enable remedial action.

Short-form reports are more condensed and generally in a more standardised format.

» Attestation engagements

In attestation engagements the audit report may express an opinion as to whether the subject matter information is, in all material respects, free from misstatement and/or whether the subject matter complies, in all material respects, with the established criteria. In an attestation engagement the report is generally referred to as the Auditor's Report.

» Direct engagements

In direct engagements the audit report needs to state the audit objectives and describe how they were addressed in the audit. It includes findings and conclusions on the subject matter and may also include recommendations. Additional information about criteria, methodology and sources of data may also be given, and any limitations to the audit scope should be described.

The audit report should explain how the evidence obtained was used and why the resulting conclusions were drawn. This will enable it to provide the intended users with the necessary degree of confidence.

» Opinion

When an audit opinion is used to convey the level of assurance, the opinion should be in a standardised format. The opinion may be unmodified or modified. An unmodified opinion is used when either limited or reasonable assurance has been obtained. A modified opinion may be:

- *Qualified (except for)* – where the auditor disagrees with, or is unable to obtain sufficient and appropriate audit evidence about, certain items in the subject matter which are, or could be, material but not pervasive;
- *Adverse* – where the auditor, having obtained sufficient and appropriate audit evidence, concludes that deviations or misstatements, whether individually or in the aggregate, are both material and pervasive;
- *Disclaimed* – where the auditor is unable to obtain sufficient and appropriate audit evidence due to an uncertainty or scope limitation which is both material and pervasive.

Where the opinion is modified the reasons should be put in perspective by clearly explaining, with reference to the applicable criteria, the nature and extent of the modification. Depending on the type of audit, recommendations for corrective action and any contributing internal control deficiencies may also be included in the report.

» Follow-up

SAIs have a role in monitoring action taken by the responsible party in response to the matters raised in an audit report. Follow-up focuses on whether the audited entity has adequately addressed the matters raised, including any wider implications. Insufficient or unsatisfactory action by the audited entity may call for a further report by the SAI.

INTERNATIONAL STANDARD FOR SUPREME AUDIT INSTITUTIONS (ISSAI) 150

AUDITOR COMPETENCE

INTRODUCTION

1. The ability of a Supreme Audit Institution (SAI) to fulfil its mandate and conduct high-quality, effective audits depends to a large extent on the quality, integrity and competence of its staff. The competency requirements of auditors, and how they are recruited, developed, maintained and assessed, are of fundamental importance to a SAI.
2. Auditing standards give structure to the execution of a SAI's mandate and work, but these can only be implemented by staff with the appropriate competencies. Standards on auditor competence at organisational level, emphasise that the employment of competent auditors is an integral part of a SAI's identity, professionalism, credibility and relevance.
3. The leadership of a SAI has the overall responsibility to implement the requirements of this standard and to ensure that auditors are competent and able to execute the SAI's mandate. As such, considerations regarding auditor competence should appropriately be reflected in the SAI's strategies, policies and procedures.
4. ISSAI 150 – *Auditor Competence* is intended to be used in conjunction with other ISSAIs and with due consideration of SAIs' mandates, enabling legislation, structure, size and other considerations. The standard also allows for appropriate flexibility in the application of the organisational requirements contained in the document, to cater for specific considerations that are unique to the relevant SAI.
5. Auditing standards alone, however, cannot enable a SAI to deliver on its mandate. The SAI needs to ensure the existence of all the elements of professionalism, such as:
 - a) an appropriate working environment;
 - b) auditing standards and guidelines to give effect to the SAI's mandate;

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

In addition, appropriate organisational capability and strategic focus, as outlined in the INTOSAI Principles within the IFPP, are essential enabling factors in the context of this pronouncement.

SCOPE

- 6. The purpose of ISSAI 150 is to set out the organisational requirements that a SAI shall follow in determining auditor competencies, as well as the recruitment, development, maintenance and assessment thereof.
- 7. ISSAI 150 addresses the SAI's role and responsibilities on a general level and is applicable to all types of auditing (financial, performance, and compliance) and jurisdictional activities.
- 8. The IFPP includes many pronouncements, which refer to the concept of auditor competence. ISSAI 150 brings together all such references at the level of the organisational requirements in the IFPP.

THE PRINCIPLE UNDERLYING THIS STANDARD

- 9. In the introductory comments to ISSAI 100 – *Fundamental Principles of Public-Sector Auditing* – standards and guidelines are described as essential for the credibility, quality and professionalism of public-sector auditing.
- 10. ISSAI 100 – *Fundamental Principles of Public-Sector Auditing* - provides that each SAI should establish and maintain procedures for competency management on an organisational level that will provide it with reasonable assurance that the SAI's

auditors have the competencies required to fulfil their function. The competency management at an organizational level generally involve:

- a) Determining relevant competencies,
- b) Providing enabling human resource practices,
- c) Providing pathways for professional development, and
- d) Assessing and monitoring competencies.

11. This standard defines the organizational requirements of the ISSAIs based on this principle in ISSAI 100. A SAI must comply with all organizational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs. The authority of the ISSAIs is further defined in ISSAI 100.

44.12. These requirements in ISSAI 150 are intended to be applied by all SAIs, recognising that they operate under different mandates and legal systems. In implementing the requirements the SAI needs to consider and adapt to the mandates and country-specific legal requirements around labour relations, privacy, data protection, etc.

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DEFINITIONS

42.13. **Competence** is the ~~measurable or observable~~ knowledge, skills and personal attributes critical to successful job performance, where:

- a) knowledge is the theoretical or practical understanding of a topic;
- b) skills are the abilities to accomplish specific tasks, developed through learning or experience; and
- c) personal attributes are the mind-set, qualities, characteristics and traits of a person.

~~13~~.14. A **competency framework** is 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. Competency frameworks need to be largely stable and timeless at a broad level. At a more granular level, they need to be dynamic, reflecting the expectations of an ever-changing world. They seek to define the elements needed to drive success and high performance, and will change depending on the circumstances.

~~14~~.15. A **pathway for professional development** is a formalised, structured development programme chosen by a SAI and aimed at developing and maintaining competent, professional auditors in the SAI.

ORGANISATIONAL REQUIREMENTS UNDERPINNING A SAI'S RESPONSIBILITIES TOWARDS AUDITOR COMPETENCE

Determining relevant competencies

Organisational requirement 1

~~15~~.16. A SAI shall determine and document relevant competencies required for all auditors to fulfil the SAI mandate.

Application material

~~16~~.17. A SAI may have a strategy for how it operationalise its auditing mandate. An important part of the strategy is to ensure that the SAI has adequate human resources and competent auditors.

~~17~~.18. In determining the relevance of the competencies required for its auditors, a SAI may consider the appropriateness of these competencies to support fulfilling its legislated mandate and address the unique challenges of the environment in which the audit takes place, both in a current and future context.

~~18~~.19. To ensure the quality and relevance of the end-result, the SAI may consider designing the process to determine competencies in ways that are appropriately transparent and inclusive.

~~19-20.~~ To give effect to this requirement, a SAI may document the competencies required of its auditors in a competency framework, at the level of full and complete ability to function in the positions in which they have been appointed. Good practice in this regard suggests that competencies be described in terms of observable behaviour.

~~20-21.~~ It may be important for a SAI to describe the competencies of an auditor who is fully able to manage an audit in line with the auditing standards that the SAI has adopted, thereby creating a baseline for all other audit positions in the SAI.

~~21-22.~~ The extent of documenting competencies for auditors will depend on many factors within the SAI, including access to relevantly qualified human resources, size of the SAI, cost and cost-effectiveness considerations, the envisaged return on investment related to competence development, etc. The SAI may consider developing separate competency profiles per type of position throughout the organisation, but it may also be done in groups, broad categories or team context. Alternatively, the SAI may consider using job profiles – a short statement that links job requirements to competencies – to expand on its overall detailed competency description.

~~22-23.~~ Elements to consider when determining the competencies required of an individual auditor, audit team or the grouping of positions within a specific SAI, include:

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

~~23-24.~~ The determination of competencies in a SAI is also impacted by career progression. Where technical competence may be the overriding consideration at the

start of an auditor's career, managerial and leadership competencies may become increasingly important as the auditor progresses career-wise. The SAI may consider practical means of addressing this progression in its determination of competencies.

Providing enabling human resource practices

Organisational requirement 2

24-25. A SAI shall have appropriate human resource management processes and practices to ensure that its auditors have the relevant competencies determined by the SAI,.

Application material

25-26. To attract, develop and maintain the competence of individual auditors, it may be necessary to invest in the following appropriate and sound human resource management practices and processes:

- a) Human resource management strategy;
- b) Human resource planning;
- c) Attraction and recruitment;
- d) Performance management;
- e) Learning and development;
- f) Reward and recognition; ~~and/or~~
- g) Retention, replacement and succession, and/or others,

to the extent that the SAI has control over these processes. Where the SAI does not have control over such processes, it will benefit the SAI to proactively communicate its needs to the entity undertaking such processes on its behalf and to influence the processes to fit its needs.

26-27. The expectation of SAI leadership to have access to competent resources to give effect to the SAI's mandate also implies an investment in individual capacity development and creating a culture of life-long learning in the organisation. This may be in the form of:

- a) establishing clear and ongoing channels of communication with staff about the SAI's expectations regarding competence and continuous self-development in the context of its human resource management strategy, giving context to its

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human resource management practices and processes, as well as opportunities for development of competencies;

- b) investing in the education of auditors through the availability of scholarships, bursaries or by other similar means;
- c) providing access, internally or externally, to relevant training interventions;
- d) providing specifically structured practical experience opportunities;
- e) providing access to regularly updated audit manuals;
- f) providing opportunities for on-the-job training, supervision and feedback mechanisms;
- g) providing access to appropriate coaching and mentoring opportunities; and/or
- h) providing opportunities for appropriate knowledge sharing.

Providing pathways for professional development

Organisational requirement 3

27-28. A SAI shall establish dedicated pathways for professional development of auditors, specifically tailored to the SAI's mandate, regulatory framework, organisation structure and needs.

Application material

28-29. In applying its mind to the development of pathways for professional development, a SAI may consider distinguishing between processes of

- a) initial professional development (developing a baseline of competence to be able to manage an audit in line with the auditing standards that the SAI has adopted or linked to a specific position in the SAI), and
- b) continuing professional development (maintaining and keeping competencies relevant, as well as ensuring future readiness).

~~29-30.~~ The SAI's mandate, strategy and needs play a guiding role in the professional development options that a SAI will consider as appropriate for its circumstances. Options to consider may include:

- a) creating an own academy (or similar structure) to conduct professional education and training;
- b) partnering directly with a university to deal with the educational element of a professional development pathway, while handling the other requirements on an in-house basis;
- c) partnering with a professional accounting organisation (PAO) or similar provider to design and deliver professional development opportunities;
- d) following a dedicated recruitment strategy focused on sourcing professionally qualified auditors, supplemented by in-house public-sector audit-specific learning opportunities; and/or
- e) partnering with specific INTOSAI bodies or fellow SAIs to institutionalise professional development options.

~~30-31.~~ All pathways for professional development contain appropriate elements of:

- a) external learning opportunities (such as a degree at a university, SAI academy or similar institution);
- b) internal learning opportunities (such as specific training courses); ~~and~~
- c) practical experience, and
- ~~e)d) elements of targeted goalsetting, self-reflection and assessment, and immediate, meaningful feedback per individual participant.-~~

~~31-32.~~ The competencies related to a pathway for professional development are typically clearly analysed in their sub-elements of knowledge, skill and personal attributes, as appropriate and relevant to the SAI, to the point where the detailed

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design and implementation of a related development programme, including assessment per specific competency, are possible.

~~32-33.~~ In circumstances where the SAI is faced with conditions requiring external accreditation of auditors who have completed their initial professional development processes or require a form of “licence to audit”, these considerations will have to be taken into account during the design of the pathway for professional development.

~~33-34.~~ To maintain and keep relevant the competencies of its auditors, a SAI may consider the following:

- a) encouraging auditors to set a self-development plan based on the career progression that they envision for themselves;
- b) confirming outcome-driven expectations (proving a level of competence through assessment);
- c) confirming input-driven expectations (investing in a certain number of hours of learning within a specific period of time); and/or
- d) expecting staff to confirm a specific level of competence (self-assessment).

Assessing and monitoring competencies

Organisational requirement 4

~~34-35.~~ A SAI shall develop and implement the means for assessment of competencies and **following up monitoring** of auditor development progression or self-development on a periodic basis.

Application material

~~35-36.~~ To ensure that its auditors obtain and maintain the competencies required, a SAI may develop an appropriate, relevant and preferably independent means of assessment and monitoring. Examples of such activities include:

- a) submission of a portfolio of evidence for consideration by an internal or external moderator;

- b) workplace observation by a supervisor;
- c) examinations and tests;
- d) staff appraisal systems, etc.

~~36-37.~~ In assessing competence, it is important to:

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

~~37-38.~~ To address any deviations from the expected competencies, the SAI may consider agreeing a clear remedial plan with the relevant auditor to ensure that the competency gap is addressed in a focused and transparent manner.

~~38-39.~~ To apply the concept of assessment to the SAI as an organisation, its practices for competence development may also be independently assessed at regular intervals.

ISSAI 150

AUDITOR COMPETENCE



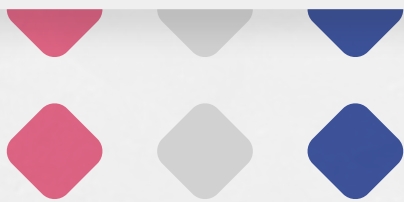
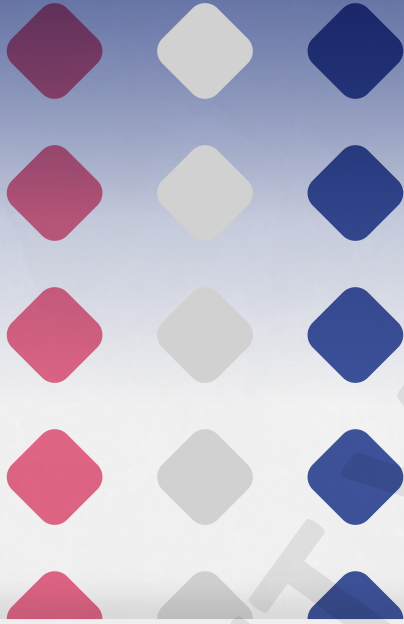
INTOSAI

INTOSAI Standards are issued
by the International
Organisation of Supreme Audit
Institutions, INTOSAI, as part of
the INTOSAI Framework of
Professional Pronouncements.

For more information visit
www.issai.org



INTOSAI



ENDORSEMENT VERSION

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- 1) The ability of a Supreme Audit Institution (SAI) to fulfil its mandate and conduct high-quality, effective audits depends to a large extent on the quality, integrity and competence of its staff. The competency requirements of auditors, and how they are recruited, developed, maintained and assessed, are of fundamental importance to a SAI.
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3

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 - c) Providing pathways for professional development; and
 - d) Assessing and monitoring competencies.
- 11) This standard defines the organizational requirements of the ISSAIs based on this principle in ISSAI 100. A SAI must comply with all organizational requirements of this standard in order to be able to assert that it has conducted audits in accordance with the ISSAIs. The authority of the ISSAIs is further defined in ISSAI 100.
- 12) These requirements in ISSAI 150 are intended to be applied by all SAIs, recognising that they operate under different mandates and legal systems. In implementing the requirements the SAI needs to consider and adapt to the mandates and country-specific legal requirements around labour relations, privacy, data protection, etc.

- 13) **Competence** is the knowledge, skills and personal attributes critical to successful job performance, where:
- a) Knowledge is the theoretical or practical understanding of a topic;
 - b) Skills are the abilities to accomplish specific tasks; developed through learning or experience; and
 - c) Personal attributes are the mind-set; qualities; characteristics and traits of a person.
- 14) A **competency framework** is 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. Competency frameworks need to be largely stable and timeless at a broad level. At a more granular level, they need to be dynamic, reflecting the expectations of an ever-changing world. They seek to define the elements needed to drive success and high performance, and will change depending on the circumstances.
- 15) A **pathway for professional development** is a formalised, structured development programme chosen by a SAI and aimed at developing and maintaining competent, professional auditors in the SAI.

5

ORGANISATIONAL REQUIREMENTS UNDERPINNING A SAI'S RESPONSIBILITIES TOWARDS AUDITOR COMPETENCE

DETERMINING RELEVANT COMPETENCIES

Organisational requirement 1

- 16) A SAI shall determine and document relevant competencies required for all auditors to fulfil the SAI mandate.

Application material

- 17) A SAI may have a strategy for how it operationalise its auditing mandate. An important part of the strategy is to ensure that the SAI has adequate human resources and competent auditors.
- 18) In determining the relevance of the competencies required for its auditors, a SAI may consider the appropriateness of these competencies to support fulfilling its legislated mandate and address the unique challenges of the environment in which the audit takes place, both in a current and future context.
- 19) To ensure the quality and relevance of the end-result, the SAI may consider designing the process to determine competencies in ways that are appropriately transparent and inclusive.
- 20) To give effect to this requirement, a SAI may document the competencies required of its auditors in a competency framework, at the level of full and complete ability to function in the positions in which they have been appointed. Good practice in this regard suggests that competencies be described in terms of observable behaviour.

- 21) It may be important for a SAI to describe the competencies of an auditor who is fully able to manage an audit in line with the auditing standards that the SAI has adopted, thereby creating a baseline for all other audit positions in the SAI.
- 22) The extent of documenting competencies for auditors will depend on many factors within the SAI, including access to relevantly qualified human resources, size of the SAI, cost and cost-effectiveness considerations, the envisaged return on investment related to competence development, etc. The SAI may consider developing separate competency profiles per type of position throughout the organisation, but it may also be done in groups, broad categories or team context. Alternatively, the SAI may consider using job profiles – a short statement that links job requirements to competencies – to expand on its overall detailed competency description.
- 23) Elements to consider when determining the competencies required of an individual auditor, audit team or the grouping of positions within a specific SAI, include:
 - a) Competencies which are unique to the role of a public-sector auditor, defined by the specific audit responsibilities associated with the auditing standards that the SAI has adopted;
 - b) Competencies that are unique to the SAI (determined by its enabling legislation, mandate, strategy, stakeholder expectations, etc.); And
 - c) The SAI's strategic thinking about an appropriate foundation of personal qualities and values, as well as underlying knowledge and skills necessary to ensure the appropriate application of the two groups of competencies referred to above.
- 24) The determination of competencies in a SAI is also impacted by career progression. Where technical competence may be the overriding consideration at the start of an auditor's career, managerial and leadership competencies may become increasingly important as the auditor progresses career-wise. The SAI may consider practical means of addressing this progression in its determination of competencies.

PROVIDING ENABLING HUMAN RESOURCE PRACTICES

Organisational requirement 2

- 25) A SAI shall have appropriate human resource management processes and practices to ensure that its auditors have the relevant competencies determined by the SAI.

Application material

- 26) To attract, develop and maintain the competence of individual auditors, it may be necessary to invest in the following appropriate and sound human resource management practices and processes:
- a) Human resource management strategy;
 - b) Human resource planning;
 - c) Attraction and recruitment;
 - d) Performance management;
 - e) Learning and development;
 - f) Reward and recognition;
 - g) Retention, replacement and succession, and/or others,

to the extent that the SAI has control over these processes. Where the SAI does not have control over such processes, it will benefit the SAI to proactively communicate its needs to the entity undertaking such processes on its behalf and to influence the processes to fit its needs.

- 27) The expectation of SAI leadership to have access to competent resources to give effect to the SAI's mandate also implies an investment in individual capacity development and creating a culture of life-long learning in the organisation. This may be in the form of:
- a) Establishing clear and ongoing channels of communication with staff about the SAI's expectations regarding competence and continuous self-development in the context of its human resource management

- strategy, giving context to its human resource management practices and processes, as well as opportunities for development of competencies;
- b) Investing in the education of auditors through the availability of scholarships, bursaries or by other similar means;
 - c) Providing access, internally or externally, to relevant learning and development interventions;
 - d) Providing specifically structured practical experience opportunities;
 - e) Providing access to regularly updated documentation dealing with audit methodology;
 - f) Providing opportunities for on-the-job training, supervision and feedback mechanisms;
 - g) Providing access to appropriate coaching and mentoring opportunities; and/or
 - h) Providing opportunities for appropriate knowledge sharing.

PROVIDING PATHWAYS FOR PROFESSIONAL DEVELOPMENT

Organisational requirement 3

- 28) A SAI shall establish dedicated pathways for professional development of auditors, specifically tailored to the SAI's mandate, regulatory framework, organisation structure and needs.**

Application material

- 29) In applying its mind to the development of pathways for professional development, a SAI may consider distinguishing between processes of
- a) Initial professional development (developing a baseline of competence to be able to manage an audit in line with the auditing standards that the SAI has adopted or linked to a specific position in the SAI); and
 - b) Continuing professional development (maintaining and keeping competencies relevant, as well as ensuring future readiness).

- 30) The SAI's mandate, strategy and needs play a guiding role in the professional development options that a SAI will consider as appropriate for its circumstances. Options to consider may include:
- a) Creating an own academy (or similar structure) to conduct professional education and training;
 - b) Partnering directly with a university to deal with the educational element of a professional development pathway, while handling the other requirements on an in-house basis;
 - c) Partnering with a professional accounting organisation (PAO) or similar provider to design and deliver professional development opportunities;
 - d) Following a dedicated recruitment strategy focused on sourcing professionally qualified auditors; supplemented by in-house public-sector audit-specific learning opportunities; and/or
 - e) Partnering with specific INTOSAI bodies or fellow SAIs to institutionalise professional development options.
- 31) All pathways for professional development contain appropriate elements of:
- a) External learning opportunities (such as a degree at a university, SAI academy or similar institution);
 - b) Internal learning opportunities (such as specific training courses);
 - c) Practical experience; and
 - d) Elements of targeted goalsetting; self-reflection and assessment; and immediate; meaningful feedback per individual participant.
- 32) The competencies related to a pathway for professional development are typically clearly analysed in their sub-elements of knowledge, skill and personal attributes, as appropriate and relevant to the SAI, to the point where the detailed design and implementation of a related development programme, including assessment per specific competency, are possible.
- 33) In circumstances where the SAI is faced with conditions requiring external accreditation of auditors who have completed their initial professional

development processes or require a form of “licence to audit”, these considerations will have to be taken into account during the design of the pathway for professional development.

- 34) To maintain and keep relevant the competencies of its auditors, a SAI may consider the following:
- a) Encouraging auditors to set a self-development plan based on the career progression that they envision for themselves;
 - b) Confirming outcome-driven expectations (proving a level of competence through assessment);
 - c) Confirming input-driven expectations (investing in a certain number of hours of learning within a specific period of time); and/or
 - d) Expecting staff to confirm a specific level of competence (self-assessment).

ASSESSING AND MONITORING COMPETENCIES

Organisational requirement 4

- 35) **A SAI shall develop and implement the means for assessment of competencies and following up of auditor development progression or self-development on a periodic basis.**

Application material

- 36) To ensure that its auditors obtain and maintain the competencies required, a SAI may develop an appropriate, relevant and preferably independent means of assessment and monitoring. Examples of such activities include:
- a) Submission of a portfolio of evidence for consideration by an internal or external moderator;
 - b) Workplace observation by a supervisor;
 - c) Examinations and tests;
 - d) Staff appraisal systems, etc.

- 37) In assessing competence, it is important to:
- Confirm the auditor's successful development of competence based on specific pre-determined assessment criteria; and
 - Provide the SAI with reliable information about the success of development interventions undertaken and the impact of these interventions on the work of the SAI.
- 38) To address any deviations from the expected competencies, the SAI may consider agreeing a clear remedial plan with the relevant auditor to ensure that the competency gap is addressed in a focused and transparent manner.
- 39) To apply the concept of assessment to the SAI as an organisation, its practices for competence development may also be independently assessed at regular intervals.

GUIDANCE (GUID) 1950

Guidance on the development of competency frameworks for auditors

INTRODUCTION

1. ISSAI 150 – *Auditor Competence* sets out four organisational requirements that underpin the responsibilities of a Supreme Audit Institution (SAI) regarding auditor competence.
2. Organisational requirement 1 of ISSAI 150 states that a SAI shall, determine and document relevant competencies required for all auditors [to fulfil the SAI mandate](#). It introduces the concept of competency frameworks or profiles as a means to describe the ideal competencies required or expected of an individual auditor for a specific task, and for a specific position within an organisation.
3. GUID 1950 builds on this organisational requirement and guides SAIs on how to determine an appropriate set of competencies that satisfy the requirements of the ISSAIs or other auditing standards adopted by the SAI, as well as the SAI's mandate and any unique considerations from the SAI's organisational strategy.
4. Given the close relationship between the design of competency frameworks and the means of assessing these competencies, GUID 1950 to some degree also deals with organisational requirement 4 of ISSAI 150, which requires a SAI to develop and implement the means for assessment of competencies, partly to confirm the auditor's successful development of competence, and to provide the SAI with reliable information around the success of the professional development interventions undertaken and the impact of these interventions on the work of the SAI.
5. GUID 1950 provides guidance in the context of elements of SAI professionalism (ISSAI 150 para 5).

OBJECTIVE

6. The objective of GUID 1950 is to present a basic process to help a SAI to determine competencies that capture the uniqueness of public-sector auditing and fully describe the needs of a specific SAI, captured in a SAI-specific competency framework. This GUID support SAIs in implementing and applying the requirements of ISSAI 150.
7. To give effect to this objective, GUID 1950:
 - a. introduces a number of concepts ~~may~~ be considered in the development of a competency framework;
 - b. provides an example of a set competencies that reflect the uniqueness of public-sector auditing, described in line with the *INTOSAI Framework of Professional Pronouncements* (IFPP);
 - c. describes competency considerations that can be added to ~~7~~(b) to arrive at a complete SAI-specific competency framework; and
 - d. lists other matters to be considered in the practical implementation and/or utilisation of a competency framework in a SAI, including the means of assessment.

DEFINITIONS

8. **Competence** is the ~~measurable or observable~~ knowledge, skills and personal attributes critical to successful job performance (ISSAI 150 para 12).
9. A **competency framework** is 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 (ISSAI 150 para 13).
10. **Core competencies** represent a minimum set of competencies that all auditors within a specific discipline possess. In INTOSAI terms, core competencies refer to the knowledge, skills and personal attributes that bind the community together as public-

sector auditors. These are described based on the ISSAIs or other audit standards adopted by a SAI, as envisaged in ISSAI 100.

11. **Additional competencies** are those competencies that make each and every SAI unique. It is generally accepted throughout the INTOSAI community that, 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, enabling legislation, public finance management considerations, needs and methodologies and practices. It is up to each individual SAI to define these additional competencies and combine them with the core competencies into a unique SAI-specific competency framework.
12. 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. (ISSAI 150 para 14).
13. A **proficiency level** is a set of predetermined criteria that define what advancement for a particular competency looks like.

SCOPE

14. GUID 1950 provides supplementary guidance in relation to the organisational requirements of ISSAI 150 and does not contain any further requirements for the SAI.
15. GUID 1950 provides guidance on the development of an appropriate competency framework for SAIs using the ISSAIs or other auditing standards in the areas of financial auditing, performance auditing and compliance auditing, while also recognising the considerations relating to SAIs with jurisdictional responsibilities.

KEY CONSIDERATIONS

16. The guidance below (coupled with the example in the annexure) provides a detailed description on how a SAI competency framework can be developed. These guiding considerations can be scaled up or down depending on the SAI's capacity and needs, as envisaged in paragraph 19 of ISSAI 150.

A. BASIC METHODOLOGY FOR A SAI TO DETERMINE CORE COMPETENCIES THAT ARE UNIQUE TO THE ROLE OF A PUBLIC-SECTOR AUDITOR

17. While many methodologies exist to define competencies in a competency framework or profile, a relatively easy way to deal with this is to think of each auditor as a T-shaped professional. The horizontal bar of the T describes the ability of a person to collaborate across disciplines and to use and apply knowledge in areas of expertise other than their own (broad-range generalist skills). The vertical bar represents the depth of related skills and expertise in a single field (deep subject matter expertise).

18. In the context of a competency framework or profile for public-sector auditing, the horizontal bar of the T represents cross-cutting competencies that are universally applicable to any public-sector auditor in a SAI – for example, making decisions that serve the public interest. The vertical bar of the T describes the specific audit-related competencies, e.g. competencies in compliance auditing.



19. The basic concept of documenting competency auditing using a framework of a T-shaped professional can be expanded upon by reflecting on the different mandates of SAIs, as follows:



20. This competency framework implies that any public-sector auditor will possess the cross-cutting competencies that are unique to public-sector auditors, as well as any combination of the four broad categories of audit-related competencies, as determined by the mandate of the SAI.

21. In populating this framework or profile, the SAI could consider the following:

- a. Alignment to the *INTOSAI Framework of Professional Pronouncements*;
- b. Ongoing relevance;
- c. Core consistency;
- d. Full proficiency; and
- e. Observable behaviour.

Alignment to the INTOSAI Framework of Professional Pronouncements

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22. The competency framework or profile should be aligned to ISSAIs or the 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 the authoritative standards that will determine the execution of its work, or to use the ISSAIs as a basis to develop own standards or to adopt consistent national standards.

Ongoing relevance

23. To ensure continued alignment with the *INTOSAI Framework of Professional Pronouncements* (IFPP), it is good practice to revisit the competency framework on a regular basis. This enable the SAI to also appropriately reflect any expectations or challenges posed by emerging issues within the SAI or within the environment in which audits are conducted. It may also be relevant to assess the impact that these competencies have on the work of the SAI (fit-for-purpose).

Core consistency

24. Being largely IFPP based, the framework defines individual core competencies that are universally applicable across SAIs' mandates. In addition, additional competencies may be needed to suit the specific mandate, needs or purpose of each individual SAI, as explained in section B below.

Full proficiency

25. Competencies for a specific position within a SAI are described at the level of full proficiency for that position, and deal with the full spectrum of competencies required.

Observable behaviour

26. For ease of use, especially in terms of development and assessment, it is good practice that each competency, at a minimum, be described in terms of observable and measurable behaviour.
27. The annexure to this guide provides an example of a basic 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.

B. DEVELOPING A SAI-SPECIFIC COMPETENCY FRAMEWORK

28. This section deals with the process necessary to add to these core competencies to the point of confirming a SAI-specific competency framework.

29. To arrive at a complete SAI-specific competency framework, it is necessary to include certain additional competencies in the framework. These competencies include the following:

a. Competencies that are unique to the SAI; and

b. The SAI's strategic thinking about an appropriate foundation of knowledge, skill and personal attributes necessary to ensure the appropriate application of the competencies.

Competencies that are unique to the SAI

30. To ensure the relevance of the framework and tailor it to the needs of the SAI, it is best practice to add certain competencies, unique to the SAI, to the core competencies described in section A above, with due cognisance of the external environment and considerations related to the SAI, audit teams and individual auditors.

Examples in this regard include the following:

External environment:

- a. The constitution of the country;
- b. The public finance management (PFM) legislation of the country;
- c. The national development plan/strategy of the country;
- d. The enabling legislation of the SAI;

- e. The mandate of the SAI;
- f. The type, nature and scope of audits that the SAI performs, including jurisdictional responsibilities; and
- g. The expectations of the SAI's stakeholders (such as expectations around special audits relating to crisis situations).

SAI considerations:

- h. SAI strategy and performance agreements;
- i. SAI audit methodology and/or jurisdictional procedure;
- j. SAI policies and procedures;
- k. SAI technology; and
- l. SAI values, including its stand on ethics and integrity.

Team considerations:

- m. The implications of the SAI's resource planning practices (e.g. the need to attend to the professional development of trainees, and the size and competence of teams);
- n. Competency in managing contracted resources;
- o. Competence considerations posed by the type of auditees in the audit portfolio;
- p. Extent of computerisation at auditees; and
- q. Availability of specialist skills within the SAI to support the team.

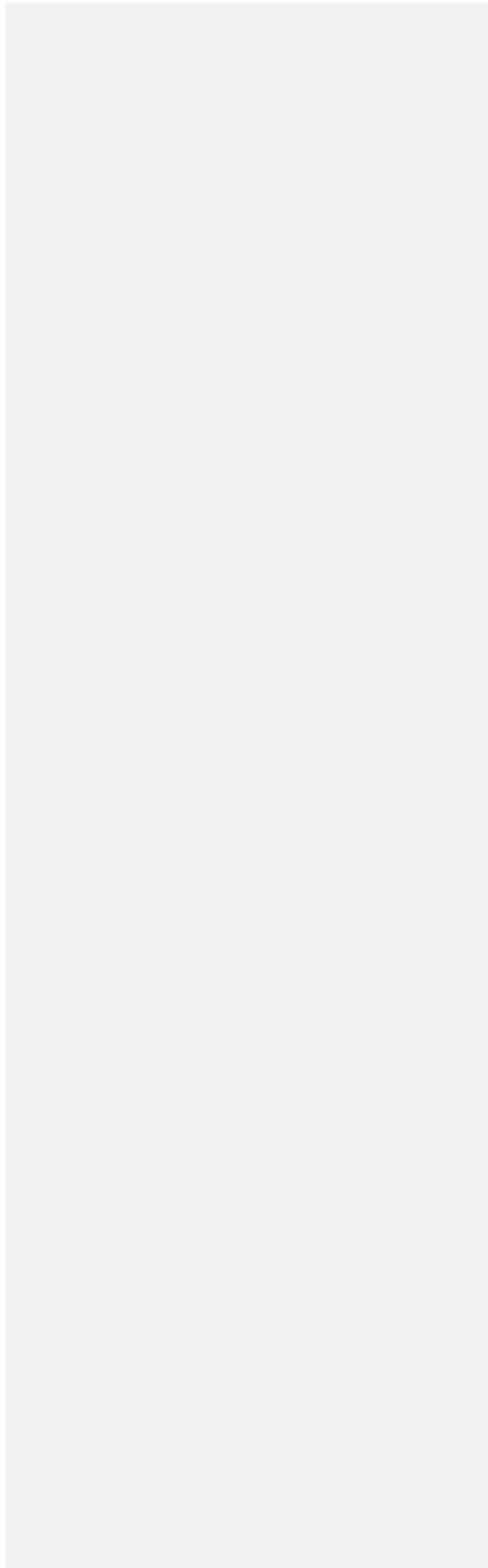
Individual considerations:

- r. Specific personal abilities, attributes and aptitudes, including individual ethical and integrity considerations;
- s. Specific managerial and/or leadership considerations;
- t. Cultural considerations;
- u. Specific development needs/implications of career development;
- v. The SAI's thinking about the future-relevant auditor; and
- w. Unique additional considerations (such as licensing when conducting the audits of listed companies).

31. The resulting framework has to be relevant beyond ensuring that an auditor has the competencies to carry out his or her immediate audit responsibilities. Equipping the auditor for his or her managerial and leadership roles in the organisation becomes critical. To this end, it is necessary to include specific managerial and leadership competencies in the framework. Here it may be helpful to think about these competencies according to the following guiding elements:

- a. Leadership behaviours~~Personal attributes~~ at a managerial level – being authentic, inspiring, resilient, serving, - ethical, etc.;
- b. General managerial considerations – decisiveness, ability to enable productivity, encouraging teamwork, ability to prioritise, etc.;
- c. People management considerations – being consistent, ensuring quality, providing clear direction, empowering others, mentoring, etc.;
- d. Strategic leadership considerations – strategic judgement, strategic thinking, results-driven, influencing stakeholders, etc.; and
- e. Public-sector leadership considerations – influence in the public sector, awareness of external political dynamics, etc.

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An appropriate foundation of knowledge and skills

32. A SAI-specific competency framework assumes a foundation of knowledge and skills that underpins the core public-sector audit competencies and the competencies unique to the SAI.
33. The decision around this underlying knowledge and skill will depend on the strategic choice that the SAI makes between hiring at a generalist audit level or at a specialist audit level. If the SAI is hiring a generalist, there will not necessarily be a correlation between the subject matter expertise and the area of auditing in which the person works. If the focus is on specialism, one would expect a stronger correlation. Each of these has its own benefits and drawbacks, which need to be taken into account in the context of the functioning of the SAI.
34. An example is the competency considerations for conducting a financial audit. The underlying knowledge and skill that will ensure the appropriate application of the core public-sector audit competencies and the competencies unique to the SAI, will in all probability imply at least a generic knowledge of accounting and auditing, possibly enhanced with some exposure to commercial law and economics. In many SAIs, this may translate into an "entry consideration" in the form of a graduate-level qualification for the environment (or a position within the SAI). Building on that, there would be a specific process to add public-sector financial audit competencies to the person's profile.
35. Similarly, in considering the competencies for conducting a performance audit, the underlying knowledge and skill will in all probability include knowledge of the quantitative and qualitative methods relevant for evaluation of economics, efficiency and effectiveness. In considering the competencies for conducting a compliance audit the knowledge and skills may include knowledge of the overall legal system and the different sources of law and the methods involved in establishing the applicable criteria of law or propriety.
36. In addition to such considerations related to the type of audit the relevant competencies may be linked to the area within which the person will audit. This may for example imply that an auditor who deals with the auditing of big infrastructure projects would enter the organisation as an engineer. Regardless of the auditors' original background and underlying expertise, there will normally be a process to equip him/her with specific public-sector audit competencies.

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37. Notwithstanding the above, an understanding of the public-sector environment will be essential. This understanding may be the result of studying in public management (or public administration), working in a public-sector environment or being exposed to the uniqueness of this sector through specific interventions within the SAI.

Final reflections in developing a SAI-specific competency framework

38. In developing a SAI-specific competency framework, there is always the risk that the analysis of competencies may become so detailed and complex that it dilutes the value of the framework. This could be avoided by:

- a) prioritising competencies (document only those competencies that will be necessary to recruit or develop an auditor who can cope with the mandate and expectations of the SAI); and
- b) keeping the level of detail and complexity commensurate with the level of investment that the SAI (or region, on behalf of the SAI) is able or prepared to make.

39. At this point SAI leadership may consider whether this newly developed framework provides a sufficiently clear and complete reflection of the typical competency needs of the SAI to be able to implement its mandate, in line with its organisational strategy.

C. OTHER RELATED CONSIDERATIONS

Expanding the competency framework to cater for all positions within a SAI and to guide career progression

40. It may be important for a SAI to describe the competencies of an auditor who is fully able to manage an audit in line with the ISSAIs or the auditing standards that the SAI has adopted, thereby creating a baseline for all other audit positions in the SAI.. More work will be necessary to expand the framework to allow for proper career progression for other positions. There are many ways to achieve this, starting with documenting competencies at the level of groups of positions, broad categories of positions or teams. An alternative and very practical way of expanding the value of a SAI-specific competency framework to the broader organisation may be achieved through a process of job profiling, per position in the SAI. In essence, this entails:

- a) describing each role within the organisation;
- b) outlining detailed job responsibilities for each role;
- c) linking the job responsibilities for each role to specific, relevant and prioritised competencies; and
- d) being specific as to the qualifications and experience for each role.

41. An alternative (and potentially less complex) way to handle this may be to further define proficiency levels per competency, using, for example, the following:

- a) Foundational level (staff/trainee/entry level);
- b) Intermediate level (supervisor/manager level);
- c) Advanced level (senior manager level); and
- d) Expert level (executive level).

For example, a competency that deals with aspects of leadership, will at an intermediate level reflect on what it means to lead in a team context, while at executive level it may reflect on organisational level.

42. Changes within the SAI environment, the development of public -sector auditing or the SAI's own professional development may necessitate the integration of new competencies and may potentially have an impact on job profiles. Job profiles may need to be reviewed regularly to ensure that the description of roles and positions, responsibilities and competencies remains relevant to the SAI.

Analysing the competency framework into its component parts

43. In describing the development of a competency framework, the competencies were defined in terms of observable behaviour. If this framework were to be used to recruit professional staff, or to develop a specific professionalisation pathway in the SAI, it would be necessary to formally unpack the competency framework into the following components:

- a) Knowledge – which will give an indication of the qualification necessary for the specific job and/or the specific knowledge-based elements of learning that need to take place;
- b) Skills – which will provide insights into the practical experience that is necessary or needs to be developed for the specific job, through specifically agreed-on (and monitored) on-the-job exposure; and
- c) Personal attributes – which will give insights into the personal attributes of the person recruited for a position or that need to be developed.

Assessment of competencies

- 44. When unpacking the competencies into their component parts (knowledge, skills and personal attributes), the SAI may consider how to assess these components, as this will guide the design of the related development programme. Assessment is the process of gathering evidence that an individual has demonstrated the professional competencies necessary for a position within a SAI or for a specific task.
- 45. Assessment traditionally focuses on competencies gained, but can ideally be extended to transferral of such competencies to the workplace (actively using these) and even their impact on the work of the SAI.
- 46. The process of assessment usually include a combination of different assessment activities. The selection of these activities may vary for different competencies and for different components of competencies. For example, while it may be possible to assess knowledge through objective online testing, professional attributes may be better assessed on the job by the relevant line or project manager.
- 47. When planning assessment activities, it is advisable to consider the levels of integration that can be demonstrated between knowledge, skills and personal attributes and between different competencies (e.g. applying professional scepticism when evaluating criteria in a performance audit).
- 48. The aim for credible assessment activities is to produce an outcome that is consistent with the learner's true competence in the context of the needs of the SAI. To ensure credibility of these processes, the following can be considered:

- a) Reliability – considering whether the assessment activities produce substantively the same result given the same set of circumstances;
 - b) Verifiability – considering whether the assessment activities generate documented evidence of achievement of the assessment outcome; and
 - c) Comprehensiveness – considering whether the assessment activities cover all relevant competencies and their component parts.
49. Types of assessment activities include oral examinations, online testing, findings from quality assurance reviews, on-the-job assessment, a review of a portfolio of evidence of workplace activities and/or written examinations.
50. Assessment activities can be evaluated according to how objective or subjective they are. For example, a multiple-choice questionnaire that is automatically assessed by a computer would be considered highly objective. By comparison, an on-the-job assessment by a supervisor is likely to include higher levels of subjectivity. In practice, assessments will be considered more reliable where they have high levels of objectivity. The choice of the most appropriate assessment method also needs to take cost and availability of technology into account.
51. Assessment activities need not necessarily be conducted by SAI staff. They may also be performed by universities, private education providers, professional organisations, government training centres or other institutions.
52. Some assessment activities may actually precede the appointment of the auditor at the SAI. In other words, the SAI may decide to target staff with a specific set of proven competencies in its recruitment drive.
53. The assessment activities offer aspiring professionals an opportunity to demonstrate their competence as SAI auditors. When the SAI plans learning activities, the ability of these to enable learners to successfully complete the assessment activities becomes a key consideration. This may be achieved by defining learning objectives/outcomes that are aligned to the SAI's competency framework and by developing learning activities that achieve these learning objectives/outcomes. It is therefore critical to bear the assessment process in mind in the design of a professionalisation initiative or specific learning activity.

ANNEX

AN EXAMPLE OF AN PROPOSED ISSAI-BASED CORE COMPETENCY FRAMEWORK



This annexure provides an example of a basic 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. For the purposes of this annexure, such an auditor has been described as an *audit professional*.

This example gives full effect to paragraphs 17 to 28 of GUID 1950.

CORE COMPETENCY FRAMEWORK FOR A PUBLIC-SECTOR AUDIT PROFESSIONAL

A. Cross-cutting competencies for an audit professional

The cross-cutting competencies of an audit professional have been grouped into five broad clusters:

- CC 1: An audit professional leads by example;**
- CC 2: An audit professional engages effectively with stakeholders;**
- CC 3: An audit professional behaves in a professional manner;**
- CC 4: An audit professional contributes to the value and benefits of the SAI; and**
- CC 5: Additional reflection for SAIs with jurisdictional responsibilities.**

The table below describes the individual competencies under each cluster.

Competencies		Expected behaviour	Explanation
CC 1	An audit professional leads by example		
CC 1.1	Demonstrates ethical behaviour in all situations	Demonstrates an understanding of the applicable code of ethics and acts accordingly, in letter and spirit, in every situation. Demonstrates compliance with SAI culture, policies and procedures.	
CC 1.2	Displays personal accountability	Behaves in a transparent manner and is accountable for meeting performance targets. Is open to scrutiny and criticism and displays willingness to take corrective action.	
CC 1.3	Respects diversity	Treats people with respect irrespective of their profession, their views on diverse matters, position, gender, religion, ethnicity, abilities, etc. Shows an understanding of different cultural norms within the working environment and responds effectively to these differences.	

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Competencies		Expected behaviour	Explanation
CC 1.4	Demonstrates basic leadership skills		Demonstrates an ability to influence, inspire and motivate others to achieve results.
CC 2	An audit professional engages effectively with stakeholders		
CC 2.1	Demonstrates an understanding of stakeholders		Demonstrates an ability to identify key stakeholders and understands their explicit and implicit needs, expectations and operations. These stakeholders include both internal stakeholders (SAI management, peers and team) and external stakeholders (audited entities, parliaments, media, citizens, etc.). Demonstrates an understanding of the principles of and the need for SAI independence.
CC 2.2	Communicates effectively with stakeholders		Communicates effectively with stakeholders to give and exchange information with meaningful context and appropriate delivery, both verbally and in writing. Demonstrates active listening skills and openness in communicating with stakeholders. Takes the views of stakeholders into consideration and engages constructively when circumstances dictate. Is able to use different types of media tools for communicating with stakeholders, including general presentations, electronic and social media, etc. as appropriate. Has the ability to use a broad range of techniques, including facilitation, teamwork and interpersonal skills, to enhance the delivery and effectiveness of audits and to achieve common goals.
CC 3	An audit professional behaves in a professional manner		
CC 3.1	Achieves quality by applying ISSAIs		Demonstrates sound knowledge and understanding of the standards applicable to the role (ISSAIs, or national standards aligned to ISSAIs) and demonstrates the effective application of this knowledge. Applies ISSAIs, or national standards aligned to ISSAIs, within the local context. Exercises professional judgement and scepticism while applying standards. Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.
CC 3.2	Demonstrates core audit and information technology skills		Shows analytical skills and an ability to synthesise information. Documents due process / work performed in reaching an audit conclusion/opinion. Uses and leverages information technology effectively in conducting audits.

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Competencies		Expected behaviour	Explanation
			Is able to interpret and provide broader context using financial and non-financial information, drawing from a wide variety of data sources.
CC 3.3	Continuously strives for excellence		Displays courage and resilience in facing the challenges of an audit environment. Seeks opportunities to grow and develop knowledge, skills and abilities. Thinks in a critical and objective way and questions the status quo to stay relevant. Advocates positive change. Shows an ability to learn from successes and failures.
CC 3.4	Demonstrates emotional intelligence		Reflects on experiences and identifies lessons learnt. Displays the following: <ul style="list-style-type: none"> • Self-awareness; • Self-management; • Awareness of others; and • Management of relationships.
CC 4	An audit professional contributes to the value and benefits of the SAI		
CC 4.1	Contributes to SAI performance		Aligns personal performance goals and direction with the strategic direction of the SAI. Behaves in a manner consistent with the requirements of the <i>INTOSAI Framework of Professional Pronouncements (IFPP)</i> , as well as the SAI's image and reputation. Monitors and follows up on audit outputs, which contribute to delivering the value and benefits of the SAI.
CC 4.2	Contributes to effective management		Works well in a team context to help manage organisational risks and resources effectively. Provides timely, sufficient and appropriate information to management to enable them to make informed and strategic decisions.
CC 4.3	Acts in the public interest		Demonstrates an understanding of, and operates effectively within, the public-sector environment. Demonstrates the understanding that the SAI exists to serve the citizens, and behaves accordingly. Demonstrates a responsiveness to emerging issues.
CC 5	Additional reflections relating to SAIs with jurisdictional functions		
	SAIs with jurisdictional functions have a mandate to render a verdict rather than merely express an opinion. For these SAIs, it is important to re-emphasise the concepts of independence and ethical conduct. Appropriate references to these concepts are included in the cross-cutting competencies described above.		

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B. Competencies for an audit professional involved in compliance auditing

Following the T-shaped concept, the competency framework for a compliance audit professional includes the:

- cross-cutting competencies of an audit professional described in A above; and
- compliance audit competencies (CAC) of an audit professional described in the section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant compliance audit process.

CAC 1: An audit professional adds value by conducting ISSAI-compliant compliance audits;

CAC 2: An audit professional demonstrates an understanding of context, environment and entity in a compliance audit;

CAC 3: An audit professional assesses and manages risk in a compliance audit;

CAC 4: An audit professional performs and documents compliance audit procedures as per ISSAIs; and

CAC 5: An audit professional effectively communicates and follows up on compliance audit results.

The table below describes the individual competencies under each cluster.

Competencies		<u>Expected behaviour</u>	<u>Explanation</u>
CAC 1	An audit professional adds value by conducting ISSAI-compliant compliance audits		
CAC 1.1	Demonstrates an understanding of how compliance audit practice adds value by promoting accountability and transparency in the use of public money	Demonstrates an understanding of the nature, purpose and objectives of compliance auditing, the unique way in which it adds value as part of the accountability chain, and how it is differentiated from and/or linked to financial or performance audit engagements. Displays an understanding of compliance audit as both an attest engagement and a direct reporting engagement. Demonstrates an understanding of both the regularity focus and propriety focus of compliance audits.	

Competencies		Expected behaviour	Explanation
CAC 1.2	Demonstrates the ability to apply key concepts of compliance auditing appropriately and consistently in audit practice	Demonstrates the ability to apply key concepts such as subject matter, subject matter information and users in the context of both regularity and propriety compliance engagements. Applies concepts of authorities, rules and criteria, risk, limited assurance and reasonable assurance engagements in both attest and direct reporting engagements.	
CAC 1.3	Ensures quality in conducting a compliance audit	Applies compliance audit ISSAIs throughout the audit process in both attest and direct reporting engagements with a regularity or propriety focus. Is able to review compliance audit work done by others for the purpose of quality assurance in line with relevant standards and SAI practices.	
CAC 1.4	Exercises professional judgement and scepticism throughout the compliance audit	Exercises professional judgement and scepticism while applying standards. Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.	
CAC 2	An audit professional demonstrates an understanding of context, environment and entity/entities in compliance audits		
CAC 2.1	Demonstrates an understanding of the wider context of the public sector and compliance frameworks at institutional level	Demonstrates an understanding of the wider institutional framework of rules and regulations and the compliance culture within which the entity operates.	
CAC 2.2	Demonstrates an understanding of entity operations and associated compliance risks	Demonstrates the ability to evaluate an entity's organisational structure, culture, business processes, operations and systems. These include the entity's system of internal control, internal control activities and controls residing at the entity.	
CAC 3	An audit professional assesses and manages risk in a compliance audit		
CAC 3.1	Assesses audit risk in a compliance audit	Demonstrates the ability to determine materiality and assess the audit risk of not reporting material non-compliance, including instances indicative of unlawful acts, fraud, abuse or wastage.	
CAC 3.2	Manages risk throughout the compliance audit process	Develops and implements strategies to reduce audit risk to an acceptable level.	

Competencies		Expected behaviour	Explanation
CAC 4	An audit professional performs and documents compliance audit procedures as per ISSAIs		
CAC 4.1	Evaluates applicable authorities and criteria to plan the compliance audit	Evaluates relevant authorities and criteria applicable to the audit. Determines the scope of the audit in terms of both regional and thematic coverage.	
CAC 4.2	Conducts a preliminary assessment of an entity's internal control system	Evaluates the design of internal control systems and determines whether these are operational and, if so, tests the operating effectiveness of internal controls in light of compliance requirements and concludes on the adequacy of the controls tested.	
CAC 4.3	Develops and conducts procedures to manage audit risk	Applies knowledge of relevant authorities in performing analytical procedures, control testing and substantive testing to develop audit procedures. Considers audit risks and determines types and extent of testing.	
CAC 4.4	Applies sampling techniques	Uses a risk-based methodology to address significant risks of misstatement or non-compliance in determining when and how to perform sampling, and documents sampling strategy during the audit. Executes sampling procedures and evaluates results.	
CAC 4.5	Gathers sufficient and appropriate audit evidence	Corroborates multiple sources of evidence, identifies conflicts and determines evidence that is reliable, accurate, credible, usable and complete for the audit. Shows an understanding of data integrity and reliability concepts that maintain and ensure the consistency of data over its life cycle and tests the validity of information. Uses innovative methods to obtain the necessary evidence to facilitate analysis and/or testing approaches. Leverages the work of third parties or specialists and performs procedures, as per the requirements of the standards, on the work of others to determine its adequacy for the audit.	
CAC 4.6	Evaluates the results of all audit procedures and determines their potential effect on audit conclusions and recommendations	Analyses and synthesises evidence gathered through audit procedures to arrive at audit conclusions (or opinions). Is able to identify to whom, and how, matters related to fraud, wastage and abuse have to be communicated.	

Competencies		<u>Expected behaviour</u>	<u>Explanation</u>
CAC 4.7	Documents the compliance audit	Documents the audit in line with ISSAI requirements. Demonstrates an understanding of the subject matter and uses appropriate terminology in documentation and communication.	
CAC 4.8	Communicates with stakeholders throughout the compliance audit	Identifies key stakeholders in the compliance audit, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC.2.2.	
CAC 5	An audit professional effectively communicates and follows up on compliance audit results		
CAC 5.1	Prepares audit reports using the prescribed formats	Formulates audit results in light of audit objectives, and in keeping with prescribed formats, e.g. reports, opinions, forms and communications. Reports findings of fraud in accordance with ISSAI requirements.	
CAC 5.2	Follows up on compliance audit results	Develops and implements a plan for following up on audit results with responsible stakeholders. Monitors the implementation of compliance audit observations.	

C. Competencies for an audit professional involved in financial auditing

Following the T-shaped concept, the competency framework for a financial audit professional include:

- the cross-cutting competencies of an audit professional described in A above; and
- the financial audit competencies (FAC) of an audit professional described in the section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant financial audit process.

FAC 1: An audit professional adds value by conducting ISSAI-compliant financial audits;

FAC 2: An audit professional demonstrates an understanding of context, environment and entity in a financial audit;

FAC 3: An audit professional assesses and manages risk in a financial audit;

FAC 4: An audit professional performs and documents financial audit procedures as per ISSAIs; and

FAC 5: An audit professional effectively communicates and follows up on financial audit results.

Competencies		Expected behaviour	Explanation
FAC 1	An audit professional adds value by conducting ISSAI-compliant financial audits		
FAC 1.1	Demonstrates an understanding of how financial audit contributes to promoting accountability in using public money	Demonstrates an understanding of the nature, purpose and objectives of financial audit, the unique way in which it adds value as part of the accountability chain and how it is differentiated from and/or linked to compliance or performance audit engagements.	Demonstrates an understanding that financial audit uses insight to create foresight by examining past events and providing forward-looking, effective and cost-beneficial recommendations to improve public financial management.
FAC 1.2	Demonstrates an ability to apply key concepts of financial auditing	Demonstrates an ability to apply key concepts such as risk assessment, materiality, sampling, risk response, sufficient	

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Competencies	Expected behaviour	Explanation
	appropriately and consistently in audit practice	<p>appropriate audit evidence, levels of assurance and key audit matters in the financial audit process.</p> <p>Demonstrates an ability to provide an opinion on whether the financial statements give a true and fair view of the financial state of affairs of an entity OR that the financial statements have been prepared in line with the applicable financial reporting framework.</p> <p>Demonstrates an ability to determine that sufficient audit procedures have been performed to provide reasonable assurance to the users of the financial statements.</p>
FAC 1.3	Ensures quality in conducting a financial audit	<p>Applies financial audit ISSAs throughout the audit process in different environments to enhance the credibility of the audit report.</p> <p>Displays the ability to review financial audit work done by others for quality assurance in line with relevant standards and SAI practices.</p>
FAC 1.4	Exercises professional judgement and scepticism throughout the financial audit	<p>Exercises professional judgement and scepticism while applying standards.</p> <p>Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.</p>
FAC 2	An audit professional demonstrates an understanding of context, environment and entity in a financial audit	
FAC 2.1	Demonstrates an understanding of the wider context of the public-sector environment	<p>Displays an understanding of the wider context of the public-sector environment, which leads to additional audit objectives in the auditing of financial statements in the public sector. These additional audit objectives may result from parliamentary directives, government circulars, stakeholder expectations, entity-specific issues, etc., which may extend beyond the objective of merely expressing an opinion on the financial statements.</p>
FAC 2.2	Demonstrates an appreciation of accounting principles and financial reporting frameworks	<p>Demonstrates an understanding of accounting standards and principles, and displays the ability to interpret the financial reporting framework that applies to the preparation of the financial statements.</p>
FAC 2.3	Demonstrates an understanding of entity operations and associated risks, as well as the accounting and financial reporting processes	<p>Demonstrates the ability to evaluate an entity's organisational structure, culture, business processes, operations and systems. These include the entity's system of internal control, internal control activities and controls residing at the entity.</p> <p>Demonstrates an understanding of the accounting and reporting process specific to an entity and effectively deals with complexities in the accounting transactions.</p>

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Competencies		Expected behaviour	Explanation
FAC 3	An audit professional assesses and manages risk in a financial audit		
FAC 3.1	Determines materiality	Determines materiality by size and nature. Applies materiality, based on an understanding of the relationship between materiality and assessed risks of material misstatements in the financial statements, when planning, performing and concluding the financial audit.	
FAC 3.2	Assesses audit risk in financial audits	Assessing risk of material misstatement due to fraud or error at the financial statement and assertion levels; and designing further audit procedures to address the identified risks.	
FAC 3.3	Manages risk throughout the financial audit process	Prepares and implements an overall audit strategy that provides direction, timing and scope of audit, which is responsive to risks of material misstatements in the financial statements.	
FAC 4	An audit professional performs and documents financial audit procedures as per ISSAIs		
FAC 4.1	Evaluates an entity's internal control system related to the financial reporting process	Evaluates the design of internal control systems, determines whether these are operational and, if so, tests the operating effectiveness of internal controls related to the financial reporting process. Finally, reaches a conclusion as to the adequacy of controls tested to assess the risks of material misstatements in the financial statements.	
FAC 4.2	Applies different sampling techniques	Selects sample sizes by applying different sampling techniques and using the materiality level.	
FAC 4.3	Gathers and evaluates sufficient appropriate audit evidence	Gathers and evaluates multiple sources of evidence, identifies conflicts and determines evidence that is reliable, accurate, credible, usable and complete for the audit. Demonstrates an understanding of data integrity concepts that relate to maintaining and ensuring the consistency of data over its life cycle and tests validity of information. Explores opportunities to obtain the necessary evidence in new ways to facilitate analysis and/or testing approaches. Leverages the work of third parties or specialists and performs procedures on the work of others to determine its adequacy for the audit.	
FAC 4.4	Evaluates audit evidence to express an opinion on financial statements	Evaluates the sufficiency of appropriate audit evidence, identifies root causes of audit matters and expresses an audit opinion on the financial statements.	
FAC 4.5	Documents the entire financial audit process	Documents work done at every stage of the financial audit, from the pre-engagement until completion and reporting, in order to demonstrate the adequacy of work performed in an audit of financial statements.	

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Competencies		<u>Expected behaviour</u> Explanation
FAC 4.6	Communicates with stakeholders throughout the financial audit process	<p>Identifies key stakeholders in the financial audit process, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC 2.2.</p> <p>Engages in two-way communication to obtain information necessary in assessing the risks of material misstatements and gathering audit evidence to support the audit opinion.</p> <p>Conveys the audit matters to the management and those charged with governance.</p> <p>Maintains a professional relationship with the audited entity.</p>
FAC 5	An audit professional effectively communicates and follows up on financial audit results	
FAC 5.1	Identifies the management and those charged with governance and communicates financial audit results appropriately	<p>Demonstrates the ability to identify the management and those charged with governance for the purpose of communicating audit matters before, during and after the audit.</p> <p>Is able to explain and communicate the audit opinion, and any key corrective actions necessary, to the management and those charged with governance.</p> <p>Is able to identify to whom, and how, matters related to fraud have to be communicated.</p>
FAC 5.2	Follows up on systemic recommendations	<p>Develops and implements a plan for following up on audit results with responsible stakeholders.</p> <p>Monitors the implementation of financial audit observations.</p>

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D. Competencies for an audit professional involved in performance auditing

Following the T-shaped concept, the competency framework for a performance audit professional include:

- the cross-cutting competencies of an audit professional described in A above; and
- the performance audit competencies (PAC) of an audit professional described in this section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant performance audit process.

PAC 1: An audit professional adds value by conducting ISSAI-compliant performance audits;

PAC 2: An audit professional demonstrates an understanding of context, environment and entity in a performance audit;

PAC 3: An audit professional assesses and manages risk in a performance audit;

PAC 4: An audit professional performs and documents performance audit procedures as per ISSAIs; and

PAC 5: An audit professional effectively communicates and follows up on performance audit results.

Competencies		Expected behaviour	Explanation
PAC 1	An 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	Demonstrates an understanding of the nature, purpose and objectives of performance audit, the unique way in which it adds value as part of the accountability chain and how it is differentiated from and/or linked to compliance or financial audit engagements. Displays an understanding of performance audit as a direct reporting engagement, where different approaches such as a result-oriented approach, problem-oriented approach, systems approach or a combination of such approaches can be employed. Appreciates that performance audit works constructively to provide forward-looking recommendations to improve governance, accountability, transparency and service	

Competencies		Expected behaviour	Explanation
			delivery in public financial management, as well as across a range of varied government operations and services, according to a risk-based approach and with cognisance of international, regional and/or national development priorities.
PAC 1.2	Demonstrates an ability to apply key concepts of performance auditing appropriately and consistently in audit practice	<p>Demonstrates an ability to apply key concepts of economy, efficiency and effectiveness, as well as criteria, conditions, and cause and effect, in the performance audit process, in relation to a wide variety of subject matters. This could include specific programmes, entities, funds, activities or existing situations.</p> <p>Demonstrates an ability to actively manage the risk of inappropriate reports so that the intended user will have confidence in the reliability of audit conclusions.</p> <p>Adds value by providing a balanced report and constructive forward-looking recommendations.</p>	
PAC 1.3	Ensures quality in conducting a performance audit	<p>Applies performance audit ISSAIs throughout the audit process in different environments to ensure quality that enhances the credibility of the audit report.</p> <p>Displays an ability to review performance audit work done by others for quality assurance in line with relevant standards and SAI practices.</p>	
PAC 1.4	Exercises professional judgement and scepticism throughout the performance audit	<p>Exercises professional judgement and scepticism while applying standards.</p> <p>Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.</p>	
PAC 2	An 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	Displays an understanding of the wider institutional framework of performance accountability and performance culture and the public-sector environment within which the entity operates.	
PAC 2.2	Shows appreciation of the entity's operations and the inter-relationships among public entities	Evaluates the entity's organisational structures, culture, business processes, operations and systems, as well as inter-relationships with other entities in the event that many entities are involved.	

Competencies		Expected behaviour	Explanation
PAC 3	An 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 object	Evaluates the considerations in following a risk-based approach to determine the audit scope.	
PAC 3.2	Selects performance audit topics and portfolio based on criteria that are significant and auditable	Selects a portfolio of performance audit topics based on a set of criteria, taking care to include significant, relevant and auditable topics that will add value for the users of the report.	
PAC 3.3	Manages risk throughout the performance audit process	Manages the risk of performance audit reaching incorrect or incomplete conclusions, providing biased information or failing to add value. This is done by conducting a preliminary study and risk analysis, considering all important factors related to the audit topic, gathering sufficient and appropriate evidence, consulting widely both within and outside the audit team, and providing users of the audit report with new knowledge and recommendations that would make a real contribution to better performance.	
PAC 4	An audit professional performs and documents performance audit procedures as per ISSAIs		
PAC 4.1	Sets a clear and well-defined audit objective, and chooses the best audit approach considering the audit objective	Sets a well-defined audit objective, and designs questions and sub-questions that are thematically related, complementary, not overlapping, and collectively exhaustive in addressing the audit objective. Chooses the best audit approach from result, problem or system-oriented approaches, or uses a combination of these to address the audit objective.	
PAC 4.2	Establishes suitable criteria for performance audit	Identifies different sources of audit criteria in the performance audit or develops criteria when they are not readily available.	
PAC 4.3	Determines materiality at all stages of the performance audit process	Determines materiality throughout the performance audit process, considering not only the monetary value, but also what is socially or politically significant.	
PAC 4.4	Applies sampling techniques and evaluates results	Determines when and how to perform sampling and then documents the sampling strategy during the audit. Executes sampling procedures and evaluates results.	

Competencies		Expected behaviour	Explanation
PAC 4.5	Demonstrates an ability to use a variety of social science methods and diagnostic techniques throughout the performance audit process	Demonstrates an ability to use social science methods and diagnosis techniques (e.g. SWOT analysis, risk analysis, stakeholder analysis, process mapping, case study, etc.) and to choose which to apply during a performance audit. Demonstrates an ability to use and select the most appropriate techniques for data gathering (e.g. interview, survey, focus groups, direct observation, and document review) and data analysis (e.g. content analysis and statistical analysis, etc.) during a performance audit.	
PAC 4.6	Documents entire performance audit process	Documents work done at every stage of the performance audit in a way that would enable any other experienced performance auditor without previous connection to the audit to understand the process and the steps taken and, in the event of replicating the audit, reach the same results.	
PAC 4.7	Communicates with stakeholders throughout the performance audit process	Identifies key stakeholders in the performance audit process, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC 2.2. Engages in two-way communication with a wide variety of stakeholders to gather evidence for arriving at balanced conclusions and useful recommendations. Is able to identify to whom, and how, matters related to fraud have to be communicated.	
PAC 5	An audit professional effectively communicates and follows up on performance audit results		
PAC 5.1	Demonstrates an ability to compile performance audit reports and recommendations that meet standards	Demonstrates an ability to compile an audit report that is comprehensive, convincing, timely, reader friendly and balanced. Takes special care when formulating the recommendations. Formulates recommendations that are clear, well founded, presented in a logical and reasoned way, add value, and address the causes of problems and/or weaknesses.	
PAC 5.2	Follows up on performance audit recommendations	Develops and implements a plan for following up on audit results with responsible stakeholders. Monitors the implementation of performance audit recommendations.	

E. Competencies for an audit professional involved in jurisdictional activities

Within the SAI, several functions are essential to the implementation of jurisdictional competencies:

- **Those instructing:** the employees or members of the SAI in charge of the preliminary investigation (identification and analysis of facts which may constitute irregularities/infringements), up to the drafting of the report leading to the launching of jurisdictional procedures. Ideally, they do not take part in the adoption of the decision.
- **"Financial judges" or "members of the jurisdictional collegial body":** the members' SAI in charge of formulating judgements or remedies. Their status is outlined in the national law and their independence guaranteed.
- **Public prosecutor or assistant public prosecutor, when the law provides:** formed by one or several members, their mission is to defend the public interest and due application of the law. This person safeguards the public interest and the proper use of the law, mainly with regard to the legal framework set by the law, and may execute investigative activity. He/she is independent of the formation of judgement and does not take part in the adoption of the decision. He/she may intervene to institute proceedings and to express his/her opinion on the judgement to be issued.

The wording "audit professional" in this document encompasses these members of the SAI in all of the functions listed above. Following the T-shaped concept, the competency framework for an audit professional in a SAI with jurisdictional functions will include:

- the cross-cutting competencies for SAI audit professionals described in section 5(A), specifically noting the reflections that relate to SAIs with Jurisdictional Functions (CC5); and
- a relevant selection of audit competencies from section 5(B), (C), and/or (D), and the competencies of an audit professional with jurisdictional responsibilities described in this section below.

The competencies dealing with jurisdictional responsibilities (JRC) can be grouped into four broad clusters. These clusters are mainly based on reference to the work of SAIs with Jurisdictional Activities, as outlined in the *INTOSAI Framework of Professional Pronouncements*, as well as consultations with the Forum of SAIs with Jurisdictional Activities.

JRC 1: An audit professional adds value by executing his/her jurisdictional responsibilities in line with relevant, available INTOSAI professional pronouncements and good practices, in line with the relevant enforceable law;

JRC 2: An audit professional demonstrates an understanding of context, environment and entity in the execution of his/her jurisdictional responsibilities;

JRC 3: An audit professional performs his/her jurisdictional responsibilities with the necessary regard for the relevant, available INTOSAI professional pronouncements and legal requirements of the function performed; and

JRC 4: An audit professional effectively communicates with role players / stakeholders with whom liaison is necessary as part of the execution and success of his/her jurisdictional responsibilities.

Competencies		<u>Expected behaviour</u>	<u>Explanation</u>
JRC 1	An audit professional adds value by executing his/her jurisdictional responsibilities in accordance with relevant, available INTOSAI professional pronouncements and good practices and in line with the relevant enforceable law.		
JRC 1.1	Demonstrates an understanding of how jurisdictional responsibilities contribute to promoting accountability and transparency in the use of public money	Demonstrates an understanding of the nature, purpose and objectives of jurisdictional responsibilities, the unique way in which these add value as part of the accountability chain and how these responsibilities are differentiated from and/or linked to compliance, financial or performance audit engagements. Displays an understanding of jurisdictional responsibilities in the context of the government system within which it is necessary and the way these responsibilities, through processes in court or other judicial forums, will contribute to the effectiveness and efficiency of these government processes.	
JRC 1.2	Demonstrates an ability to apply key concepts of jurisdictional responsibilities appropriately and consistently in practice	Demonstrates an ability to apply key concepts related to the execution of jurisdictional responsibilities, as outlined in INTOSAI-P 50 <i>Principles of Jurisdictional Activities of SAIs</i> . Demonstrates an ability to actively manage the risk of inappropriate actions or processes that could jeopardise the reliability of conclusions, rulings and/or verdicts.	
JRC 1.3	Ensures quality in executing jurisdictional responsibilities	Applies the general principles specific to jurisdictional competences (as per INTOSAI-P 50 <i>Principles of Jurisdictional Activities of SAIs</i>) throughout the process in different environments to ensure quality that enhances the credibility of the final conclusions, rulings and/or verdicts. Displays an ability to review jurisdictional activities conducted by others for quality assurance in line with relevant laws, standards and SAI practices according to his/her role in the process.	
JRC 1.4	Exercises professional judgement and meticulous evidence search throughout the	Exercises professional judgement and scepticism while executing jurisdictional responsibilities. Seeks advice or information if difficult or contentious issues are encountered when exercising jurisdictional responsibilities with respect to the enforceable law.	

Competencies		Expected behaviour	Explanation
	execution of jurisdictional responsibilities		
JRC 2	An audit professional demonstrates an understanding of context, environment and entity in the execution of his/her jurisdictional responsibilities		
JRC 2.1	Demonstrates an understanding of the context of the public-sector environment	Displays an understanding of the wider context of the public sector, especially as it relates to the particular system of government in place in a country, key legislation, parliamentary directives, circulars and stakeholder expectations.	
JRC 2.2	Demonstrates an understanding of the specific enforceable legal system	<p>Understands the context and functioning of the enforceable legal system, its due process and its role players to allow for the appropriate execution of the SAI's jurisdictional activities within this system.</p> <p>Is able to work on a daily basis with enforceable legal frameworks and in harmony with the other legal frameworks (civil, penal, commercial, competition law).</p>	
JRC 3	An audit professional performs his/her jurisdictional responsibilities with the necessary regard for the relevant, available INTOSAI professional pronouncements and legal requirements of the function performed		
JRC 3.1	Researches, analyses and effectively and efficiently applies relevant laws to facts	<p>Establishes the facts objectively and impartially, including in cases of appeal or cassation.</p> <p>Undertakes complex legal analysis.</p> <p>Understands how the various components of legal matters inter-relate.</p>	
JRC 3.2	Drafts legal documentation and/or advice and communicates in a manner appropriate for a particular audience	<p>Drafts procedures, findings, reports, judgement referrals, sanctions and, where appropriate, legal opinions, on matters relating to the procedure.</p> <p>Communicates clearly, concisely and logically with the affected stakeholders on any legal material drafted.</p>	
JRC 3.3	Keeps the evidence	Demonstrates an ability to preserve the integrity of evidentiary material.	
JRC 3.4	Litigates in a court of law or any other judicial forum	<p>Demonstrates an understanding of the behaviour to adapt, depending on its place and part in a court, and especially during public hearings.</p> <p>Demonstrates an ability to present a case in a clear, concise and logical manner in a court of law or any other judicial forum.</p> <p>Demonstrates the ability to engage with the litigants in the due process of the right of defence.</p>	

	Competencies	<u>Expected behaviour</u> Explanation
JRC 4	An audit professional effectively communicates with role players / stakeholders with whom liaison is necessary as part of the execution of his/her jurisdictional responsibilities	
JRC 4.1	Engages with key role players, legal and audit bodies who are critical to the success of the legal processes	Demonstrates the ability to interact, in compliance with the due process, with audit and relevant legal bodies in a manner that ensures the achievement of statutory and strategic goals and objectives, and that will lead to appropriate conclusions, rulings and/or verdicts.

GUID 1950

Guidance on the
development of
competency frameworks
for auditors



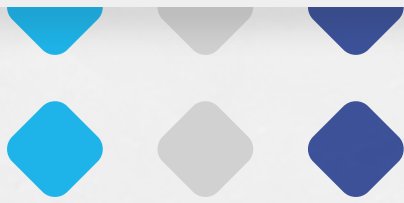
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ENDORSEMENT VERSION

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- 1) ISSAI 150 – *Auditor Competence* sets out four organisational requirements that underpin the responsibilities of a Supreme Audit Institution (SAI) regarding auditor competence.
- 2) Organisational requirement 1 of ISSAI 150 states that a SAI shall, determine and document relevant competencies required for all auditors to fulfil the SAI mandate. It introduces the concept of competency frameworks or profiles as a means to describe the ideal competencies required or expected of an individual auditor for a specific task, and for a specific position within an organisation.
- 3) GUID 1950 builds on this organisational requirement and guides SAIs on how to determine an appropriate set of competencies that satisfy the requirements of the ISSAIs or other auditing standards adopted by the SAI, as well as the SAI’s mandate and any unique considerations from the SAI’s organisational strategy.
- 4) Given the close relationship between the design of competency frameworks and the means of assessing these competencies, GUID 1950 to some degree also deals with organisational requirement 4 of ISSAI 150, which requires a SAI to develop and implement the means for assessment of competencies, partly to confirm the auditor’s successful development of competence, and to provide the SAI with reliable information around the success of the professional development interventions undertaken and the impact of these interventions on the work of the SAI.
- 5) GUID 1950 provides guidance in the context of elements of SAI professionalism (ISSAI 150 para 5).

- 6) The objective of GUID 1950 is to present a basic process to help a SAI to determine competencies that capture the uniqueness of public-sector auditing and fully describe the needs of a specific SAI, captured in a SAI-specific competency framework. This GUID support SAIs in implementing and applying the requirements of ISSAI 150.
- 7) To give effect to this objective, GUID 1950:
 - a) Introduces a number of concepts that may be considered in the development of a competency framework;
 - b) Provides an example of a set of competencies that reflect the uniqueness of public-sector auditing, described in line with the INTOSAI Framework of Professional Pronouncements (IFPP);
 - c) Describes competency considerations that can be added to 7(b) to arrive at a complete SAI-specific competency framework; and
 - d) Lists other matters to be considered in the practical implementation and/or utilisation of a competency framework in a SAI, including the means of assessment.

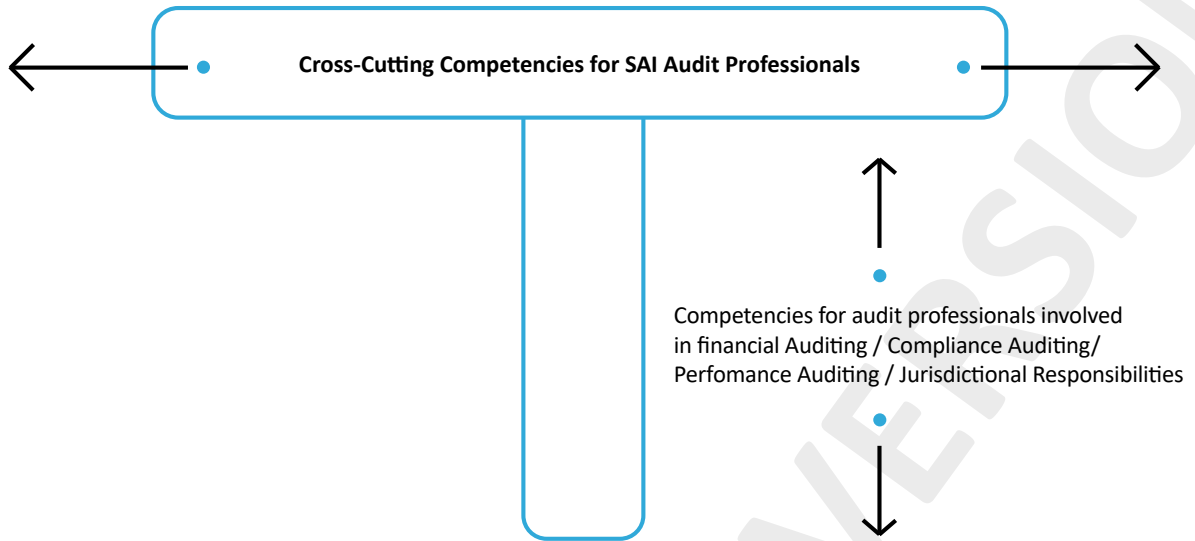
- 8) **Competence** is the knowledge, skills and personal attributes critical to successful job performance (ISSAI 150 para 12).
- 9) A **competency framework** is a conceptual model that details and defines the competencies expected of an individual auditor, group or team for a specific task, and for a specific position within an organisation (ISSAI 150 para 13).
- 10) **Core competencies** represent a minimum set of competencies that all auditors within a specific discipline possess. In INTOSAI terms, core competencies refer to the knowledge, skills and personal attributes that bind the community together as public-sector auditors. These are described based on the ISSAIs or other audit standards adopted by a SAI, as envisaged in ISSAI 100.
- 11) **Additional competencies** are those competencies that make each and every SAI unique. It is generally accepted throughout the INTOSAI community that, 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, enabling legislation, public finance management considerations, needs and methodologies and practices. It is up to each individual SAI to define these additional competencies and combine them with the core competencies into a unique SAI-specific competency framework.
- 12) 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 (ISSAI 150 para 14).
- 13) A **proficiency level** is a set of predetermined criteria that define what advancement for a particular competency looks like.

- 14) GUID 1950 provides supplementary guidance in relation to the organisational requirements of ISSAI 150 and does not contain any further requirements for the SAI.
- 15) GUID 1950 provides guidance on the development of an appropriate competency framework for SAIs using the ISSAIs or other auditing standards in the areas of financial auditing, performance auditing and compliance auditing, while also recognising the considerations relating to SAIs with jurisdictional responsibilities.

- 16) The guidance below (coupled with the example in the annexure) provides a detailed description on how a SAI competency framework can be developed. These guiding considerations can be scaled up or down depending on the SAI's capacity and needs, as envisaged in paragraph 19 of ISSAI 150.

A. BASIC METHODOLOGY FOR A SAI TO DETERMINE CORE COMPETENCIES THAT ARE UNIQUE TO THE ROLE OF A PUBLIC-SECTOR AUDITOR

- 17) While many methodologies exist to define competencies in a competency framework or profile, a relatively easy way to deal with this is to think of each auditor as a T-shaped professional. The horizontal bar of the T describes the ability of a person to collaborate across disciplines and to use and apply knowledge in areas of expertise other than their own (broad-range generalist skills). The vertical bar represents the depth of related skills and expertise in a single field (deep subject matter expertise).
- 18) In the context of a competency framework or profile for public-sector auditing, the horizontal bar of the T represents cross-cutting competencies that are universally applicable to any public-sector auditor in a SAI – for example, making decisions that serve the public interest. The vertical bar of the T describes the specific audit-related competencies, e.g. competencies in compliance auditing.



- 19) The basic concept of documenting competency auditing using a framework of a T-shaped professional can be expanded upon by reflecting on the different mandates of SAIs, as follows:



- 20) This competency framework implies that any public-sector auditor will possess the cross-cutting competencies that are unique to public-sector auditors, as well as any combination of the four broad categories of audit-related competencies, as determined by the mandate of the SAI.

- 21) In populating this framework or profile, the SAI could consider the following:
- a. Alignment to the *INTOSAI Framework of Professional Pronouncements*;
 - b. Ongoing relevance;
 - c. Core consistency;
 - d. Full proficiency; and
 - e. Observable behaviour.

» **Alignment to the intosai framework of professional pronouncements**

- 22) The competency framework or profile should be aligned to ISSAIs or the 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 the authoritative standards that will determine the execution of its work, or to use the ISSAIs as a basis to develop own standards or to adopt consistent national standards.

» **Ongoing relevance**

- 23) To ensure continued alignment with the INTOSAI Framework of Professional Pronouncements (IFPP), it is good practice to revisit the competency framework on a regular basis. This enable the SAI to also appropriately reflect any expectations or challenges posed by emerging issues within the SAI or within the environment in which audits are conducted. It may also be relevant to assess the impact that these competencies have on the work of the SAI (fit-for-purpose).

» **Core consistency**

- 24) Being largely IFPP based, the framework defines individual core competencies that are universally applicable across SAIs' mandates. In addition, additional competencies may be needed to suit the specific mandate, needs or purpose of each individual SAI, as explained in section B below.

» **Full proficiency**

- 25) Competencies for a specific position within a SAI are described at the level of full proficiency for that position, and deal with the full spectrum of competencies required.

» **Observable behaviour**

- 26) For ease of use, especially in terms of development and assessment, it is good practice that each competency, at a minimum, be described in terms of observable and measurable behaviour.
- 27) The annexure to this guide provides an example of a basic 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.

B. DEVELOPING A SAI-SPECIFIC COMPETENCY FRAMEWORK

- 28) This section deals with the process necessary to add to these core competencies to the point of confirming a SAI-specific competency framework.
- 29) To arrive at a complete SAI-specific competency framework, it is necessary to include certain additional competencies in the framework. These competencies include the following:
- a. Competencies that are unique to the SAI; and
 - b. The SAI's strategic thinking about an appropriate foundation of knowledge, skill and personal attributes necessary to ensure the appropriate application of the competencies.

» Competencies that are unique to the SAI

- 30) To ensure the relevance of the framework and tailor it to the needs of the SAI, it is best practice to add certain competencies, unique to the SAI, to the core competencies described in section A above, with due cognisance of the external environment and considerations related to the SAI, audit teams and individual auditors.

Examples in this regard include the following:

External environment:

- a. The constitution of the country;
- b. The public finance management (PFM) legislation of the country;
- c. The national development plan/strategy of the country;
- d. The enabling legislation of the SAI;
- e. The mandate of the SAI;
- f. The type, nature and scope of audits that the SAI performs, including jurisdictional responsibilities; and
- g. The expectations of the SAI's stakeholders (such as expectations around special audits relating to crisis situations).

SAI considerations:

- h. SAI strategy and performance agreements;
- i. SAI audit methodology and/or jurisdictional procedure;
- j. SAI policies and procedures;
- k. SAI technology; and
- l. SAI values, including its stand on ethics and integrity.

Team considerations:

- m. The implications of the SAI's resource planning practices (e.g. the need to attend to the professional development of trainees, and the size and competence of teams);
- n. Competency in managing contracted resources;
- o. Competence considerations posed by the type of auditees in the audit portfolio;
- p. Extent of computerisation at auditees; and
- q. Availability of specialist skills within the SAI to support the team.

Individual considerations:

- r. Specific personal abilities, attributes and aptitudes, including individual ethical and integrity considerations;
 - s. Specific managerial and/or leadership considerations;
 - t. Cultural considerations;
 - u. Specific development needs/implications of career development;
 - v. The SAI's thinking about the future-relevant auditor; and
 - w. Unique additional considerations (such as licensing when conducting the audits of listed companies).
- 31) The resulting framework has to be relevant beyond ensuring that an auditor has the competencies to carry out his or her immediate audit responsibilities. Equipping the auditor for his or her managerial and leadership roles in the organisation becomes critical. To this end, it is necessary to include specific managerial and leadership competencies in the framework. Here it may be helpful to think about these competencies according to the following guiding elements:
- a. Leadership behaviours at a managerial level – being authentic, inspiring, resilient, serving, ethical, etc.;
 - b. General managerial considerations – decisiveness, ability to enable productivity, encouraging teamwork, ability to prioritise, etc.;

- c. People management considerations – being consistent, ensuring quality, providing clear direction, empowering others, mentoring, etc.;
- d. Strategic leadership considerations – strategic judgement, strategic thinking, results-driven, influencing stakeholders, etc.; and
- e. Public-sector leadership considerations – influence in the public sector, awareness of external political dynamics, etc.

» **An appropriate foundation of knowledge and skills**

- 32) A SAI-specific competency framework assumes a foundation of knowledge and skills that underpins the core public-sector audit competencies and the competencies unique to the SAI.
- 33) The decision around this underlying knowledge and skill will depend on the strategic choice that the SAI makes between hiring at a generalist audit level or at a specialist audit level. If the SAI is hiring a generalist, there will not necessarily be a correlation between the subject matter expertise and the area of auditing in which the person works. If the focus is on specialism, one would expect a stronger correlation. Each of these has its own benefits and drawbacks, which need to be taken into account in the context of the functioning of the SAI.
- 34) An example is the competency considerations for conducting a financial audit. The underlying knowledge and skill that will ensure the appropriate application of the core public-sector audit competencies and the competencies unique to the SAI, will in all probability imply at least a generic knowledge of accounting and auditing, possibly enhanced with some exposure to commercial law and economics. In many SAIs, this may translate into an “entry consideration” in the form of a graduate-level qualification for the environment (or a position within the SAI). Building on that, there would be a specific process to add public-sector financial audit competencies to the person’s profile.
- 35) Similarly, in considering the competencies for conducting a performance audit, the underlying knowledge and skill will in all probability include knowledge of the quantitative and qualitative methods relevant for evaluation of economics, efficiency and effectiveness. In considering the competencies for conducting

a compliance audit the knowledge and skills may include knowledge of the overall legal system and the different sources of law and the methods involved in establishing the applicable criteria of law or propriety.

- 36) In addition to such considerations related to the type of audit the relevant competencies may be linked to the area within which the person will audit. This may for example imply that an auditor who deals with the auditing of big infrastructure projects would enter the organisation as an engineer. Regardless of the auditors' original background and underlying expertise, there will normally be a process to equip him/her with specific public-sector audit competencies.
- 37) Notwithstanding the above, an understanding of the public-sector environment will be essential. This understanding may be the result of studying in public management (or public administration), working in a public-sector environment or being exposed to the uniqueness of this sector through specific interventions within the SAI.

» **Final reflections in developing a SAI-specific competency framework**

- 38) In developing a SAI-specific competency framework, there is always the risk that the analysis of competencies may become so detailed and complex that it dilutes the value of the framework. This could be avoided by:
- a) Prioritising competencies (document only those competencies that will be necessary to recruit or develop an auditor who can cope with the mandate and expectations of the SAI); and
 - b) Keeping the level of detail and complexity commensurate with the level of investment that the SAI (or region, on behalf of the SAI) is able or prepared to make.
- 39) At this point SAI leadership may consider whether this newly developed framework provides a sufficiently clear and complete reflection of the typical competency needs of the SAI to be able to implement its mandate, in line with its organisational strategy.

C. OTHER RELATED CONSIDERATIONS

» Expanding the competency framework to cater for all positions within a SAI and to guide career progression

- 40) It may be important for a SAI to describe the competencies of an auditor who is fully able to manage an audit in line with the ISSAIs or the auditing standards that the SAI has adopted, thereby creating a baseline for all other audit positions in the SAI. More work will be necessary to expand the framework to allow for proper career progression for other positions. There are many ways to achieve this, starting with documenting competencies at the level of groups of positions, broad categories of positions or teams. An alternative and very practical way of expanding the value of a SAI-specific competency framework to the broader organisation may be achieved through a process of job profiling, per position in the SAI. In essence, this entails:
- a) Describing each role within the organisation;
 - b) Outlining detailed job responsibilities for each role;
 - c) Linking the job responsibilities for each role to specific, relevant and prioritised competencies; and
 - d) Being specific as to the qualifications and experience for each role.
- 41) An alternative (and potentially less complex) way to handle this may be to further define proficiency levels per competency, using, for example, the following:
- a) Foundational level (staff/trainee/entry level);
 - b) Intermediate level (supervisor/manager level);
 - c) Advanced level (senior manager level); and
 - d) Expert level (executive level).

For example, a competency that deals with aspects of leadership, will at an intermediate level reflect on what it means to lead in a team context, while at executive level it may reflect on organisational level.

- 42) Changes within the SAI environment, the development of public -sector auditing or the SAI's own professional development may necessitate the integration of new competencies and may potentially have an impact on job profiles. Job profiles may need to be reviewed regularly to ensure that the description of roles and positions, responsibilities and competencies remains relevant to the SAI.

» **Analysing the competency framework into its component parts**

- 43) In describing the development of a competency framework, the competencies were defined in terms of observable behaviour. If this framework were to be used to recruit professional staff, or to develop a specific professionalisation pathway in the SAI, it would be necessary to formally unpack the competency framework into the following components:
- a) Knowledge – which will give an indication of the qualification necessary for the specific job and/or the specific knowledge-based elements of learning that need to take place;
 - b) Skills – which will provide insights into the practical experience that is necessary or needs to be developed for the specific job, through specifically agreed-on (and monitored) on-the-job exposure; and
 - c) Personal attributes – which will give insights into the personal attributes of the person recruited for a position or that need to be developed.

» **Assessment of competencies**

- 44) When unpacking the competencies into their component parts (knowledge, skills and personal attributes), the SAI may consider how to assess these components, as this will guide the design of the related development programme. Assessment is the process of gathering evidence that an individual has demonstrated the professional competencies necessary for a position within a SAI or for a specific task.
- 45) Assessment traditionally focuses on competencies gained, but can ideally be extended to transferral of such competencies to the workplace (actively using these) and even their impact on the work of the SAI.

- 46) The process of assessment usually include a combination of different assessment activities. The selection of these activities may vary for different competencies and for different components of competencies. For example, while it may be possible to assess knowledge through objective online testing, professional attributes may be better assessed on the job by the relevant line or project manager.
- 47) When planning assessment activities, it is advisable to consider the levels of integration that can be demonstrated between knowledge, skills and personal attributes and between different competencies (e.g. applying professional scepticism when evaluating criteria in a performance audit).
- 48) The aim for credible assessment activities is to produce an outcome that is consistent with the learner's true competence in the context of the needs of the SAI. To ensure credibility of these processes, the following can be considered:
- a) Reliability – considering whether the assessment activities produce substantively the same result given the same set of circumstances;
 - b) Verifiability – considering whether the assessment activities generate documented evidence of achievement of the assessment outcome; and
 - c) Comprehensiveness – considering whether the assessment activities cover all relevant competencies and their component parts.
- 49) Types of assessment activities include oral examinations, online testing, findings from quality assurance reviews, on-the-job assessment, a review of a portfolio of evidence of workplace activities and/or written examinations.
- 50) Assessment activities can be evaluated according to how objective or subjective they are. For example, a multiple-choice questionnaire that is automatically assessed by a computer would be considered highly objective. By comparison, an on-the-job assessment by a supervisor is likely to include higher levels of subjectivity. In practice, assessments will be considered more reliable where they have high levels of objectivity. The choice of the most appropriate assessment method also needs to take cost and availability of technology into account.

- 51) Assessment activities need not necessarily be conducted by SAI staff. They may also be performed by universities, private education providers, professional organisations, government training centres or other institutions.
- 52) Some assessment activities may actually precede the appointment of the auditor at the SAI. In other words, the SAI may decide to target staff with a specific set of proven competencies in its recruitment drive.
- 53) The assessment activities offer aspiring professionals an opportunity to demonstrate their competence as SAI auditors. When the SAI plans learning activities, the ability of these to enable learners to successfully complete the assessment activities becomes a key consideration. This may be achieved by defining learning objectives/outcomes that are aligned to the SAI's competency framework and by developing learning activities that achieve these learning objectives/outcomes. It is therefore critical to bear the assessment process in mind in the design of a professionalisation initiative or specific learning activity.

AN EXAMPLE OF AN ISSAI-BASED CORE COMPETENCY FRAMEWORK

Cross-Cutting Competencies for SAI Audit Professionals



This annexure provides an example of a basic 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. For the purposes of this annexure, such an auditor has been described as an *audit professional*.

This example gives full effect to paragraphs 17 to 28 of GUID 1950.

CORE COMPETENCY FRAMEWORK FOR A PUBLIC-SECTOR AUDIT PROFESSIONAL

» A. Cross-cutting competencies for an audit professional

The cross-cutting competencies of an audit professional have been grouped into five broad clusters:

CC 1: An audit professional leads by example;

CC 2: An audit professional engages effectively with stakeholders;

CC 3: An audit professional behaves in a professional manner;

CC 4: An audit professional contributes to the value and benefits of the SAI; and

CC 5: Additional reflection for SAIs with jurisdictional responsibilities.

The table below describes the individual competencies under each cluster.

Competencies		Expected behaviour
CC 1	An audit professional leads by example	
CC 1.1	Demonstrates ethical behaviour in all situations	Demonstrates an understanding of the applicable code of ethics and acts accordingly, in letter and spirit, in every situation. Demonstrates compliance with SAI culture, policies and procedures.
CC 1.2	Displays personal accountability	Behaves in a transparent manner and is accountable for meeting performance targets. Is open to scrutiny and criticism and displays willingness to take corrective action.
CC 1.3	Respects diversity	Treats people with respect irrespective of their profession, their views on diverse matters, position, gender, religion, ethnicity, abilities, etc. Shows an understanding of different cultural norms within the working environment and responds effectively to these differences.
CC 1.4	Demonstrates basic leadership skills	Demonstrates an ability to influence, inspire and motivate others to achieve results.

Competencies		Expected behaviour
CC 2	An audit professional engages effectively with stakeholders	
CC 2.1	Demonstrates an understanding of stakeholders	<p>Demonstrates an ability to identify key stakeholders and understands their explicit and implicit needs, expectations and operations. These stakeholders include both internal stakeholders (SAI management, peers and team) and external stakeholders (audited entities, parliaments, media, citizens, etc.).</p> <p>Demonstrates an understanding of the principles of and the need for SAI independence.</p>
CC 2.2	Communicates effectively with stakeholders	<p>Communicates effectively with stakeholders to give and exchange information with meaningful context and appropriate delivery, both verbally and in writing.</p> <p>Demonstrates active listening skills and openness in communicating with stakeholders.</p> <p>Takes the views of stakeholders into consideration and engages constructively when circumstances dictate.</p> <p>Is able to use different types of media tools for communicating with stakeholders, including general presentations, electronic and social media, etc. as appropriate.</p> <p>Has the ability to use a broad range of techniques, including facilitation, teamwork and interpersonal skills, to enhance the delivery and effectiveness of audits and to achieve common goals.</p>
CC 3	An audit professional behaves in a professional manner	
CC 3.1	Achieves quality by applying ISSAIs	<p>Demonstrates sound knowledge and understanding of the standards applicable to the role (ISSAIs, or national standards aligned to ISSAIs) and demonstrates the effective application of this knowledge.</p> <p>Applies ISSAIs, or national standards aligned to ISSAIs, within the local context.</p> <p>Exercises professional judgement and scepticism while applying standards.</p> <p>Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.</p>
CC 3.2	Demonstrates core audit and information technology skills	<p>Shows analytical skills and an ability to synthesise information.</p> <p>Documents due process / work performed in reaching an audit conclusion/opinion.</p> <p>Uses and leverages information technology effectively in conducting audits.</p> <p>Is able to interpret and provide broader context using financial and non-financial information, drawing from a wide variety of data sources.</p>

Competencies		Expected behaviour
CC 3.3	Continuously strives for excellence	<p>Displays courage and resilience in facing the challenges of an audit environment.</p> <p>Seeks opportunities to grow and develop knowledge, skills and abilities.</p> <p>Thinks in a critical and objective way and questions the status quo to stay relevant.</p> <p>Advocates positive change.</p> <p>Shows an ability to learn from successes and failures.</p>
CC 3.4	Demonstrates emotional intelligence	<p>Reflects on experiences and identifies lessons learnt.</p> <p>Displays the following:</p> <ul style="list-style-type: none"> • Self-awareness; • Self-management; • Awareness of others; and • Management of relationships.
CC 4	An audit professional contributes to the value and benefits of the SAI	
CC 4.1	Contributes to SAI performance	<p>Aligns personal performance goals and direction with the strategic direction of the SAI.</p> <p>Behaves in a manner consistent with the requirements of the INTOSAI <i>Framework of Professional Pronouncements</i> (IFPP), as well as the SAI's image and reputation.</p> <p>Monitors and follows up on audit outputs, which contribute to delivering the value and benefits of the SAI.</p>
CC 4.2	Contributes to effective management	<p>Works well in a team context to help manage organisational risks and resources effectively.</p> <p>Provides timely, sufficient and appropriate information to management to enable them to make informed and strategic decisions.</p>
CC 4.3	Acts in the public interest	<p>Demonstrates an understanding of, and operates effectively within, the public-sector environment.</p> <p>Demonstrates the understanding that the SAI exists to serve the citizens, and behaves accordingly.</p> <p>Demonstrates a responsiveness to emerging issues.</p>
CC 5	Additional reflections relating to SAIs with jurisdictional functions	
	<p>SAIs with jurisdictional functions have a mandate to render a verdict rather than merely express an opinion. For these SAIs, it is important to re-emphasise the concepts of independence and ethical conduct. Appropriate references to these concepts are included in the cross-cutting competencies described above.</p>	

B. COMPETENCIES FOR AN AUDIT PROFESSIONAL INVOLVED IN COMPLIANCE AUDITING

Following the T-shaped concept, the competency framework for a compliance audit professional includes the:

- Cross-cutting competencies of an audit professional described in A above; and
- Compliance audit competencies (CAC) of an audit professional described in the section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant compliance audit process.

CAC 1: An audit professional adds value by conducting ISSAI-compliant compliance audits;

CAC 2: An audit professional demonstrates an understanding of context, environment and entity in a compliance audit;

CAC 3: An audit professional assesses and manages risk in a compliance audit;

CAC 4: An audit professional performs and documents compliance audit procedures as per ISSAIs; and

CAC 5: An audit professional effectively communicates and follows up on compliance audit results.

The table below describes the individual competencies under each cluster.

	Competencies	Expected behaviour
CAC 1	An audit professional adds value by conducting ISSAI-compliant compliance audits	
CAC 1.1	Demonstrates an understanding of how compliance audit practice adds value by promoting accountability and transparency in the use of public money	Demonstrates an understanding of the nature, purpose and objectives of compliance auditing, the unique way in which it adds value as part of the accountability chain, and how it is differentiated from and/or linked to financial or performance audit engagements. Displays an understanding of compliance audit as both an attest engagement and a direct reporting engagement. Demonstrates an understanding of both the regularity focus and propriety focus of compliance audits.
CAC 1.2	Demonstrates the ability to apply key concepts of compliance auditing appropriately and consistently in audit practice	Demonstrates the ability to apply key concepts such as subject matter, subject matter information and users in the context of both regularity and propriety compliance engagements. Applies concepts of authorities, rules and criteria, risk, limited assurance and reasonable assurance engagements in both attest and direct reporting engagements.
CAC 1.3	Ensures quality in conducting a compliance audit	Applies compliance audit ISSAIs throughout the audit process in both attest and direct reporting engagements with a regularity or propriety focus. Is able to review compliance audit work done by others for the purpose of quality assurance in line with relevant standards and SAI practices.
CAC 1.4	Exercises professional judgement and scepticism throughout the compliance audit	Exercises professional judgement and scepticism while applying standards. Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.
CAC 2	An audit professional demonstrates an understanding of context, environment and entity/entities in compliance audits	
CAC 2.1	Demonstrates an understanding of the wider context of the public sector and compliance frameworks at institutional level	Demonstrates an understanding of the wider institutional framework of rules and regulations and the compliance culture within which the entity operates.
CAC 2.2	Demonstrates an understanding of entity operations and associated compliance risks	Demonstrates the ability to evaluate an entity's organisational structure, culture, business processes, operations and systems. These include the entity's system of internal control, internal control activities and controls residing at the entity.
CAC 3	An audit professional assesses and manages risk in a compliance audit	
CAC 3.1	Assesses audit risk in a compliance audit	Demonstrates the ability to determine materiality and assess the audit risk of not reporting material non-compliance, including instances indicative of unlawful acts, fraud, abuse or wastage.
CAC 3.2	Manages risk throughout the compliance audit process	Develops and implements strategies to reduce audit risk to an acceptable level.

	Competencies	Expected behaviour
CAC 4	An audit professional performs and documents compliance audit procedures as per ISSAIs	
CAC 4.1	Evaluates applicable authorities and criteria to plan the compliance audit	Evaluates relevant authorities and criteria applicable to the audit. Determines the scope of the audit in terms of both regional and thematic coverage.
CAC 4.2	Conducts a preliminary assessment of an entity's internal control system	Evaluates the design of internal control systems and determines whether these are operational and, if so, tests the operating effectiveness of internal controls in light of compliance requirements and concludes on the adequacy of the controls tested.
CAC 4.3	Develops and conducts procedures to manage audit risk	Applies knowledge of relevant authorities in performing analytical procedures, control testing and substantive testing to develop audit procedures. Considers audit risks and determines types and extent of testing.
CAC 4.4	Applies sampling techniques	Uses a risk-based methodology to address significant risks of misstatement or non-compliance in determining when and how to perform sampling, and documents sampling strategy during the audit. Executes sampling procedures and evaluates results.
CAC 4.5	Gathers sufficient and appropriate audit evidence	Corroborates multiple sources of evidence, identifies conflicts and determines evidence that is reliable, accurate, credible, usable and complete for the audit. Shows an understanding of data integrity and reliability concepts that maintain and ensure the consistency of data over its life cycle and tests the validity of information. Uses innovative methods to obtain the necessary evidence to facilitate analysis and/or testing approaches. Leverages the work of third parties or specialists and performs procedures, as per the requirements of the standards, on the work of others to determine its adequacy for the audit.
CAC 4.6	Evaluates the results of all audit procedures and determines their potential effect on audit conclusions and recommendations	Analyses and synthesises evidence gathered through audit procedures to arrive at audit conclusions (or opinions). Is able to identify to whom, and how, matters related to fraud, wastage and abuse have to be communicated.
CAC 4.7	Documents the compliance audit	Documents the audit in line with ISSAI requirements. Demonstrates an understanding of the subject matter and uses appropriate terminology in documentation and communication.
CAC 4.8	Communicates with stakeholders throughout the compliance audit	Identifies key stakeholders in the compliance audit, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC.2.2.

	Competencies	Expected behaviour
CAC 5	An audit professional effectively communicates and follows up on compliance audit results	
CAC 5.1	Prepares audit reports using the prescribed formats	Formulates audit results in light of audit objectives, and in keeping with prescribed formats, e.g. reports, opinions, forms and communications. Reports findings of fraud in accordance with ISSAI requirements.
CAC 5.2	Follows up on compliance audit results	Develops and implements a plan for following up on audit results with responsible stakeholders. Monitors the implementation of compliance audit observations.

C. COMPETENCIES FOR AN AUDIT PROFESSIONAL INVOLVED IN FINANCIAL AUDITING

Following the T-shaped concept, the competency framework for a financial audit professional include:

- The cross-cutting competencies of an audit professional described in A above; and
- The financial audit competencies (FAC) of an audit professional described in the section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant financial audit process.

FAC 1: An audit professional adds value by conducting ISSAI-compliant financial audits;

FAC 2: An audit professional demonstrates an understanding of context, environment and entity in a financial audit;

FAC 3: An audit professional assesses and manages risk in a financial audit;

FAC 4: An audit professional performs and documents financial audit procedures as per ISSAIs; and

FAC 5: An audit professional effectively communicates and follows up on financial audit results.

Competencies		Expected behaviour
FAC 1	An audit professional adds value by conducting ISSAI-compliant financial audits	
FAC 1.1	Demonstrates an understanding of how financial audit contributes to promoting accountability in using public money	<p>Demonstrates an understanding of the nature, purpose and objectives of financial audit, the unique way in which it adds value as part of the accountability chain and how it is differentiated from and/or linked to compliance or performance audit engagements.</p> <p>Demonstrates an understanding that financial audit uses insight to create foresight by examining past events and providing forward-looking, effective and cost-beneficial recommendations to improve public financial management.</p>
FAC 1.2	Demonstrates an ability to apply key concepts of financial auditing appropriately and consistently in audit practice	<p>Demonstrates an ability to apply key concepts such as risk assessment, materiality, sampling, risk response, sufficient appropriate audit evidence, levels of assurance and key audit matters in the financial audit process.</p> <p>Demonstrates an ability to provide an opinion on whether the financial statements give a true and fair view of the financial state of affairs of an entity OR that the financial statements have been prepared in line with the applicable financial reporting framework.</p> <p>Demonstrates an ability to determine that sufficient audit procedures have been performed to provide reasonable assurance to the users of the financial statements.</p>
FAC 1.3	Ensures quality in conducting a financial audit	<p>Applies financial audit ISSAIs throughout the audit process in different environments to enhance the credibility of the audit report.</p> <p>Displays the ability to review financial audit work done by others for quality assurance in line with relevant standards and SAI practices.</p>
FAC 1.4	Exercises professional judgement and scepticism throughout the financial audit	<p>Exercises professional judgement and scepticism while applying standards.</p> <p>Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.</p>
FAC 2	An audit professional demonstrates an understanding of context, environment and entity in a financial audit	
FAC 2.1	Demonstrates an understanding of the wider context of the public-sector environment	Displays an understanding of the wider context of the public-sector environment, which leads to additional audit objectives in the auditing of financial statements in the public sector. These additional audit objectives may result from parliamentary directives, government circulars, stakeholder expectations, entity-specific issues, etc., which may extend beyond the objective of merely expressing an opinion on the financial statements.
FAC 2.2	Demonstrates an appreciation of accounting principles and financial reporting frameworks	Demonstrates an understanding of accounting standards and principles, and displays the ability to interpret the financial reporting framework that applies to the preparation of the financial statements.
FAC 2.3	Demonstrates an understanding of entity operations and associated risks, as well as the accounting and financial reporting processes	<p>Demonstrates the ability to evaluate an entity's organisational structure, culture, business processes, operations and systems. These include the entity's system of internal control, internal control activities and controls residing at the entity.</p> <p>Demonstrates an understanding of the accounting and reporting process specific to an entity and effectively deals with complexities in the accounting transactions.</p>

Competencies		Expected behaviour
FAC 3	An audit professional assesses and manages risk in a financial audit	
FAC 3.1	Determines materiality	Determines materiality by size and nature. Applies materiality, based on an understanding of the relationship between materiality and assessed risks of material misstatements in the financial statements, when planning, performing and concluding the financial audit.
FAC 3.2	Assesses audit risk in financial audits	Assessing risk of material misstatement due to fraud or error at the financial statement and assertion levels; and designing further audit procedures to address the identified risks.
FAC 3.3	Manages risk throughout the financial audit process	Prepares and implements an overall audit strategy that provides direction, timing and scope of audit, which is responsive to risks of material misstatements in the financial statements.
FAC 4	An audit professional performs and documents financial audit procedures as per ISSAIs	
FAC 4.1	Evaluates an entity's internal control system related to the financial reporting process	Evaluates the design of internal control systems, determines whether these are operational and, if so, tests the operating effectiveness of internal controls related to the financial reporting process. Finally, reaches a conclusion as to the adequacy of controls tested to assess the risks of material misstatements in the financial statements.
FAC 4.2	Applies different sampling techniques	Selects sample sizes by applying different sampling techniques and using the materiality level.
FAC 4.3	Gathers and evaluates sufficient appropriate audit evidence	Gathers and evaluates multiple sources of evidence, identifies conflicts and determines evidence that is reliable, accurate, credible, usable and complete for the audit. Demonstrates an understanding of data integrity concepts that relate to maintaining and ensuring the consistency of data over its life cycle and tests validity of information. Explores opportunities to obtain the necessary evidence in new ways to facilitate analysis and/or testing approaches. Leverages the work of third parties or specialists and performs procedures on the work of others to determine its adequacy for the audit.
FAC 4.4	Evaluates audit evidence to express an opinion on financial statements	Evaluates the sufficiency of appropriate audit evidence, identifies root causes of audit matters and expresses an audit opinion on the financial statements.
FAC 4.5	Documents the entire financial audit process	Documents work done at every stage of the financial audit, from the pre-engagement until completion and reporting, in order to demonstrate the adequacy of work performed in an audit of financial statements.
FAC 4.6	Communicates with stakeholders throughout the financial audit process	Identifies key stakeholders in the financial audit process, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC 2.2. Engages in two-way communication to obtain information necessary in assessing the risks of material misstatements and gathering audit evidence to support the audit opinion. Conveys the audit matters to the management and those charged with governance. Maintains a professional relationship with the audited entity.

Competencies		Expected behaviour
FAC 5	An audit professional effectively communicates and follows up on financial audit results	
FAC 5.1	Identifies the management and those charged with governance and communicates financial audit results appropriately	<p>Demonstrates the ability to identify the management and those charged with governance for the purpose of communicating audit matters before, during and after the audit.</p> <p>Is able to explain and communicate the audit opinion, and any key corrective actions necessary, to the management and those charged with governance.</p> <p>Is able to identify to whom, and how, matters related to fraud have to be communicated.</p>
FAC 5.2	Follows up on systemic recommendations	<p>Develops and implements a plan for following up on audit results with responsible stakeholders.</p> <p>Monitors the implementation of financial audit observations.</p>

D. COMPETENCIES FOR AN AUDIT PROFESSIONAL INVOLVED IN PERFORMANCE AUDITING

Following the T-shaped concept, the competency framework for a performance audit professional include:

- The cross-cutting competencies of an audit professional described in a above; and
- The performance audit competencies (pac) of an audit professional described in this section below.

The audit competencies can be grouped into five broad clusters. These clusters are mainly mapped on the backbone of an ISSAI-compliant performance audit process.

PAC 1: An audit professional adds value by conducting ISSAI-compliant performance audits;

PAC 2: An audit professional demonstrates an understanding of context, environment and entity in a performance audit;

PAC 3: An audit professional assesses and manages risk in a performance audit;

PAC 4: An audit professional performs and documents performance audit procedures as per ISSAIs; and

PAC 5: An audit professional effectively communicates and follows up on performance audit results.

Competencies		Expected behaviour
PAC 1	An 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	<p>Demonstrates an understanding of the nature, purpose and objectives of performance audit, the unique way in which it adds value as part of the accountability chain and how it is differentiated from and/or linked to compliance or financial audit engagements.</p> <p>Displays an understanding of performance audit as a direct reporting engagement, where different approaches such as a result-oriented approach, problem-oriented approach, systems approach or a combination of such approaches can be employed.</p> <p>Appreciates that performance audit works constructively to provide forward-looking recommendations to improve governance, accountability, transparency and service delivery in public financial management, as well as across a range of varied government operations and services, according to a risk-based approach and with cognisance of international, regional and/or national development priorities.</p>
PAC 1.2	Demonstrates an ability to apply key concepts of performance auditing appropriately and consistently in audit practice	<p>Demonstrates an ability to apply key concepts of economy, efficiency and effectiveness, as well as criteria, conditions, and cause and effect, in the performance audit process, in relation to a wide variety of subject matters. This could include specific programmes, entities, funds, activities or existing situations.</p> <p>Demonstrates an ability to actively manage the risk of inappropriate reports so that the intended user will have confidence in the reliability of audit conclusions.</p> <p>Adds value by providing a balanced report and constructive forward-looking recommendations.</p>
PAC 1.3	Ensures quality in conducting a performance audit	<p>Applies performance audit ISSAIs throughout the audit process in different environments to ensure quality that enhances the credibility of the audit report.</p> <p>Displays an ability to review performance audit work done by others for quality assurance in line with relevant standards and SAI practices.</p>
PAC 1.4	Exercises professional judgement and scepticism throughout the performance audit	<p>Exercises professional judgement and scepticism while applying standards.</p> <p>Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.</p>
PAC 2	An 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	Displays an understanding of the wider institutional framework of performance accountability and performance culture and the public-sector environment within which the entity operates.
PAC 2.2	Shows appreciation of the entity's operations and the inter-relationships among public entities	Evaluates the entity's organisational structures, culture, business processes, operations and systems, as well as inter-relationships with other entities in the event that many entities are involved.

Competencies		Expected behaviour
PAC 3	An 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 object	Evaluates the considerations in following a risk-based approach to determine the audit scope.
PAC 3.2	Selects performance audit topics and portfolio based on criteria that are significant and auditable	Selects a portfolio of performance audit topics based on a set of criteria, taking care to include significant, relevant and auditable topics that will add value for the users of the report.
PAC 3.3	Manages risk throughout the performance audit process	Manages the risk of performance audit reaching incorrect or incomplete conclusions, providing biased information or failing to add value. This is done by conducting a preliminary study and risk analysis, considering all important factors related to the audit topic, gathering sufficient and appropriate evidence, consulting widely both within and outside the audit team, and providing users of the audit report with new knowledge and recommendations that would make a real contribution to better performance.
PAC 4	An audit professional performs and documents performance audit procedures as per ISSAIs	
PAC 4.1	Sets a clear and well-defined audit objective, and chooses the best audit approach considering the audit objective	Sets a well-defined audit objective, and designs questions and sub-questions that are thematically related, complementary, not overlapping, and collectively exhaustive in addressing the audit objective. Chooses the best audit approach from result, problem or system-oriented approaches, or uses a combination of these to address the audit objective.
PAC 4.2	Establishes suitable criteria for performance audit	Identifies different sources of audit criteria in the performance audit or develops criteria when they are not readily available.
PAC 4.3	Determines materiality at all stages of the performance audit process	Determines materiality throughout the performance audit process, considering not only the monetary value, but also what is socially or politically significant.
PAC 4.4	Applies sampling techniques and evaluates results	Determines when and how to perform sampling and then documents the sampling strategy during the audit. Executes sampling procedures and evaluates results.
PAC 4.5	Demonstrates an ability to use a variety of social science methods and diagnostic techniques throughout the performance audit process	Demonstrates an ability to use social science methods and diagnosis techniques (e.g. SWOT analysis, risk analysis, stakeholder analysis, process mapping, case study, etc.) and to choose which to apply during a performance audit. Demonstrates an ability to use and select the most appropriate techniques for data gathering (e.g. interview, survey, focus groups, direct observation, and document review) and data analysis (e.g. content analysis and statistical analysis, etc.) during a performance audit.
PAC 4.6	Documents entire performance audit process	Documents work done at every stage of the performance audit in a way that would enable any other experienced performance auditor without previous connection to the audit to understand the process and the steps taken and, in the event of replicating the audit, reach the same results.

Competencies		Expected behaviour
PAC 4.7	Communicates with stakeholders throughout the performance audit process	Identifies key stakeholders in the performance audit process, including those charged with governance, and communicates effectively, both verbally and in writing, throughout the audit process as described in CC 2.2. Engages in two-way communication with a wide variety of stakeholders to gather evidence for arriving at balanced conclusions and useful recommendations. Is able to identify to whom, and how, matters related to fraud have to be communicated.
PAC 5	An audit professional effectively communicates and follows up on performance audit results	
PAC 5.1	Demonstrates an ability to compile performance audit reports and recommendations that meet standards	Demonstrates an ability to compile an audit report that is comprehensive, convincing, timely, reader friendly and balanced. Takes special care when formulating the recommendations. Formulates recommendations that are clear, well founded, presented in a logical and reasoned way, add value, and address the causes of problems and/or weaknesses.
PAC 5.2	Follows up on performance audit recommendations	Develops and implements a plan for following up on audit results with responsible stakeholders. Monitors the implementation of performance audit recommendations.

E. COMPETENCIES FOR AN AUDIT PROFESSIONAL INVOLVED IN JURISDICTIONAL ACTIVITIES

Within the SAI, several functions are essential to the implementation of jurisdictional competencies:

- **Those instructing:** The employees or members of the SAI in charge of the preliminary investigation (identification and analysis of facts which may constitute irregularities/infringements), up to the drafting of the report leading to the launching of jurisdictional procedures. Ideally, they do not take part in the adoption of the decision.
- **“Financial judges” or “members of the jurisdictional collegial body”:** The members’ SAI in charge of formulating judgements or remedies. Their status is outlined in the national law and their independence guaranteed.
- **Public prosecutor or assistant public prosecutor, when the law provides:** Formed by one or several members, their mission is to defend the public interest and due application of the law. This person safeguards the public interest and the proper use of the law, mainly with regard to the legal

framework set by the law, and may execute investigative activity. He/she is independent of the formation of judgement and does not take part in the adoption of the decision. He/she may intervene to institute proceedings and to express his/her opinion on the judgement to be issued.

The wording “audit professional” in this document encompasses these members of the SAI in all of the functions listed above. Following the T-shaped concept, the competency framework for an audit professional in a SAI with jurisdictional functions will include:

- The cross-cutting competencies for sai audit professionals described in section 5(a), specifically noting the reflections that relate to sais with jurisdictional functions (cc5); and
- A relevant selection of audit competencies from section 5(b), (c), and/or (d), and the competencies of an audit professional with jurisdictional responsibilities described in this section below.

The competencies dealing with jurisdictional responsibilities (JRC) can be grouped into four broad clusters. These clusters are mainly based on reference to the work of SAIs with Jurisdictional Activities, as outlined in the *INTOSAI Framework of Professional Pronouncements*, as well as consultations with the Forum of SAIs with Jurisdictional Activities.

JRC 1: An audit professional adds value by executing his/her jurisdictional responsibilities in line with relevant, available INTOSAI professional pronouncements and good practices, in line with the relevant enforceable law;

JRC 2: An audit professional demonstrates an understanding of context, environment and entity in the execution of his/her jurisdictional responsibilities;

JRC 3: An audit professional performs his/her jurisdictional responsibilities with the necessary regard for the relevant, available INTOSAI professional pronouncements and legal requirements of the function performed; and

JRC 4: An audit professional effectively communicates with role players / stakeholders with whom liaison is necessary as part of the execution and success of his/her jurisdictional responsibilities.

Competencies		Expected behaviour
JRC 1	An audit professional adds value by executing his/her jurisdictional responsibilities in accordance with relevant, available INTOSAI professional pronouncements and good practices and in line with the relevant enforceable law.	
JRC 1.1	Demonstrates an understanding of how jurisdictional responsibilities contribute to promoting accountability and transparency in the use of public money	<p>Demonstrates an understanding of the nature, purpose and objectives of jurisdictional responsibilities, the unique way in which these add value as part of the accountability chain and how these responsibilities are differentiated from and/or linked to compliance, financial or performance audit engagements.</p> <p>Displays an understanding of jurisdictional responsibilities in the context of the government system within which it is necessary and the way these responsibilities, through processes in court or other judicial forums, will contribute to the effectiveness and efficiency of these government processes.</p>
JRC 1.2	Demonstrates an ability to apply key concepts of jurisdictional responsibilities appropriately and consistently in practice	<p>Demonstrates an ability to apply key concepts related to the execution of jurisdictional responsibilities, as outlined in INTOSAI-P 50 <i>Principles of Jurisdictional Activities of SAIs</i>.</p> <p>Demonstrates an ability to actively manage the risk of inappropriate actions or processes that could jeopardise the reliability of conclusions, rulings and/or verdicts.</p>
JRC 1.3	Ensures quality in executing jurisdictional responsibilities	<p>Applies the general principles specific to jurisdictional competences (as per INTOSAI-P 50 <i>Principles of Jurisdictional Activities of SAIs</i>) throughout the process in different environments to ensure quality that enhances the credibility of the final conclusions, rulings and/or verdicts.</p> <p>Displays an ability to review jurisdictional activities conducted by others for quality assurance in line with relevant laws, standards and SAI practices according to his/her role in the process.</p>
JRC 1.4	Exercises professional judgement and meticulous evidence search throughout the execution of jurisdictional responsibilities	<p>Exercises professional judgement and scepticism while executing jurisdictional responsibilities.</p> <p>Seeks advice or information if difficult or contentious issues are encountered when exercising jurisdictional responsibilities with respect to the enforceable law.</p>
JRC 2	An audit professional demonstrates an understanding of context, environment and entity in the execution of his/her jurisdictional responsibilities	
JRC 2.1	Demonstrates an understanding of the context of the public-sector environment	Displays an understanding of the wider context of the public sector, especially as it relates to the particular system of government in place in a country, key legislation, parliamentary directives, circulars and stakeholder expectations.
JRC 2.2	Demonstrates an understanding of the specific enforceable legal system	<p>Understands the context and functioning of the enforceable legal system, its due process and its role players to allow for the appropriate execution of the SAI's jurisdictional activities within this system.</p> <p>Is able to work on a daily basis with enforceable legal frameworks and in harmony with the other legal frameworks (civil, penal, commercial, competition law).</p>

Competencies		Expected behaviour
JRC 3	An audit professional performs his/her jurisdictional responsibilities with the necessary regard for the relevant, available INTOSAI professional pronouncements and legal requirements of the function performed	
JRC 3.1	Researches, analyses and effectively and efficiently applies relevant laws to facts	Establishes the facts objectively and impartially, including in cases of appeal or cassation. Undertakes complex legal analysis. Understands how the various components of legal matters inter-relate.
JRC 3.2	Drafts legal documentation and/or advice and communicates in a manner appropriate for a particular audience	Drafts procedures, findings, reports, judgement referrals, sanctions and, where appropriate, legal opinions, on matters relating to the procedure. Communicates clearly, concisely and logically with the affected stakeholders on any legal material drafted.
JRC 3.3	Keeps the evidence	Demonstrates an ability to preserve the integrity of evidentiary material.
JRC 3.4	Litigates in a court of law or any other judicial forum	Demonstrates an understanding of the behaviour to adapt, depending on its place and part in a court, and especially during public hearings. Demonstrates an ability to present a case in a clear, concise and logical manner in a court of law or any other judicial forum. Demonstrates the ability to engage with the litigants in the due process of the right of defence.
JRC 4	An audit professional effectively communicates with role players / stakeholders with whom liaison is necessary as part of the execution of his/her jurisdictional responsibilities	
JRC 4.1	Engages with key role players, legal and audit bodies who are critical to the success of the legal processes	Demonstrates the ability to interact, in compliance with the due process, with audit and relevant legal bodies in a manner that ensures the achievement of statutory and strategic goals and objectives, and that will lead to appropriate conclusions, rulings and/or verdicts.

GUIDANCE (GUID) 1951

Guidance on the development of pathways for professional development of auditors

INTRODUCTION

1. ISSAI 150 – *Auditor Competence* sets out four organisational requirements that underpin the responsibilities of a Supreme Audit Institution (SAI) regarding auditor competence.
2. Organisational requirement 3 of ISSAI 150 requires that a SAI shall establish dedicated pathways for professional development of auditors, specifically tailored to the SAI's mandate, regulatory framework, organisation structure and needs. . These pathways for professional development reflect on the need for initial professional development and continuing professional development.
3. GUID 1951 builds on organisational requirement 3 by providing a clear and simple process flow that a SAI can apply in the development of a pathway or pathways for the professional development of its auditors. Due to the nature of the process flow, some of the individual process steps acknowledge the requirements of the remaining organisational requirements of ISSAI 150 and provide further context and guidance in this regard.
4. GUID 1951 provides guidance in the context of elements of SAI professionalism (ISSAI 150 para 5).

OBJECTIVE

5. The objective of GUID ~~19517600~~ is to introduce SAIs to a clear, structured and practical process flow to enable them to develop a pathway or pathways for the professional development of their auditors. This GUID support SAIs in implementing and applying the requirements of ISSAI 150.

6. To give effect to this objective, GUID 1951:
 - a) proposes a ten-step process to guide the development of a pathway for professional development; and
 - b) provides examples of pathways for professional development typically found across INTOSAI.

DEFINITIONS

7. **Competence** is the ~~measurable or observable~~ knowledge, skills and personal attributes critical to successful job performance (ISSA 150 para 12).
8. A **competency framework** is a conceptual model that details and defines the ideal competencies expected of an individual auditor, ~~group or team~~ for a specific task, and for a specific position within an organisation. While competency frameworks need to be largely stable, predictable and certain in the short term, they need to be dynamic in nature in the long term, reflecting the expectations of an ever-changing world. They seek to define the elements needed to drive success and high performance, and will change depending on the circumstances.
9. A **pathway for professional development** is a formalised, structured development programme chosen by a SAI and aimed at developing and maintaining competent, professional auditors in the SAI.
10. A **SAI strategy for professional development** is a sub-set of an overall SAI organisational strategy, dealing with the purpose of a professionalisation pathway and clearly describes the desired end-state of competencies to be developed.

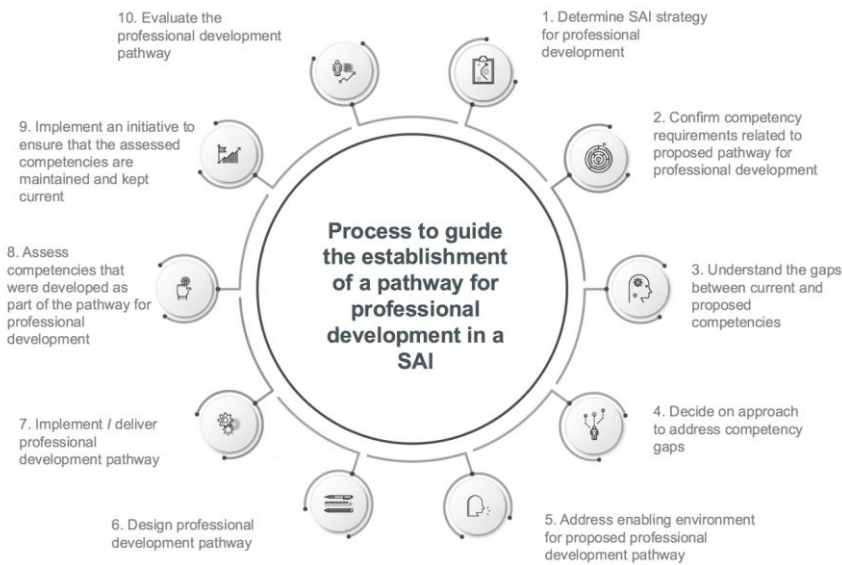
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SCOPE

11. GUID 1951 provides supplementary guidance in relation to the requirements of ISSAI 150 and does not contain any further requirements for the SAI.
12. GUID 1951 provides guidance on the development of an appropriate competency framework for SAIs using the ISSAIs or other auditing standards in the areas of financial auditing, performance auditing and compliance auditing, while also recognising the considerations relating to SAIs with jurisdictional responsibilities.

KEY PROCESS CONSIDERATIONS

13. The 10-step process illustrated below is intended as a strategic enabler for SAI leadership to stimulate thinking around further professionalisation in a SAI, with specific emphasis on the development of competent auditors to give effect to its mandate.



14. These 10 steps empower SAI leaders with a clear, structured and practical process to assist in developing and implementing pathways for the professional development of auditors, in keeping with the requirements of ISSAI 150.
15. The applicability, scope and order of the 10 steps may differ from SAI to SAI, and from development pathway to development pathway, to cater for the uniqueness of each organisation. To assist SAs in taking these generic process considerations forward, a number of practical application scenarios have been included as Annexure A.

STEP 1: DETERMINE A SAI STRATEGY FOR PROFESSIONAL DEVELOPMENT

16. In this initial step, the SAI leadership needs to outline the exact purpose of the envisaged professional development pathway and precisely describe the desired end-state in a SAI strategy for professional development. It is relevant to distinguish between whether the pathway is aimed at creating a sustainable baseline of competence within a SAI to execute its mandate, and whether it is aimed at preparing the SAI for the future, or both. Such future orientation can involve the introduction of new competencies required by a new mandate, the introduction of new methodologies, venturing into new areas of auditing or an attempt to stay relevant given the SAI's changing environment.
17. A key driver of the SAI's strategy for professional development is its overall mandate and related organisational strategic plan. Other avenues of input that can be used are the outcomes of a *SAI Performance Measurement Framework* (SAI PMF) assessment, the outcomes of an independent peer review or an internal inspection, a basic needs assessment or the intentions of a launched INTOSAI-level initiative (such as auditing of the Sustainable Development Goals).
18. The SAI strategy for professional development is also the document that can be used to ensure support for the SAI's professionalisation goals from leadership (or key stakeholders such as Parliament, if relevant). It can also serve as a tool to initially communicate with staff about the envisaged development opportunities.
19. It is advisable, to the extent possible even at this early stage, that the desired state be described in a manner that will enable the measurement of ultimate success.

20. It is good practice to describe the leadership's consideration of organisational aspects that will be significantly impacted, such as budget considerations, sustainability, impact on policies and procedures, etc.

STEP 2: CONFIRM THE SAI COMPETENCY REQUIREMENTS RELATED TO THE PROPOSED PATHWAY FOR PROFESSIONAL DEVELOPMENT

21. The desired end-state that has been described in step 1, now needs to be translated into the particular competencies to be acquired by the SAI. The guidance provided in GUID 1950 can be used to define and document these competencies in a specific competency framework or profile.

22. As indicated in GUID 1950, there will be a lot of value in analysing the competency framework or profile into its component parts (knowledge, skills and personal attributes) as these have a direct bearing on the means of developing these competencies. Designing competency frameworks or profiles with assessment in mind, is important at this early stage, as initial guidance towards the design of the pathway.

STEP 3: UNDERSTAND THE GAP BETWEEN CURRENT AND PROPOSED COMPETENCIES (GAP ANALYSIS)

23. As a next consideration, it will be important to gain an understanding of the current state of competencies in the target group for professional development within the SAI, with a view to determining the gap between the existing and new competency definitions. In this way, it will be possible to confirm the exact competencies that are being targeted for recruitment and for inclusion in the professional development pathway.

24. Given the extent of recruitment and/or development that may be required, it may be necessary to create an initial split of competencies into a number of specific development pathways or learning programmes.

STEP 4: DECIDE ON AN APPROACH TO ADDRESS COMPETENCY GAPS

25. It is now up to SAI leadership to make a decision on the most appropriate way to address the competency gaps. There are many options to choose from, such as recruiting for the necessary knowledge, skills and personal attributes, or investing in the development of these competencies, perhaps through an appropriate combination of education and practical training. Other options to consider may include recognition of prior learning and accelerated training programmes. All these can be done within the SAI or in partnership with other providers. If relevant to the SAI, there is also the possibility of engaging with a central government human resource function (such as a Public Service Commission) to source or develop appropriate competencies using the work done in steps 1 to 3.
26. The above decisions may be influenced by a host of factors, the most critical being a cost-benefit analysis to test affordability of the professionalisation pathway, and the availability of partners to assist the SAI in implementing the professionalisation initiative.
27. Partnering with other role players is an important consideration in this decision. It allows for the in-sourcing of appropriate capacity to handle the professionalisation process where the SAI may not be able to provide specific capacity, and it may in certain instances even enhance the credibility of what is being done. Partners can be selected from within the INTOSAI community (considering options such as the INTOSAI Development Initiative, INTOSAI regional organisations and peer SAIs), or external to the community (professional accountancy organisations, other professional bodies, education and training providers, etc.). In the selection of such partners, matters such as the credibility of the partners and alignment to the strategies of the SAI will be key considerations.

28. To the extent feasible, this approach should cater for elements of targeted goalsetting, self-reflection and assessment, and immediate, meaningful feedback per individual participant.
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STEP 5: ADDRESS ENABLING ENVIRONMENT FOR THE PROPOSED PROFESSIONAL DEVELOPMENT PATHWAY

28-29. The organisational environment will have to be prepared for the implications of the professional development initiative. Considerations in this regard may include leadership and management buy-in, equipping supervisors with new skills, enhancing policies and procedures, confirming new partnerships for development, and engaging differently on funding required for this initiative.

29-30. The enabling environment needs to be addressed at two levels:

- a) Enablers that allow the professionalisation initiative to function (e.g. funding, human resource management capacity, policies, ~~and~~ practices, learning management systems, etc.); and
- b) Enablers that allow the SAI to embrace the outcomes of the new professionalisation initiative in the workplace (e.g. procedures that cater for the utilisation of the newly acquired knowledge and skills).

STEP 6: DESIGN PROFESSIONAL DEVELOPMENT PATHWAY

30-31. In broad terms, the team tasked with the development of the pathway for professional development, under the guidance of the SAI leadership, could decide on programme objectives, content, training techniques, pre-testing tools, trainer/facilitator guidance, resources, training transfer considerations, exercises, case studies, simulations, etc.

31-32. The choice of delivery method is also critical in ensuring an appropriate emphasis on practical experience. Delivery methods can include classroom or virtual training and development, on-the job/experiential learning (anything from simulations and field trips to stretch assignments and even commitment to a contracted learnership for a period of time), relationship and feedback learning (coaching, mentoring, appraisals) and off-the-job training (university courses, self-study, e-learning).

32-33. Support for the auditor who participates in the development pathway is an essential enabler in professional development. In addition to the organisational strategic

imperatives, the necessary buy-in from the auditor's line manager or supervisor will confirm the belief that the end-result of the training will be useful in the workplace and form part of an ongoing path. Confirmed support from the line manager during the development process and a commitment that the auditor will receive the necessary opportunity to utilise the newly acquired skills after completion of the programme, will further enhance this message. Support may also include the implementation of a growth-focused performance appraisal system, appointment/selection of mentors and coaches, creating peer-to-peer support between individuals participating in the development initiative, and selecting a development coordinator ("training officer") to oversee the administration, which may potentially be linked to the pathway, including training records.

33-34. A final step in the design phase will be to confirm the relevant methods of assessment linked to the development pathway, in line with the requirements of organisational requirement 4 of ISSAI 150.

STEP 7: IMPLEMENT/DELIVER PROFESSIONAL DEVELOPMENT PATHWAY

34-35. This step deals with the practicalities and logistics of running the development pathway – deciding on whether the delivery will be conducted virtually or in-person, confirming availability of equipment and material, confirming availability of facilitators (experienced in process requirements and with subject matter expertise), enrolment, travel and accommodation arrangements, etc.

35-36. Another important consideration in this step is the visible support of the SAI leadership. From enrolment to attendance and utilisation of the newly acquired skills, leadership support for the development initiative is a critical enabler, confirming the value-add of the skills being developed in addressing current work needs and, in the longer run, achievement of the SAI's strategy.

STEP 8: ASSESS COMPETENCIES THAT WERE DEVELOPED AS PART OF THE PATHWAY FOR PROFESSIONAL DEVELOPMENT

[36-37.](#) At this point, there is a need to evaluate the success of the pathway as implemented at the level of each participating auditor. The assessment – as confirmed in the design phase – will have to take place in the most independent way possible, dealing with the acquisition of competencies at the end of the pathway. This will serve as the first level of testing the success of the initiative.

[37-38.](#) Ideally, a possible second level of evaluation, sometime down the line from the actual initiative in play, could focus on whether the new skill is actually being utilised (training transfer into the workplace) and has the necessary impact (fit-for-purpose).

[38-39.](#) This may also be the point where certain corrective action is required – either in assisting the staff member who experienced challenges in the two assessment process steps, or in adjusting the development pathway to yield better results.

STEP 9: IMPLEMENT AN INITIATIVE TO ENSURE THAT THE ASSESSED COMPETENCIES ARE MAINTAINED AND KEPT CURRENT

[39-40.](#) Considerations during this step cover three levels:

- a. Keeping the pathway current – updating the structure and contents so that these reflect the most current view of the specific topics at hand;
- b. Keeping skills current – this is often referred to as a process of "continuing professional development"; and
- c. Encouraging staff to consider individual preferences for further development.

[40-41.](#) Examples of activities that can be considered in this regard include:

- a. sharing and reflecting on work experiences and SAI practices to grow the knowledge base, learn from successes and failures, and to improve organisational capability;

- b. attending to basic updates (to "top up" competencies with new developments such as new legislation); and
- c. retraining (the introduction of a completely reworked and updated audit methodology).

STEP 10: EVALUATE THE PROFESSIONAL DEVELOPMENT PATHWAY

[41-42.](#) After the first implementation run of the pathway for professional development (and at regular intervals thereafter), the SAI leadership will be in an ideal position to evaluate the success of the pathway. This is done with reference to the objectives of the initiative, as set out in step 1 above, and can focus on reporting against basic success criteria and quantifying the return on investment in the pathway. As an example: the basic measure for success can be the number of professionally qualified staff produced, while the return on investment can be in the form of a cost comparison. A cost comparison could quantify the cost of running this initiative to produce a certain number of professionals versus the cost of externally recruiting the same number of professionals and "topping up" their knowledge and skills to fit the SAI. Evaluation can also be done through consultations with stakeholders who are impacted by the envisaged results of the pathway for professional development.

[42-43.](#) In acting on the outcomes of the evaluation, the SAI leadership could consider possible corrective action and refinements to the pathway or, in extreme cases, the discontinuation of the pathway.

ANNEXURE A

The end-goal of an initiative for professional development pathways may vary in sophistication – it may be in the form of a basic assurance/confirmation that staff within a SAI are ready for ISSAI implementation, or it may be a confirmation that they are fully competent to conduct ISSAI-compliant audits. In its fullest consequence, the end-goal may be to ensure that staff possess a credible professional qualification in public -sector auditing.

Some of the options available to SAIs wanting to develop a pathway for professional development are discussed with reference to a number of frequently asked questions contained in this annexure.

These options have been arrived at as a result of:

- a. a summary of discussions within INTOSAI over the past number of years on the topic of developing pathways for professional development; and
- b. the outcome of independent research commissioned on this topic by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of INTOSAI.

While the questions below may give the impression of definite stand-alone (mutually exclusive) options, these tend to overlap in practice. Once the SAI leadership is clear on what it wants to achieve from the initiative, the resources that are available, and the parameters it wishes to use in establishing the pathway for professional development, it will in all probability borrow ideas from most of these models to come up with a unique "blend" that works best in its own unique circumstances.

The importance of peer-to-peer support (support between SAIs) cannot be overemphasised as a support mechanism in all the examples cited below.

QUESTION 1:

At many SAIs, especially those that concentrate on performance auditing, we may see the SAI recruiting staff from backgrounds that match the area of work where the staff will be deployed (e.g. recruiting engineers to handle performance audit work relating to infrastructure investment or recruiting somebody with underlying knowledge in the area of qualitative or quantitative methods of evaluation).

How does a SAI structure a pathway for professional development of such staff?

DESCRIPTION	<p>SAIs that focus on performance auditing will typically employ professionals from a wide variety of backgrounds (e.g. engineering, medicine, education, etc.). These individuals will either have a different knowledge base than, for example, financial auditors, or have expert knowledge of the subject matter and criteria used on performance audits relevant to their field. The competency framework that has been provided as an example in GUID 7500 or a similar framework can be used as a basis for developing public-sector auditing competencies to supplement their existing professional competencies.</p> <p>This concept may also hold true for auditors in other areas of auditing.</p> <p>Unlike the option described in question 4, the end-result may not necessarily be an externally acknowledged professional qualification. Instead, it may be in the form of an internally recognised set of competencies. These would reflect the unique professional combination of being a subject matter expert in a field outside the traditional role of a public servant or an auditor, and having very specific auditing skills.</p>
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OBJECTIVE OF PROFESSIONALISATION INITIATIVE	<p>To ensure that SAIs requiring staff with very specific subject matter expertise typically required in the field of performance auditing can provide these subject matter experts with an appropriate level of auditing competencies to allow them to function fully within the SAI environment.</p>
STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements from the SAI's enabling legislation / public-sector guidelines; and • Competency requirements/standards related to the subject matter expertise that the staff member brings to the SAI to deal with a specific specialist sector in government (e.g. education, health, infrastructure, etc.). These may include competency requirements set by professional bodies for such subject matter experts.
KEY PARTNERSHIPS	<ul style="list-style-type: none"> • International professional institutes that govern the fields of expert knowledge / professional qualification or designation/licence to practise which the SAI requires; • Regional professional bodies that govern the fields of expert knowledge / professional qualification or designation/licence to practise which the SAI requires; and • Universities that specialise in the required fields of expertise.

<p>KEY CONSIDERATIONS</p>	<p>The combination of a primary field of expertise (e.g. engineering) and additional highly specialised auditing skills can be a challenging mix. The SAI may be required to benchmark its practices with other SAIs/organisations in similar situations. Areas for benchmarking may include means of development, remuneration and retention.</p> <p>The career development of the typical professional employed in this role may focus mainly on the person's primary qualification (the qualification he/she had on entering the SAI, before the addition of auditing competencies). Thus, staff turnover at these levels may be very different from turnover in the remainder of the SAI. This may necessitate specific attention to retention, succession planning and alternative resourcing.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>It may be up to the SAI to specify the requirements for keeping competencies current in this type of position. The proposed way to deal with this could be to consider the requirements set by professional bodies that govern the primary professional qualification of the auditor (in other words, the entry qualification before the addition of the specific audit competencies), while the SAI will have to take responsibility for keeping audit-specific competencies current.</p>

QUESTION 2:

Many SAIs obtain human resources from a central government human resource function (e.g. a Public Service Commission) and have to follow HR practices dictated by that body.

How does one deal with professionalisation in such scenarios?

<p>DESCRIPTION</p>	<p>When relying on a central government HR function to supply staff, the SAI can utilise a competency framework that meets its unique needs and requirements to communicate its staff needs. The central function can then, on behalf of the SAI, target its recruitment efforts more appropriately, accepting that the SAI may need to invest in the development of additional competencies.</p> <p>In many instances, having to rely on such a central government function has the benefit that staff move into the SAI with a baseline understanding of and/or exposure to the public service. In many instances, these staff members would already have been exposed to an education and/or training programme, where the competencies gained would have been tested as part of a "public servant entry examination". In certain circumstances, the requirements for entry into public service may include a period during which the candidate works in the SAI and takes the examination after this period.</p> <p>Depending on the educational background of the candidate and the extent of exposure to public service, the SAI will have to design programmes to add to this exposure. In all likelihood, the emphasis would be on public-sector auditing knowledge and skills, and SAI-specific requirements.</p>
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OBJECTIVE OF PROFESSIONALISATION INITIATIVE	<p>To empower SAIs to communicate (negotiate) their resource and competency needs to a central government HR function, thus ensuring the best possible fit with the SAI's needs while empowering the public servants who enter the SAI to gain the appropriate auditing knowledge and skills to cope with the work of the SAI.</p>
STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951 7500 to 7900; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements as per the SAI's enabling legislation or public-sector guidelines; • Legislation dealing with public service in that country; • Public service competence requirements; • Public servants' entry requirements; and • Public service HR policies and practices.
KEY PARTNERSHIPS	<ul style="list-style-type: none"> • Key government officials who can influence HR policy and resourcing decisions; • Public service academies and schools; • Central government HR function; and • National academies/schools of public service.

<p>KEY CONSIDERATIONS</p>	<p>To prepare candidates for the challenges of functioning in an audit environment, SAIs need to take responsibility for adding competencies to those provided by the central government HR function. SAIs can use their own resources for this or they can link up with programmes offered by INTOSAI regional organisations or the INTOSAI Development Initiative (IDI).</p> <p>As far as HR policies and practices are concerned, the SAI may be dependent on the central government HR function. A good understanding of the competency requirements for SAI staff, and the HR implications of these staff members functioning in an audit environment, is essential for the SAI to be able to agree on, negotiate with or communicate its needs to the central government HR function.</p> <p>This scenario may present the option of easily seconding audit staff to other areas of public service, which can be beneficial in gaining an understanding of the uniqueness of the public sector.</p> <p>In certain environments, this professionalisation option poses the risk that staff may, over time, be rotated away from the SAI into other government organisations. SAIs will need to factor this potential risk into their resourcing strategy.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>The central government HR function may have certain generic arrangements for public servants' skills to remain current, but the SAI will have to take responsibility for creating SAI-specific requirements, in line with the roles and functions fulfilled in the SAI.</p> <p>The SAI may also consider the requirements of professional accountancy organisations (PAOs) as guidance to develop own requirements.</p>

QUESTION 3:

Would it be possible to partner directly with a university to deal with the educational element of a professional development pathway and to handle the other requirements in-house?

<p>DESCRIPTION</p>	<p>It is indeed possible for SAIs to partner directly with a university to create options for professional development. Obviously, the SAI will have to take responsibility for matching competency requirements that can be addressed through an education programme, with specific courses at university level. Since the SAI represents just one of many employers with expectations from a university, it will be necessary for the SAI to influence the curriculum of the university programme. However, the SAI will still need to take on further competency development responsibilities in addition to those described in question 1. This can also be addressed by partnering with INTOSAI regional organisations or the IDI, as described in question 8. One of the advantages of being responsible for such a large portion of the development pathway is that it may actually be easier to tailor it to the public-sector and the SAI's requirements than in the scenario described in question 1.</p> <p>A potential drawback may be that the SAI will not enjoy the benefits of having an independent partner to oversee/assess the success of the development pathway. That said, it can easily be overcome by setting up appropriate internal governance processes.</p> <p>This option could also be applicable to all areas of auditing (not just financial auditing as described in question 1).</p> <p>Typically, these pathways will consist of a package made up of the following:</p>
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	<ul style="list-style-type: none"> • A preferred qualification (sometimes also with preferred subject choices) set as a minimum requirement for entry into the SAI; • A structured development programme linked to a set period of time to address the competencies not covered by the body that offered the entry qualification; and • An internal assessment of competencies.
OBJECTIVE OF PROFESSIONALISATION INITIATIVE	To provide SAI staff members with a set of competencies to be able to deal with the work requirements of the SAI. These competencies would be based on a combination of an appropriate educational programme / qualification and an internal development programme.
STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 19507500); • SAI mandate and, in general, the SAI's enabling legislation; • Specific qualifications that match the competencies of the SAI; and • The entry requirements and academic rules of the university / tertiary education entity involved.
KEY PARTNERSHIPS	<ul style="list-style-type: none"> • Universities / academic institutions offering courses or qualifications that match all or some of the SAI's competency needs; • INTOSAI regional organisations / IDI / other training providers that can offer programmes on behalf of the SAI to address certain competency requirements not addressed by the university programme.

<p>KEY CONSIDERATIONS</p>	<p>A careful matching of the SAI's competency needs with the educational programmes concerned will have to be undertaken when the professional development pathway is being set up and will have to be revisited regularly to ensure continued fit and relevance. This matching process applies to (a) programmes/qualifications offered by a university; (b) programmes offered by INTOSAI regional organisations / IDI / other training providers; and (c) in-house programmes.</p> <p>The extent of work required to develop, implement and administer the pathway will in all probability require the SAI to set up a dedicated learning unit to handle the initiative, resourced with appropriately qualified education and training specialists.</p> <p>The SAI's human resource management division will also have to attend to policy matters dealing with funding of studies, study leave, minimum qualification requirements, etc.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>It will be up to the SAI to specify CPD requirements, although it could benefit from benchmarking with other SAIs, PAOs, private auditing firms, etc.</p>

QUESTION 4:

One of the options often mentioned in professionalisation efforts is to strategically partner with a Professional Accountancy Organisation (PAO) in offering a pathway for professional development.

How would one handle such a relationship?

<p>DESCRIPTION</p>	<p>It may be possible for SAIs (especially those with a strong focus on financial audit) to partner with PAOs to develop audit professionals for the SAI. This could result in a professional qualification and/or designation, with successful candidates registering as members of the PAO.</p> <p>Typically, these pathways would consist of an appropriate educational element, supplemented by a requirement to work in a professional environment for a specified period (often referred to as learnerships) and linked to a specific professional qualification examination/assessment.</p> <p>In ideal circumstances, both the educational and the practical work elements of the pathway will focus on the public sector, based on an ISSAI-based competency framework, such as the example contained in GUID 7600. In practice, educational programmes tend to be more generic, leaving it to the SAI to address the public-sector element during the period of practical work.</p> <p>In essence, the SAI functions as an accredited PAO training office that certifies competencies gained during the period of practical work (under the guidance of an experienced mentor/supervisor). Taking into account the competencies gained in the academic portion of the pathway, this would add up to an overall professional qualification programme.</p>
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	<p>Although this option can pose challenges to the SAI in terms of staff retention, it has the benefit of providing good mobility of the professionally qualified staff into the broader public sector, and even the private sector. Some SAIs that have followed this route have strategically positioned this option as a pipeline of professionally qualified people for the whole of the public sector, rather than just for the SAI itself.</p>
OBJECTIVE OF PROFESSIONALISATION INITIATIVE	<p>To provide the SAI's staff members with a professional qualification equal to that of the broader profession (mostly the accounting and auditing profession) in the country concerned, coupled with good knowledge of the public sector and public-sector auditing.</p>
STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements as per the SAI's enabling legislation / public-sector guidelines; • Competency requirements set by the PAO; • International Education Standards (IES); and • Professional pronouncements issued by accounting and/or auditing professional institutes (IFAC accredited and others).
KEY PARTNERSHIPS	<ul style="list-style-type: none"> • IFAC; • PAOs; • Professional institutes; • Regional professional bodies; and • Universities / academic institutions accredited by the PAO.

<p>KEY CONSIDERATIONS</p>	<p>Ensuring that this option is appropriately tailored for the public sector may present a challenge. In an ideal situation, the curriculum of the PAO (or the university that offers the educational element of the pathway) will include an appropriate focus on the public sector. In reality, the introduction to the public sector and the SAI environment may only receive attention during the period of practical work, in terms of both classroom training and on-the-job exposure. An alternative may be to require exposure to public administration during the educational element of the pathway.</p> <p>The pathway requires recruitment in line with the PAO's minimum requirements and, since this may place the SAI in competition with other auditing firms, it may be necessary to invest in a bursary initiative.</p> <p>At an HR policy level, it may be necessary to deal with policies around funding of studies, study leave, structuring of formal supervisor-trainee relationships, experience of logbook processes, and requirements for reporting to the PAO.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>PAOs will normally require that members, after qualification, prove an annual investment in CPD activities, either in terms of hours or by presenting alternative proof of competence. These requirements are normally generic enough to allow the SAI to tailor them to include a solid element specific to the public-sector environment.</p>

QUESTION 5:

How will the route to professional qualification for SAIs with jurisdictional responsibilities have to be structured?

<p>DESCRIPTION</p>	<p>SAIs with jurisdictional powers will typically have employees with a legal background. At a more junior level in the SAI (or Court of Audit), one may find an emphasis on auditing skills, although it is quite likely that, even at these levels, certain legal competencies may be required. Examples are an understanding of the litigation process, evidentiary skills, legal drafting, etc. At more senior levels, this balance may be the other way round, with the emphasis on legal skills to the level of a magistrate or a judge.</p> <p>Recruitment-wise there appears to be at least two generally accepted options. One is to recruit somebody with a legal background, requiring the Court to add certain public-sector, SAI and auditing competencies. The other option is to rely on a central government HR function to provide resources. Although the latter implies some background in the law and in the public sector, it would still require the addition of competencies specific to the SAI and to auditing.</p> <p>A tailored competency framework (such as the example provided in GUID 1950) can be used as a reference for the areas in which legal professionals may require upskilling so that they can conduct quality audits based on the ISSAIs. It provides the mechanism for developing a professional who has only legal competencies into a professional with both legal AND public-sector auditing competencies.</p> <p>In many of the observed cases, the professional development pathway for SAI employees with jurisdictional responsibilities appears to follow a route similar to that</p>
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	described in question 2. The difference is that there is a much stronger emphasis on their standing in the legal profession, especially at more senior levels.
OBJECTIVE OF PROFESSIONALISATION INITIATIVE	To ensure that SAIs with jurisdictional powers have competent staff who can deal with the unique requirements related to their mandates, including elements from both the legal profession and the auditing environment.
STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements as per the SAI's enabling legislation/public-sector guidelines; • Competence (and other professional) requirements set by the relevant legal profession/fraternity; • Public service competence requirements, • Public servants' entry requirements; and • Public service HR policies and practices.
KEY PARTNERSHIPS	<ul style="list-style-type: none"> • Legal profession in the country in which the SAI operates; • Legal fraternity, locally and internationally; • Forum for SAIs with jurisdictional responsibilities (as defined in the related Paris Declaration); • Central government human resource function; and • National academies / schools of public service.

<p>KEY CONSIDERATIONS</p>	<p>At a SAI with jurisdictional responsibilities, individual staff members are likely to be part of the law profession of the country. The SAI/Court may have to establish a good working relationship with governance structures in this area.</p> <p>The Forum of SAIs with Jurisdictional Responsibilities has made a strong commitment to the professional recognition and further professionalisation of this unique community. It is critical that this work continues to benefit all SAIs with similar jurisdictional powers.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>The SAI will have to determine the requirements in this regard, with due consideration of the requirements of the relevant legal profession and, where relevant, the public service.</p>

QUESTION 6:

Given the responses in the previous questions, it may be possible for SAIs to deal fully with their professional development needs on an in-house basis.

What would such an in-house pathway look like and how would it be structured?

DESCRIPTION	<p>In certain instances, SAIs may have the resources, staff numbers and/or government support to create a fully internal professional development capacity, through a SAI university, academy or internal learning function.</p> <p>This option may include awarding specific qualifications, such as certificates, diplomas and degrees. These may be aimed at creating a minimum entry qualification for certain levels in a SAI or capacitating specific job levels within a SAI.</p> <p>The curricula for such a pathway will be fully tailored to the needs of the SAI and typically based on the INTOSAI/SAI competency framework requirements.</p>
OBJECTIVE OF PROFESSIONALISATION INITIATIVE	<p>To provide SAI staff members with a fully in-house development pathway that speaks directly to the needs of the SAI, in the format of specific competency certificates per job level or even specific qualifications that fit the needs of the SAI.</p>
STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements as per the SAI's enabling legislation/public-sector guidelines; and

	<ul style="list-style-type: none"> • Legislation dealing with the set-up of tertiary education programmes / universities in the country concerned.
KEY PARTNERSHIPS	<ul style="list-style-type: none"> • Bodies that regulate tertiary education in the country concerned; • National bodies that regulate qualifications in the country.
KEY CONSIDERATIONS	<p>The resource investment in a fully in-house set-up may be considerable and will have to be weighed up against options where in-house provision is complemented by partnering with other service providers. The points of comparison may include efficiency, cost and ability to attract the best possible teachers.</p> <p>Mobility to the broader profession may be limited due to the unique tailoring of the pathway.</p>
CONTINUING PROFESSIONAL DEVELOPMENT	<p>The SAI will have to determine these requirements with reference to best practice in the industry / education system / country.</p>

QUESTION 7:

Many SAIs would, to some extent, make use of contract relationships with private firms to provide/supplement SAI human resource capacity.

How would a SAI ensure that these private sector auditors are adequately equipped to deal with the challenges of a public sector audit?

DESCRIPTION	<p>Many SAIs contract some or all of their audit work to private auditing firms. While the auditors at these firms are typically professionals in their own right, they might not have the full set of competencies needed to execute a public-sector audit. The competency framework can be used either to guide the selection of firms to partner with, or to identify those competencies that are lacking and may need to be developed further.</p> <p>Specific learning interventions can be offered by the SAI, the firm or third-party training institutions, to bring competencies into line with public-sector requirements. It is up to the SAI and/or government to decide to what extent these additional public sector-specific requirements may become a compulsory consideration in the SAI's decision to appoint/allow a private audit firm to operate in a certain environment.</p>
OBJECTIVE OF PROFESSIONALISATION INITIATIVE	To ensure that, where private firms do work on behalf of a SAI, they have the necessary competencies or are empowered to audit in a public-sector environment.

<p>STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION</p>	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements as per the SAI's enabling legislation/public-sector guidelines; • SAI guidelines for contracting with private auditing firms; • SAI guidelines on quality assurance related to audit assignments, including work done by private auditing firms; • Qualification and competency arrangements of professional institutes / audit regulators that oversee the competency and functioning of private auditing firms); and • Qualification and competency arrangements of individual private auditing firms.
<p>KEY PARTNERSHIPS</p>	<ul style="list-style-type: none"> • Private auditing firms that operate in the public-sector space; • Professional institutes and/or audit regulators that oversee the competency and functioning of private auditing firms.

<p>KEY CONSIDERATIONS</p>	<p>Different contracting arrangements need to be clarified (such as contracting in versus contracting out, doing work on behalf of the SAI or in one's own name).</p> <p>Consideration may be given to providing "profession-level" guidance to private auditing firms (ideally with the necessary "stature") to enable them to understand and cope with the requirements of working in the public-sector environment.</p> <p>SAIs may consider a requirement that only auditors with certified public-sector audit competencies may work on public-sector audits (a "licence to audit in public sector" consideration).</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>This will be in line with the SAI's normal requirements for CPD, but cognisance may be taken of the requirements that apply in the private-sector portion of the profession.</p>

QUESTION 8:

Would it be possible for a SAI to partner with an organisation such as the INTOSAI Development Initiative (IDI) or an INTOSAI regional organisation to deliver a professional development pathway?

Partnering with the likes of the IDI or an INTOSAI regional organisation may be useful, especially once some of the current initiatives of these organisations come to fruition. International and regional organisations create increased economies of scale, which can make a professional development pathway viable for SAIs with possible resource constraints. This is particularly effective in regions where the mandates and work of the SAI are fairly homogeneous.

Regional organisations can centralise professional development functions such as developing learning materials that address common needs, while SAIs may take responsibility for elements such as practical expertise and mentoring.

IDI

During the 2016 INCOSAI in Abu Dhabi, the then INTOSAI competency framework was presented to the congress. One of the key decisions taken was to task the IDI to develop and pilot a "certification programme" based on this framework in the community.

. The project has been renamed "Professional education for SAI auditors" (PESA) as this is a more suitable title in the view of the project team and have launched a pilot from March 2021. Background information on this project can be found on the IDI website (www.idi.no).

The name of this initiative talks directly to the considerable value that this programme can bring to any professionalisation effort at SAI level. From the information in the preceding questions, it is abundantly clear that the majority of SAIs will bear responsibility for adding certain public-sector audit, SAI- and country-specific competencies to a baseline (consisting of either existing competencies or competencies related to a specific profile for which the SAI recruits). The benefit of the IDI programme for SAIs undertaking professionalisation efforts is that it will provide a globally developed curriculum, backed by all the necessary learning/resource materials and assessment tools, to address all public-sector audit-specific competencies (as per the INTOSAI competency framework). The individual SAI will not have

to invest in the development of learning/resource materials for this set of competencies, leaving time and resources available to concentrate on those competencies that may not be universally applicable and are unique to the SAI and/or the country in which it operates.

INTOSAI REGIONAL ORGANISATIONS

For INTOSAI regional organisations, professionalisation also features high on their work agendas and those of their member SAIs. An example of what a regional initiative can bring to the table can be found in the African Professionalisation Initiative, a project initiated by AFROSAI-E. The initiative is aimed at addressing a broader need for capacity of accounting professionals to support public financial management, including financial auditors. This is achieved through partnerships between regional organisations representing a variety of stakeholder groups collaborating to implement this initiative.

Background information on this project is available on <https://professionalisation.africa>.

Although this initiative is aimed at the broader public-sector accounting and auditing profession on the African continent, it is expected to yield similar benefits to SAIs on other continents.

QUESTION 9:

What options would be available to SAIs that may not be in a position to structure/institute a comprehensive professional development pathway such as described in questions 1 to 6 above?

SAIs that are not in a position to structure or institute a comprehensive professional development pathway will have to consider alternative means, borrowing from the preceding questions. Similarly, SAIs working in complex and challenging contexts may find some of the concepts described in these questions relevant to their needs.

Options may include:

- recruiting very specific professionally qualified staff (in other words, being extremely pedantic about competencies required);
- long-term peer-to-peer support options between SAIs;
- 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);
- considering 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;
- 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; and
- approaching donors (through the INTOSAI donor cooperation mechanism) for funding of a SAI pathway for professional development, as part of a bigger investment in strengthening public finance management in its country.

QUESTION 10:

In the work of the task force, recognition for prior learning (or even the concept of "grand-fathering") was noted as an option in the process of professional development. Would this be acceptable and how can it be structured?

Recognition for prior learning (RPL) and/or grand-fathering is a structured process of acknowledging competencies gained through years of working experience and, in essence, implies an appropriate form of assessment for candidates.

In the work that led to this guide, it would appear that there are two possible views on recognition for prior learning:

- A very structured process of assessment of prior experience conducted by a specific professional institute, using its rules and requirements (which will have to be assessed for applicability to the SAI); or
- A slightly less complicated process, as a mechanism for recognising prior learning as an entry point into a professional development initiative.

In the second instance (RPL as an entry point), a SAI can consider waiving normal entry requirements (such as a specific qualification) in favour of a combination of the following:

- Working successfully at a specific level within the organisation;
- Experience in a certain area for a specified number of years;
- A well-proven value-adding or performance track record over a number of years; and
- Being a staff member in good standing.

As much as these requirements will allow entry into a development pathway, it would be inappropriate for these to play a role in the final assessment of competence at the end of the learning process. It is important to note that this option assumes that the SAI will have strong

enough quality assurance and performance practices to manage any potential shortcomings in this process.

This is an attractive option for giving momentum to professionalisation when a large number of existing staff are affected by newly introduced competency requirements, but may be a difficult and often controversially perceived approach. It is best handled as an option that is transparently negotiated with staff as part of a bigger strategic transformation initiative.

GUID 1951

Guidance on the
development of
pathways for professional
development of auditors



INTOSAI

INTOSAI Guidances are issued
by the International
Organisation of Supreme Audit
Institutions, INTOSAI, as part of
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ANNEXURE A

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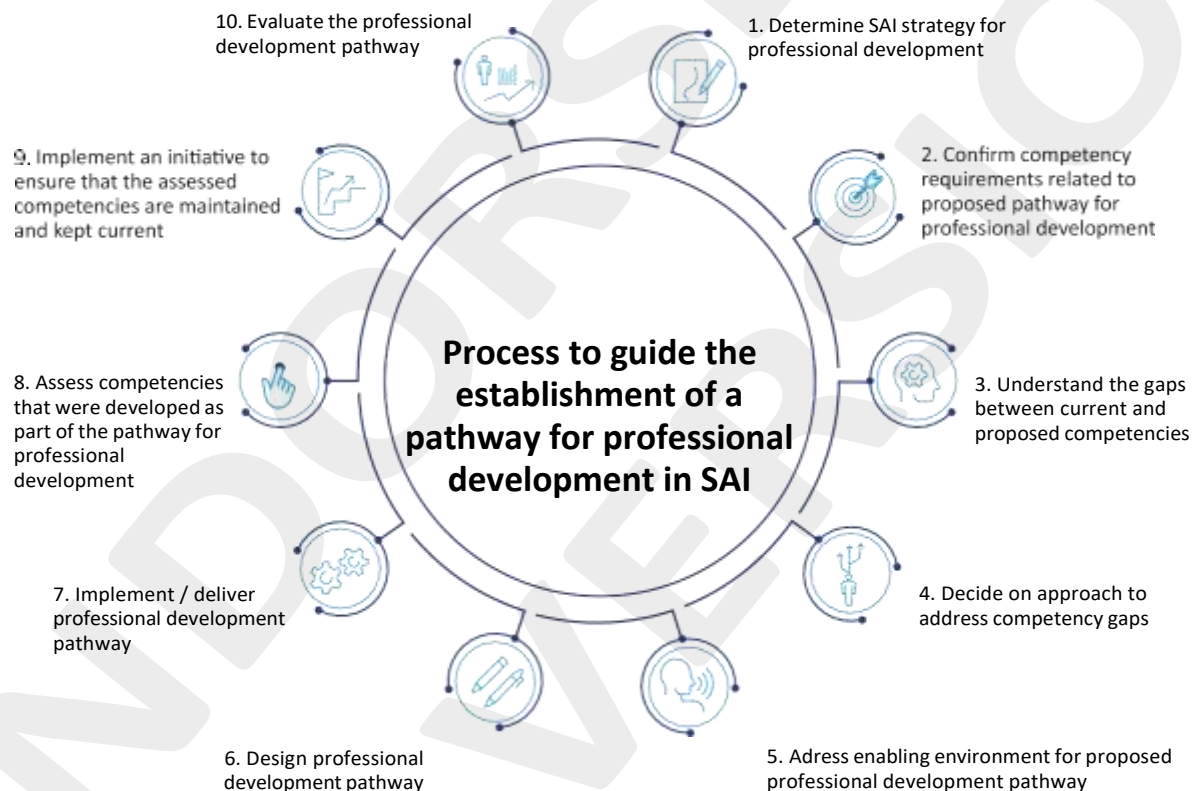
- 1) *ISSAI 150 – Auditor Competence* sets out four organisational requirements that underpin the responsibilities of a Supreme Audit Institution (SAI) regarding auditor competence.
- 2) Organisational requirement 3 of ISSAI 150 requires that a SAI shall establish dedicated pathways for professional development of auditors, specifically tailored to the SAI's mandate, regulatory framework, organisation structure and needs. These pathways for professional development reflect on the need for initial professional development and continuing professional development.
- 3) GUID 1951 builds on organisational requirement 3 by providing a clear and simple process flow that a SAI can apply in the development of a pathway or pathways for the professional development of its auditors. Due to the nature of the process flow, some of the individual process steps acknowledge the requirements of the remaining organisational requirements of ISSAI 150 and provide further context and guidance in this regard.
- 4) GUID 1951 provides guidance in the context of elements of SAI professionalism (ISSAI 150 para 5).

- 5) The objective of GUID 1951 is to introduce SAIs to a clear, structured and practical process flow to enable them to develop a pathway or pathways for the professional development of their auditors. This GUID support SAIs in implementing and applying the requirements of ISSAI 150.
- 6) To give effect to this objective, GUID 1951:
 - a) Proposes a ten-step process to guide the development of a pathway for professional development; and
 - b) Provides examples of pathways for professional development typically found across INTOSAI.

- 7) **Competence** is the knowledge, skills and personal attributes critical to successful job performance (ISSAI 150 para 12).
- 8) **A competency framework** is 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. Competency frameworks need to be largely stable and timeless at a broad level. At a more granular level, they need to be dynamic, reflecting the expectations of an ever-changing world. They seek to define the elements needed to drive success and high performance, and will change depending on the circumstances.
- 9) **A pathway for professional development** is a formalised, structured development programme chosen by a SAI and aimed at developing and maintaining competent, professional auditors in the SAI.
- 10) **A SAI strategy for professional development** is a sub-set of an overall SAI organisational strategy, dealing with the purpose of a professionalisation pathway and clearly describes the desired end-state of competencies to be developed.

- 11) GUID 1951 provides supplementary guidance in relation to the requirements of ISSAI 150 and does not contain any further requirements for the SAI.
- 12) GUID 1951 provides guidance on the development of an appropriate competency framework for SAIs using the ISSAIs or other auditing standards in the areas of financial auditing, performance auditing and compliance auditing, while also recognising the considerations relating to SAIs with jurisdictional responsibilities.

- 13) The 10-step process illustrated below is intended as a strategic enabler for SAI leadership to stimulate thinking around further professionalisation in a SAI, with specific emphasis on the development of competent auditors to give effect to its mandate.



- 14) These 10 steps empower SAI leaders with a clear, structured and practical process to assist in developing and implementing pathways for the professional development of auditors, in keeping with the requirements of ISSAI 150.

- 15) The applicability, scope and order of the 10 steps may differ from SAI to SAI, and from development pathway to development pathway, to cater for the uniqueness of each organisation. To assist SAIs in taking these generic process considerations forward, a number of practical application scenarios have been included as Annexure A.

STEP 1: DETERMINE A SAI STRATEGY FOR PROFESSIONAL DEVELOPMENT

- 16) In this initial step, the SAI leadership needs to outline the exact purpose of the envisaged professional development pathway and precisely describe the desired end-state in a SAI strategy for professional development. It is relevant to distinguish between whether the pathway is aimed at creating a sustainable baseline of competence within a SAI to execute its mandate, and whether it is aimed at preparing the SAI for the future, or both. Such future orientation can involve the introduction of new competencies required by a new mandate, the introduction of new methodologies, venturing into new areas of auditing or an attempt to stay relevant given the SAI's changing environment.
- 17) A key driver of the SAI's strategy for professional development is its overall mandate and related organisational strategic plan. Other avenues of input that can be used are the outcomes of a SAI Performance Measurement Framework (SAI PMF) assessment, the outcomes of an independent peer review or an internal inspection, a basic needs assessment or the intentions of a launched INTOSAI-level initiative (such as auditing of the Sustainable Development Goals).
- 18) The SAI strategy for professional development is also the document that can be used to ensure support for the SAI's professionalisation goals from leadership (or key stakeholders such as Parliament, if relevant). It can also serve as a tool to initially communicate with staff about the envisaged development opportunities.
- 19) It is advisable, to the extent possible even at this early stage, that the desired state be described in a manner that will enable the measurement of ultimate success.
- 20) It is good practice to describe the leadership's consideration of organisational aspects that will be significantly impacted, such as budget considerations, sustainability, impact on policies and procedures, etc.

STEP 2: CONFIRM THE SAI COMPETENCY REQUIREMENTS RELATED TO THE PROPOSED PATHWAY FOR PROFESSIONAL DEVELOPMENT

- 21) The desired end-state that has been described in step 1, now needs to be translated into the particular competencies to be acquired by the SAI. The guidance provided in GUID 1950 can be used to define and document these competencies in a specific competency framework or profile.
- 22) As indicated in GUID 1950, there will be a lot of value in analysing the competency framework or profile into its component parts (knowledge, skills and personal attributes) as these have a direct bearing on the means of developing these competencies. Designing competency frameworks or profiles with assessment in mind, is important at this early stage, as initial guidance towards the design of the pathway.

STEP 3: UNDERSTAND THE GAP BETWEEN CURRENT AND PROPOSED COMPETENCIES (GAP ANALYSIS)

- 23) As a next consideration, it will be important to gain an understanding of the current state of competencies in the target group for professional development within the SAI, with a view to determining the gap between the existing and new competency definitions. In this way, it will be possible to confirm the exact competencies that are being targeted for recruitment and for inclusion in the professional development pathway.
- 24) Given the extent of recruitment and/or development that may be required, it may be necessary to create an initial split of competencies into a number of specific development pathways or learning programmes.

STEP 4: DECIDE ON AN APPROACH TO ADDRESS COMPETENCY GAPS

- 25) It is now up to SAI leadership to make a decision on the most appropriate way to address the competency gaps. There are many options to choose from, such as recruiting for the necessary knowledge, skills and personal attributes, or investing in the development of these competencies, perhaps through an appropriate combination of education and practical training. Other options to consider may include recognition of prior learning and accelerated training programmes. All these can be done within the SAI or in partnership with other providers. If relevant to the SAI, there is also the possibility of engaging with a central government human resource function (such as a Public Service Commission) to source or develop appropriate competencies using the work done in steps 1 to 3.
- 26) The above decisions may be influenced by a host of factors, the most critical being a cost-benefit analysis to test affordability of the professionalisation pathway, and the availability of partners to assist the SAI in implementing the professionalisation initiative.
- 27) Partnering with other role players is an important consideration in this decision. It allows for the in-sourcing of appropriate capacity to handle the professionalisation process where the SAI may not be able to provide specific capacity, and it may in certain instances even enhance the credibility of what is being done. Partners can be selected from within the INTOSAI community (considering options such as the INTOSAI Development Initiative, INTOSAI regional organisations and peer SAIs), or external to the community (professional accountancy organisations, other professional bodies, education and training providers, etc.). In the selection of such partners, matters such as the credibility of the partners and alignment to the strategies of the SAI will be key considerations.
- 28) To the extent feasible, this approach should cater for elements of targeted goal-setting, self-reflection and assessment, and immediate, meaningful feedback per individual participant.

STEP 5: ADDRESS ENABLING ENVIRONMENT FOR THE PROPOSED PROFESSIONAL DEVELOPMENT PATHWAY

- 29) The organisational environment will have to be prepared for the implications of the professional development initiative. Considerations in this regard may include leadership and management buy-in, equipping supervisors with new skills, enhancing policies and procedures, confirming new partnerships for development, and engaging differently on funding required for this initiative.
- 30) The enabling environment needs to be addressed at two levels:
 - a) Enablers that allow the professionalisation initiative to function (e.g. funding, human resource management capacity, policies, practices, learning management systems, etc.); and
 - b) Enablers that allow the SAI to embrace the outcomes of the new professionalisation initiative in the workplace (e.g. procedures that cater for the utilisation of the newly acquired knowledge and skills).

STEP 6: DESIGN PROFESSIONAL DEVELOPMENT PATHWAY

- 31) In broad terms, the team tasked with the development of the pathway for professional development, under the guidance of the SAI leadership, could decide on programme objectives, content, training techniques, pre-testing tools, trainer/facilitator guidance, resources, training transfer considerations, exercises, case studies, simulations, etc.
- 32) The choice of delivery method is also critical in ensuring an appropriate emphasis on practical experience. Delivery methods can include classroom or virtual training and development, on-the job/experiential learning (anything from simulations and field trips to stretch assignments and even commitment to a contracted learnership for a period of time), relationship and feedback learning (coaching, mentoring, appraisals) and off-the-job training (university courses, self-study, e-learning).

- 33) Support for the auditor who participates in the development pathway is an essential enabler in professional development. In addition to the organisational strategic imperatives, the necessary buy-in from the auditor's line manager or supervisor will confirm the belief that the end-result of the training will be useful in the workplace and form part of an ongoing career path. Confirmed support from the line manager during the development process and a commitment that the auditor will receive the necessary opportunity to utilise the newly acquired skills after completion of the programme, will further enhance this message. Support may also include the implementation of a growth-focused performance appraisal system, appointment/selection of mentors and coaches, creating peer-to-peer support between individuals participating in the development initiative, and selecting a development coordinator ("training officer") to oversee the administration, which may potentially be linked to the pathway, including training records.
- 34) A final step in the design phase will be to confirm the relevant methods of assessment linked to the development pathway, in line with the requirements of organisational requirement 4 of ISSAI 150.

STEP 7: IMPLEMENT/DELIVER PROFESSIONAL DEVELOPMENT PATHWAY

- 35) This step deals with the practicalities and logistics of running the development pathway – deciding on whether the delivery will be conducted virtually or in-person, confirming availability of equipment and material, confirming availability of facilitators (experienced in process requirements and with subject matter expertise), enrolment, travel and accommodation arrangements, etc.
- 36) Another important consideration in this step is the visible support of the SAI leadership. From enrolment to attendance and utilisation of the newly acquired skills, leadership support for the development initiative is a critical enabler, confirming the value-add of the skills being developed in addressing current work needs and, in the longer run, achievement of the SAI's strategy.

STEP 8: ASSESS COMPETENCIES THAT WERE DEVELOPED AS PART OF THE PATHWAY FOR PROFESSIONAL DEVELOPMENT

- 37) At this point, there is a need to evaluate the success of the pathway as implemented at the level of each participating auditor. The assessment – as confirmed in the design phase – will have to take place in the most independent way possible, dealing with the acquisition of competencies at the end of the pathway. This will serve as the first level of testing the success of the initiative.
- 38) Ideally, a possible second level of evaluation, sometime down the line from the actual initiative in play, could focus on whether the new skill is actually being utilised (training transfer into the workplace) and has the necessary impact (fit-for-purpose).
- 39) This may also be the point where certain corrective action is required – either in assisting the staff member who experienced challenges in the two assessment process steps, or in adjusting the development pathway to yield better results.

STEP 9: IMPLEMENT AN INITIATIVE TO ENSURE THAT THE ASSESSED COMPETENCIES ARE MAINTAINED AND KEPT CURRENT

- 40) Considerations during this step cover three levels:
 - a. Keeping the pathway current – updating the structure and contents so that these reflect the most current view of the specific topics at hand;
 - b. Keeping skills current – this is often referred to as a process of “continuing professional development”; and
 - c. Encouraging staff to consider individual preferences for further development.
- 41) Examples of activities that can be considered in this regard include:

- a. Sharing and reflecting on work experiences and SAI practices to grow the knowledge base, learn from successes and failures, and to improve organisational capability;
- b. Attending to basic updates (to “top up” competencies with new developments such as new legislation); and
- c. Retraining (the introduction of a completely reworked and updated audit methodology).

STEP 10: EVALUATE THE PROFESSIONAL DEVELOPMENT PATHWAY

- 42) After the first implementation run of the pathway for professional development (and at regular intervals thereafter), the SAI leadership will be in an ideal position to evaluate the success of the pathway. This is done with reference to the objectives of the initiative, as set out in step 1 above, and can focus on reporting against basic success criteria and quantifying the return on investment in the pathway. As an example: the basic measure for success can be the number of professionally qualified staff produced, while the return on investment can be in the form of a cost comparison. A cost comparison could quantify the cost of running this initiative to produce a certain number of professionals versus the cost of externally recruiting the same number of professionals and “topping up” their knowledge and skills to fit the SAI. Evaluation can also be done through consultations with stakeholders who are impacted by the envisaged results of the pathway for professional development.
- 43) In acting on the outcomes of the evaluation, the SAI leadership could consider possible corrective action and refinements to the pathway or, in extreme cases, the discontinuation of the pathway.

The end-goal of an initiative for professional development pathways may vary in sophistication – it may be in the form of a basic assurance/confirmation that staff within a SAI are ready for ISSAI implementation, or it may be a confirmation that they are fully competent to conduct ISSAI-compliant audits. In its fullest consequence, the end-goal may be to ensure that staff possess a credible professional qualification in public - sector auditing.

Some of the options available to SAIs wanting to develop a pathway for professional development are discussed with reference to a number of frequently asked questions contained in this annexure.

These options have been arrived at as a result of:

- a. A summary of discussions within INTOSAI over the past number of years on the topic of developing pathways for professional development; and
- b. The outcome of independent research commissioned on this topic by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of INTOSAI.

While the questions below may give the impression of definite stand-alone (mutually exclusive) options, these tend to overlap in practice. Once the SAI leadership is clear on what it wants to achieve from the initiative, the resources that are available, and the parameters it wishes to use in establishing the pathway for professional development, it will in all probability borrow ideas from most of these models to come up with a unique “blend” that works best in its own unique circumstances.

The importance of peer-to-peer support (support between SAIs) cannot be overemphasised as a support mechanism in all the examples cited below.

QUESTION 1:

At many SAIs, especially those that concentrate on performance auditing, we may see the SAI recruiting staff from backgrounds that match the area of work where the staff will be deployed (e.g. recruiting engineers to handle performance audit work relating to infrastructure investment or recruiting somebody with underlying knowledge in the area of qualitative or quantitative methods of evaluation).

How does a SAI structure a pathway for professional development of such staff?

<p>DESCRIPTION</p>	<p>SAIs that focus on performance auditing will typically employ professionals from a wide variety of backgrounds (e.g. engineering, medicine, education, etc.). These individuals will either have a different knowledge base than, for example, financial auditors, or have expert knowledge of the subject matter and criteria used on performance audits relevant to their field. The competency framework that has been provided as an example in GUID 7500 or a similar framework can be used as a basis for developing public-sector auditing competencies to supplement their existing professional competencies.</p> <p>This concept may also hold true for auditors in other areas of auditing.</p> <p>Unlike the option described in question 4, the end-result may not necessarily be an externally acknowledged professional qualification. Instead, it may be in the form of an internally recognised set of competencies. These would reflect the unique professional combination of being a subject matter expert in a field outside the traditional role of a public servant or an auditor, and having very specific auditing skills.</p>
<p>OBJECTIVE OF PROFESSIONALISATION INITIATIVE</p>	<p>To ensure that SAIs requiring staff with very specific subject matter expertise typically required in the field of performance auditing can provide these subject matter experts with an appropriate level of auditing competencies to allow them to function fully within the SAI environment.</p>
<p>STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION</p>	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements from the SAI's enabling legislation / public-sector guidelines; and • Competency requirements/standards related to the subject matter expertise that the staff member brings to the SAI to deal with a specific specialist sector in government (e.g. education, health, infrastructure, etc.). These may include competency requirements set by professional bodies for such subject matter experts.

<p>KEY PARTNERSHIPS</p>	<ul style="list-style-type: none"> • International professional institutes that govern the fields of expert knowledge / professional qualification or designation/licence to practise which the SAI requires; • Regional professional bodies that govern the fields of expert knowledge / professional qualification or designation/licence to practise which the SAI requires; and • Universities that specialise in the required fields of expertise.
<p>KEY CONSIDERATIONS</p>	<p>The combination of a primary field of expertise (e.g. engineering) and additional highly specialised auditing skills can be a challenging mix. The SAI may be required to benchmark its practices with other SAIs/organisations in similar situations. Areas for benchmarking may include means of development, remuneration and retention.</p> <p>The career development of the typical professional employed in this role may focus mainly on the person’s primary qualification (the qualification he/she had on entering the SAI, before the addition of auditing competencies). Thus, staff turnover at these levels may be very different from turnover in the remainder of the SAI. This may necessitate specific attention to retention, succession planning and alternative resourcing.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>It may be up to the SAI to specify the requirements for keeping competencies current in this type of position. The proposed way to deal with this could be to consider the requirements set by professional bodies that govern the primary professional qualification of the auditor (in other words, the entry qualification before the addition of the specific audit competencies), while the SAI will have to take responsibility for keeping audit-specific competencies current.</p>

QUESTION 2:

Many SAIs obtain human resources from a central government human resource function (e.g. a Public Service Commission) and have to follow HR practices dictated by that body.

How does one deal with professionalisation in such scenarios?

<p>DESCRIPTION</p>	<p>When relying on a central government HR function to supply staff, the SAI can utilise a competency framework that meets its unique needs and requirements to communicate its staff needs. The central function can then, on behalf of the SAI, target its recruitment efforts more appropriately, accepting that the SAI may need to invest in the development of additional competencies.</p> <p>In many instances, having to rely on such a central government function has the benefit that staff move into the SAI with a baseline understanding of and/or exposure to the public service. In many instances, these staff members would already have been exposed to an education and/or training programme, where the competencies gained would have been tested as part of a “public servant entry examination”. In certain circumstances, the requirements for entry into public service may include a period during which the candidate works in the SAI and takes the examination after this period.</p> <p>Depending on the educational background of the candidate and the extent of exposure to public service, the SAI will have to design programmes to add to this exposure. In all likelihood, the emphasis would be on public-sector auditing knowledge and skills, and SAI-specific requirements.</p>
<p>OBJECTIVE OF PROFESSIONALISATION INITIATIVE</p>	<p>To empower SAIs to communicate (negotiate) their resource and competency needs to a central government HR function, thus ensuring the best possible fit with the SAI’s needs while empowering the public servants who enter the SAI to gain the appropriate auditing knowledge and skills to cope with the work of the SAI.</p>
<p>STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION</p>	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951 7500 to 7900; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI’s enabling legislation; • Specific minimum qualification/competency requirements as per the SAI’s enabling legislation or public-sector guidelines; • Legislation dealing with public service in that country; • Public service competence requirements; • Public servants’ entry requirements; and • Public service HR policies and practices.
<p>KEY PARTNERSHIPS</p>	<ul style="list-style-type: none"> • Key government officials who can influence HR policy and resourcing decisions; • Public service academies and schools; • Central government HR function; and • National academies/schools of public service.

<p>KEY CONSIDERATIONS</p>	<p>To prepare candidates for the challenges of functioning in an audit environment, SAIs need to take responsibility for adding competencies to those provided by the central government HR function. SAIs can use their own resources for this or they can link up with programmes offered by INTOSAI regional organisations or the INTOSAI Development Initiative (IDI).</p> <p>As far as HR policies and practices are concerned, the SAI may be dependent on the central government HR function. A good understanding of the competency requirements for SAI staff, and the HR implications of these staff members functioning in an audit environment, is essential for the SAI to be able to agree on, negotiate with or communicate its needs to the central government HR function.</p> <p>This scenario may present the option of easily seconding audit staff to other areas of public service, which can be beneficial in gaining an understanding of the uniqueness of the public sector.</p> <p>In certain environments, this professionalisation option poses the risk that staff may, over time, be rotated away from the SAI into other government organisations. SAIs will need to factor this potential risk into their resourcing strategy.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>The central government HR function may have certain generic arrangements for public servants' skills to remain current, but the SAI will have to take responsibility for creating SAI-specific requirements, in line with the roles and functions fulfilled in the SAI.</p> <p>The SAI may also consider the requirements of professional accountancy organisations (PAOs) as guidance to develop own requirements.</p>

QUESTION 3:

Would it be possible to partner directly with a university to deal with the educational element of a professional development pathway and to handle the other requirements in-house?

<p>DESCRIPTION</p>	<p>It is indeed possible for SAIs to partner directly with a university to create options for professional development. Obviously, the SAI will have to take responsibility for matching competency requirements that can be addressed through an education programme, with specific courses at university level. Since the SAI represents just one of many employers with expectations from a university, it will be necessary for the SAI to influence the curriculum of the university programme. However, the SAI will still need to take on further competency development responsibilities in addition to those described in question 1. This can also be addressed by partnering with INTOSAI regional organisations or the IDI, as described in question 8. One of the advantages of being responsible for such a large portion of the development pathway is that it may actually be easier to tailor it to the public-sector and the SAI's requirements than in the scenario described in question 1.</p> <p>A potential drawback may be that the SAI will not enjoy the benefits of having an independent partner to oversee/assess the success of the development pathway. That said, it can easily be overcome by setting up appropriate internal governance processes.</p> <p>This option could also be applicable to all areas of auditing (not just financial auditing as described in question 1).</p> <p>Typically, these pathways will consist of a package made up of the following:</p> <ul style="list-style-type: none"> • A preferred qualification (sometimes also with preferred subject choices) set as a minimum requirement for entry into the SAI; • A structured development programme linked to a set period of time to address the competencies not covered by the body that offered the entry qualification; and • An internal assessment of competencies.
<p>OBJECTIVE OF PROFESSIONALISATION INITIATIVE</p>	<p>To provide SAI staff members with a set of competencies to be able to deal with the work requirements of the SAI. These competencies would be based on a combination of an appropriate educational programme / qualification and an internal development programme.</p>
<p>STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION</p>	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 19507500); • SAI mandate and, in general, the SAI's enabling legislation; • Specific qualifications that match the competencies of the SAI; and • The entry requirements and academic rules of the university / tertiary education entity involved.

<p>KEY PARTNERSHIPS</p>	<ul style="list-style-type: none"> • Universities / academic institutions offering courses or qualifications that match all or some of the SAI's competency needs; • INTOSAI regional organisations / IDI / other training providers that can offer programmes on behalf of the SAI to address certain competency requirements not addressed by the university programme.
<p>KEY CONSIDERATIONS</p>	<p>A careful matching of the SAI's competency needs with the educational programmes concerned will have to be undertaken when the professional development pathway is being set up and will have to be revisited regularly to ensure continued fit and relevance. This matching process applies to (a) programmes/qualifications offered by a university; (b) programmes offered by INTOSAI regional organisations / IDI / other training providers; and (c) in-house programmes.</p> <p>The extent of work required to develop, implement and administer the pathway will in all probability require the SAI to set up a dedicated learning unit to handle the initiative, resourced with appropriately qualified education and training specialists.</p> <p>The SAI's human resource management division will also have to attend to policy matters dealing with funding of studies, study leave, minimum qualification requirements, etc.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>It will be up to the SAI to specify CPD requirements, although it could benefit from benchmarking with other SAIs, PAOs, private auditing firms, etc.</p>

QUESTION 4:

One of the options often mentioned in professionalisation efforts is to strategically partner with a Professional Accountancy Organisation (PAO) in offering a pathway for professional development.

How would one handle such a relationship?

<p>DESCRIPTION</p>	<p>It may be possible for SAIs (especially those with a strong focus on financial audit) to partner with PAOs to develop audit professionals for the SAI. This could result in a professional qualification and/or designation, with successful candidates registering as members of the PAO.</p> <p>Typically, these pathways would consist of an appropriate educational element, supplemented by a requirement to work in a professional environment for a specified period (often referred to as learnerships) and linked to a specific professional qualification examination/assessment.</p> <p>In ideal circumstances, both the educational and the practical work elements of the pathway will focus on the public sector, based on an ISSAI-based competency framework, such as the example contained in GUID 7600. In practice, educational programmes tend to be more generic, leaving it to the SAI to address the public-sector element during the period of practical work.</p> <p>In essence, the SAI functions as an accredited PAO training office that certifies competencies gained during the period of practical work (under the guidance of an experienced mentor/supervisor). Taking into account the competencies gained in the academic portion of the pathway, this would add up to an overall professional qualification programme.</p> <p>Although this option can pose challenges to the SAI in terms of staff retention, it has the benefit of providing good mobility of the professionally qualified staff into the broader public sector, and even the private sector. Some SAIs that have followed this route have strategically positioned this option as a pipeline of professionally qualified people for the whole of the public sector, rather than just for the SAI itself.</p>
<p>OBJECTIVE OF PROFESSIONALISATION INITIATIVE</p>	<p>To provide the SAI's staff members with a professional qualification equal to that of the broader profession (mostly the accounting and auditing profession) in the country concerned, coupled with good knowledge of the public sector and public-sector auditing.</p>

<p>STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION</p>	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI’s enabling legislation; • Specific minimum qualification/competency requirements as per the SAI’s enabling legislation / public-sector guidelines; • Competency requirements set by the PAO; • International Education Standards (IES); and • Professional pronouncements issued by accounting and/or auditing professional institutes (IFAC accredited and others).
<p>KEY PARTNERSHIPS</p>	<ul style="list-style-type: none"> • IFAC; • PAOs; • Professional institutes; • Regional professional bodies; and • Universities / academic institutions accredited by the PAO.
<p>KEY CONSIDERATIONS</p>	<p>Ensuring that this option is appropriately tailored for the public sector may present a challenge. In an ideal situation, the curriculum of the PAO (or the university that offers the educational element of the pathway) will include an appropriate focus on the public sector. In reality, the introduction to the public sector and the SAI environment may only receive attention during the period of practical work, in terms of both classroom training and on-the-job exposure. An alternative may be to require exposure to public administration during the educational element of the pathway.</p> <p>The pathway requires recruitment in line with the PAO’s minimum requirements and, since this may place the SAI in competition with other auditing firms, it may be necessary to invest in a bursary initiative.</p> <p>At an HR policy level, it may be necessary to deal with policies around funding of studies, study leave, structuring of formal supervisor-trainee relationships, experience of logbook processes, and requirements for reporting to the PAO.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>PAOs will normally require that members, after qualification, prove an annual investment in CPD activities, either in terms of hours or by presenting alternative proof of competence. These requirements are normally generic enough to allow the SAI to tailor them to include a solid element specific to the public-sector environment.</p>

QUESTION 5:

How will the route to professional qualification for SAIs with jurisdictional responsibilities have to be structured?

<p>DESCRIPTION</p>	<p>SAIs with jurisdictional powers will typically have employees with a legal background. At a more junior level in the SAI (or Court of Audit), one may find an emphasis on auditing skills, although it is quite likely that, even at these levels, certain legal competencies may be required. Examples are an understanding of the litigation process, evidentiary skills, legal drafting, etc. At more senior levels, this balance may be the other way round, with the emphasis on legal skills to the level of a magistrate or a judge.</p> <p>Recruitment-wise there appears to be at least two generally accepted options. One is to recruit somebody with a legal background, requiring the Court to add certain public-sector, SAI and auditing competencies. The other option is to rely on a central government HR function to provide resources. Although the latter implies some background in the law and in the public sector, it would still require the addition of competencies specific to the SAI and to auditing.</p> <p>A tailored competency framework (such as the example provided in GUID 1950) can be used as a reference for the areas in which legal professionals may require upskilling so that they can conduct quality audits based on the ISSAIs. It provides the mechanism for developing a professional who has only legal competencies into a professional with both legal AND public-sector auditing competencies.</p> <p>In many of the observed cases, the professional development pathway for SAI employees with jurisdictional responsibilities appears to follow a route similar to that described in question 2. The difference is that there is a much stronger emphasis on their standing in the legal profession, especially at more senior levels.</p>
<p>OBJECTIVE OF PROFESSIONALISATION INITIATIVE</p>	<p>To ensure that SAIs with jurisdictional powers have competent staff who can deal with the unique requirements related to their mandates, including elements from both the legal profession and the auditing environment.</p>
<p>STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION</p>	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements as per the SAI's enabling legislation/public-sector guidelines; • Competence (and other professional) requirements set by the relevant legal profession/fraternity; • Public service competence requirements, • Public servants' entry requirements; and • Public service HR policies and practices.

<p>KEY PARTNERSHIPS</p>	<ul style="list-style-type: none"> • Legal profession in the country in which the SAI operates; • Legal fraternity, locally and internationally; • Forum for SAIs with jurisdictional responsibilities (as defined in the related Paris Declaration); • Central government human resource function; and • National academies / schools of public service.
<p>KEY CONSIDERATIONS</p>	<p>At a SAI with jurisdictional responsibilities, individual staff members are likely to be part of the law profession of the country. The SAI/Court may have to establish a good working relationship with governance structures in this area.</p> <p>The Forum of SAIs with Jurisdictional Responsibilities has made a strong commitment to the professional recognition and further professionalisation of this unique community. It is critical that this work continues to benefit all SAIs with similar jurisdictional powers.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>The SAI will have to determine the requirements in this regard, with due consideration of the requirements of the relevant legal profession and, where relevant, the public service.</p>

QUESTION 6:

Given the responses in the previous questions, it may be possible for SAIs to deal fully with their professional development needs on an in-house basis.

What would such an in-house pathway look like and how would it be structured?

<p>DESCRIPTION</p>	<p>In certain instances, SAIs may have the resources, staff numbers and/or government support to create a fully internal professional development capacity, through a SAI university, academy or internal learning function.</p> <p>This option may include awarding specific qualifications, such as certificates, diplomas and degrees. These may be aimed at creating a minimum entry qualification for certain levels in a SAI or capacitating specific job levels within a SAI.</p> <p>The curricula for such a pathway will be fully tailored to the needs of the SAI and typically based on the INTOSAI/SAI competency framework requirements.</p>
<p>OBJECTIVE OF PROFESSIONALISATION INITIATIVE</p>	<p>To provide SAI staff members with a fully in-house development pathway that speaks directly to the needs of the SAI, in the format of specific competency certificates per job level or even specific qualifications that fit the needs of the SAI.</p>
<p>STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION</p>	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements as per the SAI's enabling legislation/public-sector guidelines; and • Legislation dealing with the set-up of tertiary education programmes / universities in the country concerned.
<p>KEY PARTNERSHIPS</p>	<ul style="list-style-type: none"> • Bodies that regulate tertiary education in the country concerned; • National bodies that regulate qualifications in the country.
<p>KEY CONSIDERATIONS</p>	<p>The resource investment in a fully in-house set-up may be considerable and will have to be weighed up against options where in-house provision is complemented by partnering with other service providers. The points of comparison may include efficiency, cost and ability to attract the best possible teachers.</p> <p>Mobility to the broader profession may be limited due to the unique tailoring of the pathway.</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>The SAI will have to determine these requirements with reference to best practice in the industry / education system / country.</p>

QUESTION 7:

Many SAIs would, to some extent, make use of contract relationships with private firms to provide/supplement SAI human resource capacity.

How would a SAI ensure that these private sector auditors are adequately equipped to deal with the challenges of a public sector audit?

<p>DESCRIPTION</p>	<p>Many SAIs contract some or all of their audit work to private auditing firms. While the auditors at these firms are typically professionals in their own right, they might not have the full set of competencies needed to execute a public-sector audit. The competency framework can be used either to guide the selection of firms to partner with, or to identify those competencies that are lacking and may need to be developed further.</p> <p>Specific learning interventions can be offered by the SAI, the firm or third-party training institutions, to bring competencies into line with public-sector requirements. It is up to the SAI and/or government to decide to what extent these additional public sector-specific requirements may become a compulsory consideration in the SAI's decision to appoint/allow a private audit firm to operate in a certain environment.</p>
<p>OBJECTIVE OF PROFESSIONALISATION INITIATIVE</p>	<p>To ensure that, where private firms do work on behalf of a SAI, they have the necessary competencies or are empowered to audit in a public-sector environment.</p>
<p>STANDARDS, FRAMEWORKS, POLICIES, PRACTICES OR RULES THAT MAY GUIDE THIS OPTION</p>	<ul style="list-style-type: none"> • ISSAI 150; • GUIDS 1950 and 1951; • Unique public-sector or SAI competency frameworks (such as the example provided in GUID 1950); • SAI mandate and, in general, the SAI's enabling legislation; • Specific minimum qualification/competency requirements as per the SAI's enabling legislation/public-sector guidelines; • SAI guidelines for contracting with private auditing firms; • SAI guidelines on quality assurance related to audit assignments, including work done by private auditing firms; • Qualification and competency arrangements of professional institutes / audit regulators that oversee the competency and functioning of private auditing firms); and • Qualification and competency arrangements of individual private auditing firms.
<p>KEY PARTNERSHIPS</p>	<ul style="list-style-type: none"> • Private auditing firms that operate in the public-sector space; • Professional institutes and/or audit regulators that oversee the competency and functioning of private auditing firms.

<p>KEY CONSIDERATIONS</p>	<p>Different contracting arrangements need to be clarified (such as contracting in versus contracting out, doing work on behalf of the SAI or in one’s own name).</p> <p>Consideration may be given to providing “profession-level” guidance to private auditing firms (ideally with the necessary “stature”) to enable them to understand and cope with the requirements of working in the public-sector environment.</p> <p>SAIs may consider a requirement that only auditors with certified public-sector audit competencies may work on public-sector audits (a “licence to audit in public sector” consideration).</p>
<p>CONTINUING PROFESSIONAL DEVELOPMENT</p>	<p>This will be in line with the SAI’s normal requirements for CPD, but cognisance may be taken of the requirements that apply in the private-sector portion of the profession.</p>

QUESTION 8:

Would it be possible for a SAI to partner with an organisation such as the INTOSAI Development Initiative (IDI) or an INTOSAI regional organisation to deliver a professional development pathway?

Partnering with the likes of the IDI or an INTOSAI regional organisation may be useful, especially once some of the current initiatives of these organisations come to fruition. International and regional organisations create increased economies of scale, which can make a professional development pathway viable for SAIs with possible resource constraints. This is particularly effective in regions where the mandates and work of the SAI are fairly homogeneous.

Regional organisations can centralise professional development functions such as developing learning materials that address common needs, while SAIs may take responsibility for elements such as practical expertise and mentoring.

IDI

During the 2016 INCOSAI in Abu Dhabi, the then INTOSAI competency framework was presented to the congress. One of the key decisions taken was to task the IDI to develop and pilot a “certification programme” based on this framework in the community.

The project has been renamed “Professional education for SAI auditors” (PESA) as this is a more suitable title in the view of the project team and have launched a pilot from March 2021. Background information on this project can be found on the IDI website (www.idi.no).

The name of this initiative talks directly to the considerable value that this programme can bring to any professionalisation effort at SAI level. From the information in the preceding questions, it is abundantly clear that the majority of SAIs will bear responsibility for adding certain public-sector audit, SAI- and country-specific competencies to a baseline (consisting of either existing competencies or competencies related to a specific profile for which the SAI recruits). The benefit of the IDI programme for SAIs undertaking professionalisation efforts is that it will provide a globally developed curriculum, backed by all the necessary learning/resource materials and assessment tools, to address all public-sector audit-specific competencies (as per the INTOSAI competency framework). The individual SAI will not have to invest in the development of learning/resource materials for this set of competencies, leaving time and resources available to concentrate on those competencies that may not be universally applicable and are unique to the SAI and/or the country in which it operates.

INTOSAI REGIONAL ORGANISATIONS

For INTOSAI regional organisations, professionalisation also features high on their work agendas and those of their member SAIs. An example of what a regional initiative can bring to the table can be found in the African Professionalisation Initiative, a project initiated by AFROSAI-E. The initiative is aimed at addressing a broader need for capacity of accounting professionals to support public financial management, including financial auditors. This is achieved through partnerships between regional organisations representing a variety of stakeholder groups collaborating to implement this initiative.

Background information on this project is available on <https://professionalisation.africa>.

Although this initiative is aimed at the broader public-sector accounting and auditing profession on the African continent, it is expected to yield similar benefits to SAIs on other continents.

QUESTION 9:

What options would be available to SAIs that may not be in a position to structure/institute a comprehensive professional development pathway such as described in questions 1 to 6 above?

SAIs that are not in a position to structure or institute a comprehensive professional development pathway will have to consider alternative means, borrowing from the preceding questions. Similarly, SAIs working in complex and challenging contexts may find some of the concepts described in these questions relevant to their needs.

Options may include:

- Recruiting very specific professionally qualified staff (in other words, being extremely pedantic about competencies required);
- Long-term peer-to-peer support options between SAIs;
- 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);
- Considering 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;
- 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; and
- Approaching donors (through the INTOSAI donor cooperation mechanism) for funding of a SAI pathway for professional development, as part of a bigger investment in strengthening public finance management in its country.

QUESTION 10:

In the work of the task force, recognition for prior learning (or even the concept of “grand-fathering”) was noted as an option in the process of professional development. Would this be acceptable and how can it be structured?

Recognition for prior learning (RPL) and/or grand-fathering is a structured process of acknowledging competencies gained through years of working experience and, in essence, implies an appropriate form of assessment for candidates.

In the work that led to this guide, it would appear that there are two possible views on recognition for prior learning:

- A very structured process of assessment of prior experience conducted by a specific professional institute, using its rules and requirements (which will have to be assessed for applicability to the SAI); or
- A slightly less complicated process, as a mechanism for recognising prior learning as an entry point into a professional development initiative.

In the second instance (RPL as an entry point), a SAI can consider waiving normal entry requirements (such as a specific qualification) in favour of a combination of the following:

- Working successfully at a specific level within the organisation;
- Experience in a certain area for a specified number of years;
- A well-proven value-adding or performance track record over a number of years; and
- Being a staff member in good standing.

As much as these requirements will allow entry into a development pathway, it would be inappropriate for these to play a role in the final assessment of competence at the end of the learning process. It is important to note that this option assumes that the SAI will have strong enough quality assurance and performance practices to manage any potential shortcomings in this process.

This is an attractive option for giving momentum to professionalisation when a large number of existing staff are affected by newly introduced competency requirements, but may be a difficult and often controversially perceived approach. It is best handled as an option that is transparently negotiated with staff as part of a bigger strategic transformation initiative.

Background till December 2019

As you would be aware, in June 2019, when FIPP approved GUID 5100, it did not approve the endorsement version of GUID 5100. Broadly they felt that while the need for a separate document on information security was supported, the current document should be further developed to add value. FIPP felt that IS security is a distinct theme under IS audits and that there could be an added value to develop GUID 5101 further to make it more specific on IS Security and distinct from the content already provided in GUID 5100, and also communicated the need for guidance on when to apply 5100 versus 5101 as well as the need to consider the overlaps. There was also a further discussion between the Project Team and FIPP in September 2019. The Project Team felt that making GUID 5101 more technical would make it lengthier and also require a higher frequency of updating, and also the need to make a distinction between GUID 5101 and the relevant chapter of the IDI WGITA Handbook (which may be lost if GUID 5101 were to be made more detailed).

Based on this feedback, the Project Team carried out a gap analysis of IDI's Handbook on IT auditing to identify overlaps with GUID 510 and made some minor amendments to the document. However, FIPP felt (December 2019) that little change has been made, and that GUID5101 cannot be forwarded to the INTOSAI GB. FIPP left it to the KSC Chair to decide whether to develop GUID 5101 as a FIPP document or develop guidance on IS Security outside the FIPP framework.

The New Approach to GUID 5101

1. Instead of trying to amend the December 2019 version of GUID 5101, we have attempted a new version (from scratch) of GUID 5101. This was based on our assessment that trying to make one more amendment to GUID 5101 would not really meet FIPP's concerns.
2. We are clear in recommending that we develop GUID 5101 on audit of information security as a FIPP document and not outside the FIPP framework. We believe a FIPP guidance document would add more value.
3. References to the IDI WGITA Handbook (which is, incidentally, also under revision) have been removed. The Handbook will remain a non-FIPP document.
4. The current version GUID 5101 clarifies the overarching role of GUID 5100 for all audits of Information Systems, but also clarifies which are likely to be the areas of IS audits where information security aspects are not very relevant and therefore GUID 5101 will not be applicable.
5. The approach to including an Indicative Audit Matrix, which was included in the earlier version of GUID 5101, has been dispensed with. Any audit matrix or checklist will be too detailed to be part of this higher level GUID document.
6. The current version includes an illustrative list of events which may trigger the need for an audit of information security (as also a follow-up audit of information security). It also provides more definitions of terms related to information security. It also provides guidance on how an information security audit could be scoped, what information security frameworks could be adopted for risk assessment and detailed audit planning, and also the distinction between SAI information security audits and third party vulnerability assessment/ penetration testing oriented security audits. It also provides guidance with regard to conduct of information security audits.

GUID 5101

GUIDANCE ON AUDIT OF INFORMATION SECURITY



INTOSAI

INTOSAI Guidances are issued
by the International
Organisation of Supreme Audit
Institutions, INTOSAI, as part of
the INTOSAI Framework of
Professional Pronouncements.
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INTOSAI



INTOSAI, 2022

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1

INTRODUCTION

1. GUID 5101 provides the framework for conducting Audit of Security of Information Systems within the IFPP. The framework laid out in this GUID is consistent with the Fundamental Principles of Public Sector Auditing (ISSAI 100), Performance Audit Principles (ISSAI 300) and Compliance Audit Principles (ISSAI 400), as well as Guidance on Audit of Information Systems (GUID 5100), which provides the overarching framework for conducting Audit of Information Systems.
2. Supreme Audit Institutions (SAIs) are mandated to audit governments and their entities per their respective audit mandates¹. Through their activities, SAIs aim to promote efficiency, accountability, effectiveness and transparency of public administration².
3. The transition to computerised information systems and electronic processing by auditee entities in the public sector makes it imperative for SAIs to develop appropriate capacity to conduct a thorough examination of controls related to information systems. As part of the audit of Information Systems, there is a need to ensure that controls to maintain confidentiality, integrity and availability of Information Systems and data (i.e. Information Security) have been adopted by public sector entities.
4. Information Technology has made it possible to capture, store, process, retrieve and deliver information electronically, and the delivery mode of public services is rapidly transitioning from physical to electronic. Such services and data are increasingly provided and made available over the Internet and public networks, and hence face exposure to a wide variety of threats, resulting in the increased importance of cyber security. Further, the distinction between Information Technology (IT) and Operational Technology (OT)³ is getting blurred, and cyber security of critical infrastructure⁴ systems is increasingly focused on OT systems.

¹ INTOSAI-P-1: The Lima Declaration

² United Nations General Assembly Resolution A/66/209

³ According to NIST SP 800-37, Operational technology (OT) encompasses a broad range of programmable systems or devices that interact with the physical environment (or manage devices that interact with the physical environment). These systems/devices detect or cause a direct change through the monitoring and/or control of devices, processes, and events. Examples include industrial control systems, building management systems, transportation systems, physical access control systems, physical environment monitoring systems, and physical environment measurement systems.

⁴ Critical infrastructure are essential services and related assets that underpin society and serve as the backbone of the nation's economy, security, and health. (NISTIR 8183)

5. Information security weaknesses may lead to severe damage (legal, reputational/ credibility, financial, productivity, exposure to further intrusions). Such damage may be caused by security breaches, unauthorised external connections, exposure of information (disclosure of corporate assets and sensitive information to unauthorised parties), insider threats or system vulnerabilities. Therefore, it has become imperative for SAIs to develop adequate capacity to conduct an examination of information security (including cyber security) either as part of the audit of Information Systems or separately
6. The need for an Audit of Information Security may be triggered, depending on the results of an audit risk assessment, by one or more events, such as (illustratively):
 - (a) development of a new IT System or replacement/ upgradation of an existing IT System by the audited entity, especially in a critical business area;
 - (b) non-upgradation/ replacement of a long standing legacy IT system, where the underlying technological infrastructure is outdated and not currently supported through security patches/ updates;
 - (c) non-conduct of periodic internal/ external security testing (including vulnerability assessment and security testing) of operational IT systems, especially those which have undergone significant application or infrastructural upgrades;
 - (d) a *post mortem* of a major security incident or breach which has adversely impacted the concerned IT system, or where a security incident or breach has adversely impacted similarly placed IT systems in other audited entities;
 - (e) data protection and privacy related concerns have arisen with regard to existing IT systems and the need for upgradation/ updation to comply with the latest applicable statutes relating to protection of personal data;
 - (f) significant information security threats in the environment or information security risks with regard to the information system of the audited entity have been identified through other audits (internal or SAI/ external audits), evaluations or assessments or control deficiencies identified through past information security audits remain unaddressed or only partly addressed;
 - (g) significant changes in organisation policies and structures for information systems management and implementation, including information security;

2

OBJECTIVES AND SCOPE OF THIS GUID

7. ISSAI 100, 200, 300 and 400 lay down the basic precepts of auditing as related to Compliance Audit, Performance Audit and Financial Audit. These ISSAIs relate to general principles, procedures, standards, and expectations of an auditor. GUID 5100 lays down subject matter specific guidance regarding audit of Information Systems.
8. While the overall principles and guidance outlined in GUID 5100 are applicable to audit of security of Information systems, the objective of this GUID is to provide specific and additional guidance relating to the audit of information security (including cyber security) either as a distinct Compliance audit and/or performance audit relating to security of Information Systems or a Performance and/or Compliance audit relating to the specific subject matter of Information Systems or where the audit of information system may be part of a larger audit engagement which may be Financial, Compliance or Performance audit. For example, the scope of an audit assignment involving audit of information systems, guided by GUID 5100, may include examination of the adequacy and effectiveness of IT governance and management; acquisition, development and implementation of an IT system; application controls of an IT system; operations and maintenance of an IT system etc. Many of these aspects may not involve concerns and risks related to information security, and to that extent, this GUID may not be applicable.
9. The principles of this GUID are also applicable to audit of cyber security concerning Operational Technology.
10. The contents of this GUID may be applied by auditors in the Planning, Conducting, Reporting and Follow Up stages⁵ of the audit process.

⁵ISSAI 100

11. **Audit of Information Systems**⁶: The examination of controls related to IT-driven information systems, in order to identify instances of deviation from criteria, which have in turn been identified based on the type of audit engagement – i.e. Financial Audit, Compliance Audit or Performance Audit.
12. **Information Security**: Protection of Information and Information Systems from unauthorized access, use, disclosure, disruption, modification or destruction in order to provide confidentiality, integrity and availability.
13. **Cyber Security**: Prevention of damage to, protection of, and restoration of computers, electronic communications systems, electronic communications services, wire communication, and electronic communication, including information contained therein, to ensure its availability, integrity, authentication, confidentiality, and nonrepudiation. Alternatively, the process of protecting information and assets by preventing, detecting and responding to cyber-attacks.
14. **Integrity**: Guarding against improper information modification or destruction and includes ensuring information non-repudiation⁷ and authenticity⁸; alternatively, accuracy and completeness of information as well as its validity in accordance with business values and expectations. A loss of integrity is the improper modification or destruction of information.
15. **Confidentiality**: Preserving authorized restrictions on information access and disclosure, including means for protecting personal privacy and proprietary information; alternatively, protection of sensitive information from unauthorized disclosure. A loss of confidentiality is the unauthorized disclosure of information.
16. **Availability**: Timely, reliable access to and use of information or an information system for authorized users; alternatively, information being available when required by the process now and in the future,

⁶ GUID 5100 para 3.2

⁷ Non-repudiation is protection against an individual who falsely denies having performed a certain action and provides the capability to determine whether an individual took a certain action, such as creating information, sending a message, approving information, or receiving a message.

⁸ Authenticity is the property of being genuine and being able to be verified and trusted; confidence in the validity of a transmission, a message, or message originator.

as also the safeguarding of necessary resources and associated capabilities. A loss of availability is the disruption of access to or use of information or an information system.

17. **Information Security Management System (ISMS):** According to ISO-27001, the information security management system preserves the confidentiality, integrity and availability of information by applying a risk management process and gives confidence to interested parties that risks are adequately managed.

18. **Audit of Security of Information Systems/ Audit of Information Security:** Depending on the type of audit engagement (Financial Audit, Compliance Audit or Performance Audit) and the audit scope, the examination of controls related to security of information and assets, in order to derive assurance as to the maintenance of confidentiality, integrity and availability.

4

PLANNING AUDIT OF INFORMATION SECURITY

19. SAIs may adopt risk-based audit planning for audits of information security, in line with the processes described in ISSAI 100, 200, 300 and 400⁹ as well as GUID 5100, depending upon the objectives of the audit engagement.
20. The information security audit work will be determined by the objectives and scope of the audit. Examples of the scope of the work could be usefully derived from ISO/IEC 27001: 2013, as illustrated below:
 - a. Information security culture, including leadership and commitment; management direction and policies; information security objectives; and organizational roles, responsibilities and authorities (including mobile working, teleworking etc.).
 - b. Information security risk management process, covering
 - i. information security risk assessment (including information security risk acceptance criteria, identification, analysis and prioritisation) and information security risk treatment
 - ii. Communication (internal and external) and documentation relevant to the information security management system
 - iii. Review and continual improvement of information security
 - c. Human resources security at different stages from prior to employment, during employment and post-employment
 - d. Management and control of information assets, including inventory and classification; rules for acceptable use; transportation, return and disposal
 - e. Authentication, authorization and access control – including identify management and authentication, cryptographic controls, and authorization and access controls;
 - f. Physical and environmental security;

⁹ ISSAI 100 also states that SAIs may also conduct combined audits incorporating financial, performance and/or compliance aspects.

- g. Network security and cyber security management;
 - h. Information security incident management and security testing and monitoring;
 - i. Security as part of system acquisition and development;
 - j. Operations security, including operating procedures and responsibilities; protection from malware; data backup/ recovery and logging and monitoring;
 - k. Information security in supplier relationships;
 - l. Compliance with external and internal requirements.
21. As part of the planning of information security audits, SAIs may find it useful to identify and adapt, as appropriate, nationally/ internationally accepted information security frameworks for audit risk assessment (to prioritize information security audits and define the audit objectives and scope) and for detailed audit planning of information security audits.
22. Such frameworks and standards could include the ISO 27000 series; the CoBIT framework prepared/ updated by ISACA, the standards and frameworks relating to information and cybersecurity prepared by the National Institute of Standards and Technology (NIST); more narrowly focused/ sector-specific frameworks and standards include the European Union’s General Data Protection Regulation (GDPR), the US Health Insurance Portability and Accountability Act (HIPAA) for the healthcare sector.
23. The choice of frameworks and their adaption as appropriate may depend on the specific SAI and country context (including legal requirements, if any) as well as the concerned auditee entity or entities.
24. SAIs may ensure that the audit team is composed of members that collectively have the competence to conduct information security audit engagements to achieve the intended audit objectives. The necessary knowledge, skills and competence may be acquired through a combination of training, recruitment and engagement of external resources, per the strategic plan of the SAI. The considerations for allocating human resources for IS audit engagements (including information security audits) are discussed in GUID 5100 and are broadly applicable in the case of information security audits. With regard to information security audits, it may not generally be practicable to establish a dedicated information security audit group. Engagement of external resources may be considered by the SAI, depending on the scope of the specific engagement or series of planned information security audit engagements.
25. SAIs may ensure that the information security audit teams collectively, in addition to the collective skill sets required for an information systems auditor as mentioned in Para 5.8 of GUID 5100, have the capacity to perform the illustrative list of tasks below (depending on the scope and objectives of the audit engagement);

- a. Understand the overall architecture of the IT system (including “tech stack” – i.e. suite of technologies used to create the overall solution), as well as its security architecture, including the major security related components; this understanding is essential before initiating an assessment of controls,
 - b. Understand the extant laws, rules and regulations, as well as policies and procedures applicable to information security (including data protection and privacy) in the context of the audited entity,
 - c. Understand the audit methodology, including relevant auditing standards and guidelines applicable to the SAI, as well as the specific information security criteria against which the audit findings are to be compared,
 - d. Understand the scope and nature of findings reported through third party information security audits.
26. In general, SAIs are not expected to directly conduct Vulnerability Assessment/ Penetration Testing (VA/PT) of the information systems of the audited entity; however, the SAI’s information security audit teams should be able to understand the scope of third party VA/PT and associated information security audits, as well as the findings of such audits and their implications. However, this will depend on the SAI’s specific mandate, the environment in which the SAI is working (including consideration of the audited entity), the competencies and resources available for VA/PT audit as well as the SAI’s professional judgement in determination of the information security audit scope.
27. As part of an information security audit, SAIs are not expected to directly conduct risk identification and assessment for the audited entity’s IT systems falling within the audit scope; instead, the SAI may review the audited entity’s risk management process (including risk identification, assessment and treatment) for its adequacy and effectiveness. As part of such review, the SAI may highlight certain major risks that have not been appropriately identified and adequately assessed or mitigated.
28. The scope of an information security audit may include assessment of business continuity and disaster recovery planning and implementation, with a view to assessing the “availability” aspect of information services as well as information security during disaster recovery. Alternatively, such aspects may be covered as part of an audit of IT operations management.
29. The materiality of an information security audit issue may be decided under the overall framework for deciding materiality in an SAI, as well as specific guidance for materiality in respect of IS audits.

5

CONDUCTING INFORMATION SECURITY AUDITS

30. SAIs may conduct information security audits in line with the processes described in ISSAI 100, 200, 300 and 400 applicable for financial, performance and compliance audits, as the case may be, based on the nature of the engagement, as well as GUID 5100. The additional guidance is offered in respect of conduct of information security aspects.
31. The audit procedures for an information security audit will be designed with a view to focusing on the objectives of deriving assurance as to (a) confidentiality (b) integrity – including non-repudiability and (c) availability with regard to data and IT systems falling within the scope of the audit engagement.
32. The procedures will typically involve a combination of (a) review of documentation (b) observation, walkthroughs, interviews, questionnaires etc. (c) analysis of electronic data (e.g. relating to audit logs of various types). If VA/ PT is to be conducted by the SAI audit team, necessary arrangements with, and agreement of the audited entity for such intrusive testing will have to be made.
33. The scope of most information security audits will generally include the information security culture, policies, procedures, organizational roles etc. For these aspects, the audit team should specifically look at not only the availability of relevant policies, procedures etc, but also whether there is adequate awareness and understanding amongst users and also whether these are being reviewed at appropriate intervals of time and updated, as necessary.
34. The risk management process will also generally be covered in the scope of most information security audits. It would be important for audit to examine the frequency of periodic risk reviews, and also the adequacy of follow-up actions to mitigate the identified and assessed risks. The decision on risk acceptance thresholds (and the consequential acceptance of residual risks) is a management decision.
35. Linked to the risk management process (in particular, risk identification and assessment) is the policies for identification, classification and control of information assets, whether the policies are understood by users and whether such policies are implemented effectively.

36. Wherever authentication, authorization and access controls are covered within the scope of the audit engagement, a key aspect that would be looked at is whether multi-factor authentication (typically in addition to password-based authentication) is implemented, if it is mandated or prescribed by policy or the contract.
37. When logs are to be scrutinized to assess whether access control was implemented as planned, the analysis of logs may involve receipt of data dumps or extracts. Where data dumps are received from the audited entity for electronic analysis, the considerations spelt out in para 6.4 of GUID 5100 with regard to ensuring its authenticity, integrity and non-repudiability may be ensured.
38. For audit of information security incident management, in addition to the review of the processes and documentation relating to incident identification and logging, assessment and resolution, the audit team may consider obtaining feedback on the adequacy of the resolution from a sample of users (where incidents were identified and ticketed by such users).
39. With regard to information security in supplier/ outsourced relationships, the audited entity retains accountability for information security even if the responsibility for certain IS activities has been outsourced to an external supplier. Further, aspects such as segregation of conflicting duties (e.g. between development, testing and production teams) matter equally, whether the development/ implementation/ O&M of the IT system is being done in-house or through an external supplier.
40. For assessing physical and environmental security, in addition to documentation review, interviews etc., the SAI audit team may consider a physical visit (or joint inspection) of the data centre as a supplementary audit procedure.

6

REPORTING ON AUDIT OF INFORMATION SECURITY

41. The guidance on reporting as per ISSAI 200, 300 or 400, depending on the nature of the audit engagement, as well as the additional guidance under GUID 5100 on reporting (section 7, which also refers to the sensitivity of reporting security risks before necessary mitigating controls have been adopted) may be followed in the case of information security audits.

7

FOLLOW-UP

42. In addition to guidance in section 8 of GUID 5100, if significant risks in information security management have been identified through this information security audit engagement, SAIs may consider a follow-up audit to assess whether these risks have been adequately assessed.
43. With IT systems increasingly being cloud hosted/ web-based, the time window for risk mitigation, and therefore for conducting a follow up audit, is considerably reduced. The illustrative aspects mentioned in para 6 of this GUID would also be relevant as triggers for a follow up information security audit.



Explanatory Memorandum – Project 2.7: Consolidating and aligning Guidance on audits of Privatization with ISSAI 100

REQUEST FOR COMMENTS

This Exposure Draft emanating from Project 2.7: Consolidating and aligning Guidance on audits of Privatization with ISSAI 100, was developed by the special project team constituted by KSC Chair.

Respondents are asked to submit their comments electronically by **Month Date Year** to the to the email addresses: coordinacion@contraloria.gob.ec. Please submit comments to specific paragraphs using the file circulated at the same time as the exposure draft. General comments may be submitted using PDF or Word documents. All comments will be considered a matter of public record and may be posted on the issai.org website.

The (name of working group) will consider all comments received when preparing the final version of the text for submission to the Forum for INTOSAI Professional Pronouncements (FIPP) for approval.

The FIPP have approved this exposure draft on **Month Date Year** (cf. section 2.1 of the due process for the IFPP). The final pronouncement is expected to take effect from **Month Year**.

Respondents are encouraged to consider the effective date in their comments to the exposure draft.

Introduction

The Forum for INTOSAI Professional Pronouncements (FIPP) classified INTOSAI pronouncements under the INTOSAI Framework of Professional Pronouncements (IFPP) into Principles, Standards and Guidance. Under the IFPP, Guidance pronouncements (GUIDs) are intended to provide guidance to SAIs on a specific subject matter and for conducting Compliance and Performance Audits encompassing the related subject matter. Currently, the International Standards of Supreme Audit Institutions (ISSAI) on Public Private Partnerships (PPP) ISSAI 5220 and ISSAI 5240, establish a set of procedures in line with international standard management parameters for this type of project. On the other hand, the absence of standardized guidelines containing procedures makes it difficult for auditors to carry out evaluations of projects implemented through PPP.

Within the framework of the first Strategic Development Plan (SDP) for the IFPP, Project 2.7 recognized the need to consolidate and align the guidelines for auditing projects in which the private sector manages public resources referred to in ISSAI 100, and develop a compendium under the principles of ISSAI 300 and 400 for compliance and performance audits of PPP contracts signed by the government.

An important characteristic of governance and development today is the participation of SAIs in the evaluation of projects implemented through PPP, which contributes to the public sector in the control of



the management of the State assets, identifying problems and proposing measures to amend them in a timely manner; in order to meet the essential objectives for achieving the proposed social and economic goals.

The use of a GUID that gathers the best practices, will allow the auditors to act with solvency and amplitude of criteria to express their opinions with the required levels of confidence, hence the importance of standardizing the procedures so that they are common in the general characteristics, and in particular, according to the respective legislations of the countries, in such a way that they facilitate the application of the control techniques.

Background

The present draft of GUID 5340 has been developed within the IFPP by following the Due Process governing the development and revision of Professional Pronouncements. The Project Team has endeavored to consolidate existing guidance material and other source documents relevant to the subject in line with the INTOSAI Framework for Professional Pronouncements (IFPP) in a timely manner.

Accordingly, as part of Stage 1 of the Due Process, the Project proposal for developing GUID 5340 had been referred to the Knowledge Sharing Committee (KSC), and then FIPP for approval. FIPP accorded approval to the Project proposal on June 2019.

As part of Stage 2 of the Due Process, the Exposure Draft for GUID 5340 was developed in accordance with the project proposal approved by FIPP. Detailed consultations with users of the ISSAIs and with the users of the resulting SAI audit reports were held. The following measures were taken by the Project Team as part of the Due Process:

- Ensuring alignment with ISSAIs 100, 200, 300 and 400.
- Referring literature on the subject matter dealing with service delegation audits.
- Conducting of a PPP survey to various SAIs with different mandate.
- Involvement of expertise of practitioners from various SAIs, as part of the Project Team members. Inputs received from all member SAIs were incorporated into the Exposure Draft.

The proposed GUID 5340 is intended to complement the existing pronouncement ISSAI 5220 and ISSAI 5240 and would result in ensuring conformity with the higher level ISSAIs under the IFPP.

The inputs of SAIs, INTOSAI bodies, and external stakeholders on the Exposure Draft of GUID 5340 are welcome at this stage.



Questions to Consider

Respondents are especially encouraged to consider the following questions:

Question 1. Does this GUID provide clear guidance that will be valuable for your SAI in carrying out a performance and/or compliance audit of PPP projects?

Question 2. The GUID provides indicative lists of audit objectives, audit questions and sources of criteria relevant for PPP projects. Do you find these supportive for achieving a high quality in performance and compliance audits?

Question 3. Is this GUID comprehensive enough to assist auditors and fill potential gaps, in terms of either experience or knowledge, in such audit engagements?

Question 4. Does this GUID sufficiently cover, in detail, the inputs required for carrying out performance and/or compliance audit of PPP projects. If not, on which other inputs can be added?

Question 5. Does the GUID have the necessary flexibility to address the concerns arising in different contexts, either in the SAI environment or in the PPP projects?

GUID 5340

GUID on the Audit of Public-Private Partnerships (PPP)



INTOSAI

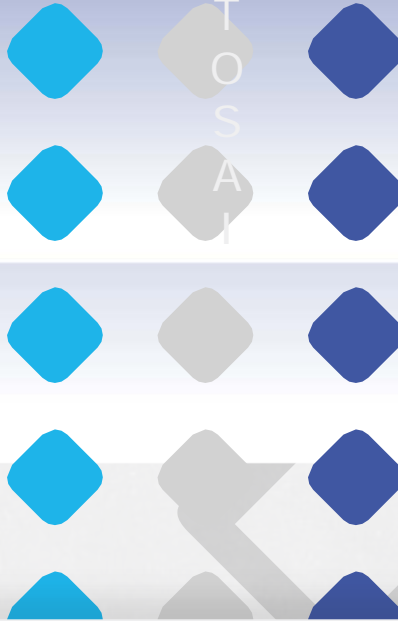
INTOSAI Guidances are issued
by the International
Organization of Supreme Audit
Institutions, INTOSAI, as part of
the INTOSAI Framework of
Professional Pronouncements.

For more information visit
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INTOSAI, 2022

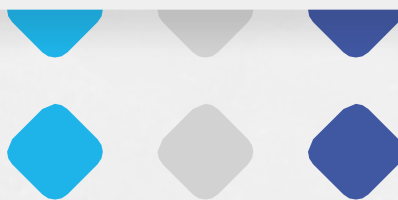


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INTRODUCTION

1.1 Overview of public–private partnerships

Nature

- 1) The participation of the private sector in the management of public infrastructure (goods and / or services), is increasingly seen by governments as a type of cooperation between the public and private sectors which enhances each side's ability to deliver services.
- 2) In such cases, the public sector would typically transfer public assets or facilities to a private entity for a specified period of time. Both parties would decide on the responsibility for the: design, construction, financing, operation and maintenance of the asset. Such transfers would be based on a pre-defined scope, service and quality levels and the capacity of both sides to assume risks. A payment scheme will also be defined, normally by determining future cash flows and taking account of taxes and subsidies. In this GUID we will refer to such mechanisms as Public Private Partnerships (PPPs).
- 3) PPP projects can be governed by different legal frameworks which may include joint ventures, strategic alliances, concessions, infrastructure lease contracts, management contracts and outsourcing.
- 4) PPPs may benefit from private partner participation from the outset through the presentation of private sector initiatives. In such cases, the government carries the responsibility to verify that these are within its own strategic and institutional objectives, and respect the value-for-money (VFM) principles of serviceability and functionality (considering the distribution of risks assumed in the PPP, whose reference is presented in Annex C).

The life cycle

- 5) The life cycle of a PPP project encompasses the different stages that the project will go through until the asset is transferred to the public sector. At all stages, the responsible public entity should define the processes to guarantee that the project complies with all agreed service and performance standards, as well as specifications and control procedures that make the continuation of the cycle possible.
- 6) The typical lifecycle of a PPP project comprises the following stages as well as a number of sub-phases (Further details on all stages can be found in **Annex D**):
 - Project identification;
 - Project evaluation;

- PPP structuring;
- Precontractual documentation;
- PPP contracting;
- Contract execution and management.

Auditing public sector projects implemented through PPP

- 7) Supreme Audit Institutions (SAIs) will base their operations on specific constitutional or legal frameworks in order to carry out the audit of state institutions or private law legal entities including the use, administration and custody of public resources.
- 8) The results of any audit carried out by SAIs may give rise to recommendations to improve decision making, to identify the adequate distribution of the main risks in the implementation of this type of project or to recognize the performance and the generation of value for money. It should be mentioned that this GUID does not cover financial audit.
- 9) A SAI wishing to audit a PPP venture will need to take into account the prevailing regulations and consider if it is best to intervene once each phase of the agreement between the parties has been reached/completed. Recommendations thus may allow for the improvement of the PPP without prejudice to the general conditions under which the investment has been established.
- 10) Audits could determine general weaknesses and strengths of the project administration, the degrees of responsibility demonstrated by the partners in the fulfillment of the tasks, measuring, interpreting and analyzing the results on the work programs to eliminate errors and obstacles, supporting investments and safeguarding public resources. Depending on the time available and the audit scope, the audit may consider the analysis of the technical, legal, time, price, quality and financial support to verify in particular:
 - the viability of the project,
 - the selection of the contract form and its impact on VFM,
 - the process of selection of the tendering organization(s),
 - the assignment of risks, compliance with the commitments and contractual responsibility of the parties,
 - the sustainability of the project, compliance with the program of activities and the investment plan,
 - the stipulation of guarantees by the private entity, registration of contingents by the public entity,
 - the determination of tariffs, payments in favor of the public sector that are foreseen or agreed,
 - the stipulation of contractual modifications, including addenda or renegotiation,
 - the sanctions for non-compliance,
 - the possibilities of termination of the contract, and
 - the infrastructure transfer system.

1.2 General purpose of the audit

- 11) This GUID aims to assist either the auditor or the SAI in conducting an audit or on providing guidance on issues related to the organization of audits. The GUID is based on the fundamental principles contained in ISSAI 100. Due to the legislation of each country, this guide contains only general procedures for the execution of performance and compliance audits for PPP projects.
- 12) This document seeks to establish a common understanding of the nature of the performance and compliance audit of public-private partnerships, in consideration of the principles and methodologies set forth in ISSAIs 300 and 400, as well as GUIDs 5220 and 5240. The participation of SAIs in the audit of projects implemented through PPP helps the public sector in general to control the management of the State's assets by identifying problems and proposing measures to amend them in a timely manner, and by learning lessons for future PPP projects.
- 13) In particular, the work of SAIs allows the public sector to know in detail the technical, legal and compliance aspects of the commitments acquired, propose predictive, preventive and corrective actions, continually improve processes, detect latent problems, find weaknesses and threats in the management of projects implemented through PPP, identify risks, and generate transparency in contracting arrangements especially compared with regular, non-PPP, contracting processes.
- 14) This GUID will help SAIs evaluate compliance with the legal provisions and commitments made to ensure the proper use of public goods. It focusses on the principles of economy, effectiveness and efficiency as per ISSAI 300.
- 15) Best practices in this GUID help auditors to issue opinions with the required levels of confidence. Setting out such material may help standardize procedures between countries and thus facilitate the application of control and audit techniques. It helps assure that PPP contracts are in the public interest, and that the distribution of risks and rewards is fair, balanced and transparent, and helps to promote participation, investment and private sector innovation.

16) General objective of an audit of PPP

Establish a general system of parameters to evaluate the actions of administrators of public goods, through procedures to verify compliance with the powers or competences of strategic partners in contracts signed under PPPs. Its stages are the following: project identification, project evaluation, structuring, pre-contractual documentation, contracting, execution and contract management (including settlement and transfer to the public sector). As a result of this analysis, a report will be delivered to the highest authority of the delegating entity, presenting the findings, conclusions and recommendations to improve processes and optimize the use of public resources.

17) Specific objectives of an audit of PPP

Performance audit

- To evaluate the internal control, management and administration of an institution, or the execution of programs and projects, in order to determine its actions in relation to the criteria of economy, effectiveness and efficiency, and the principles of integrity, transparency and ethics to avoid conflicts of interest.
- To analyze the expected and measured results according to the relevant institutional and performance indicators.
- To examine the areas where there is a greater possibility of making improvement proposals, so that those responsible for the audited entities respond appropriately.
- To provide a conclusion and independent comprehensive vision, based on criteria and objectives.

Compliance Audit

- To verify, study and evaluate limited aspects or part of the activities related to financial, administrative, operational or environmental management.
- To gather an integrated set of principles, standards and guidelines to assess their quantitative, qualitative or scope compliance.
- To apply audit, engineering or related techniques and procedures, or specific disciplines, according to the subject matter of the examination. When required, request the intervention of experts for the corresponding evaluation.
- To formulate the corresponding report that could contain comments, conclusions and recommendations.

DEFINITIONS

18) Specific definitions and acronyms related to this GUID are presented in **Annex A**. In all other cases the GUID uses the existing definitions in ISSAI 100.

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19) The guide covers the planning, execution, reporting and monitoring phases, for the entire life cycle of a PPP project or part of it, including:

- project identification,
- project evaluation, structuring,
- pre-contractual documentation,
- contracting,
- execution and contract management, including closing and transfer to the public entity.

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Planning for the audit of PPPs

The objectives of the audit are decided based on the following considerations. The macroprocesses involved in the audit of various phases of PPP projects are listed in Annex B.

- 20) The execution of the project was a priority, and the contracting process was justified based on the guidelines and criteria for the selection of PPP projects used by the public entity.
- 21) The project has been framed within the guidelines established in a national or sectoral development plan.
- 22) The project was suitable for execution through PPP mode based on the project development documents (project design and presentation to the delegating entity, demand studies or market studies, studies to determine and measure the service levels, feasibility studies, competitive dialogue processes for the determination of bankability (characteristics that a project should have to be presented in a local, international or multinational financial entity, in order to obtain financing), analysis of proposed incentives, environmental analysis, current and projected operation and maintenance costs, plan of investments, determination of present and future cash flows, capital opportunity costs, internal rate of return (IRR) and financial net present value (NPV), volumes and values of production of services and inputs, choice of inputs, volumes and values of used inputs, industry productivity, productivity factor, infrastructure and service conditions, co-financing, economic balance, cost-benefit analysis, risk matrix, methods used or calculations and determination of variables, among others).
- 23) The project risks have been appropriately identified and allocated to the party viz., public or private, which can effectively manage the risk. The public partner does not share higher risks to its detriment and the private partner is not burdened with risks it cannot manage which may lead to discontinuation of the project operations. A referential distribution is presented in Annex C.
- 24) The pre-contractual documents contain the object of the contract, description of the project, applicable legal regime, public powers, conditions of the contracting process, standards for the evaluation of offers, eligibility requirements, disabilities, formats for the presentation of bids, award criteria, technical parameters that will include the scope and specifications required for the works or their equipment, operation and maintenance of the project, economic parameters (fees, expenses of the management company, financing, economic and financial balance, economic and financial plan), rights and obligations of the private proponent, risk matrix to be applied in the project, conflict resolution mechanisms, essential contractual terms and model of the contract.

- 25) The terms and conditions of the PPP contract have included at least: rights of the appearing parties, essential terms, validity of the PPP, economic and financial balance of the project, economic and financial plan, remuneration of the management company, infractions and sanctions, investment plan and work execution, service indicators and measurement methods, rates, cost reductions and impact on tariffs, PPP assets and expropriations, guarantees, insurance, subcontracting, exclusivity or monopoly clauses, risk and contingency matrix, supervision and administration of the contract, obligations of the parties and dispute resolution.
- 26) The contracting process follows the legal and procedural requirements, transparent and fair evaluation of bids conforming to the bid evaluation criteria set out.
- 27) Audit risks should be developed based on the results obtained from the analysis of the preceding points.
- 28) Audit risks may be evaluated as critical or priority based on the following aspects:
- Based on the type of audit: compliance audit, performance audit or both.
 - Scope of the PPP project stages: project identification, project evaluation, structuring, pre-contractual documentation, contracting, execution and contract management (including closure and transfer to the public entity); and in the case of the execution stage, verification of the sub phases of design, construction, expansion or rehabilitation, maintenance, operation and / or transfer of the property, and in parallel the actions leading to the financial closure.

Execution of audit of PPPs

The Auditor has to gather requisite evidence in respect of the following aspects, based on the phase or phases according to the scope of the audit to be carried out.

Performance audit

- 29) The project is suitable based on the evaluation of the profile of the contracting entity, competition, impact implication that could generate in the development of the project and macroeconomics; and meets, the VFM requirements also.
- 30) PPP project is aligned to a national or sectoral development strategic planning, and if the adopted contracting process complied with the principles of economy, effectiveness, efficiency, evaluation, legality, fair and equitable participation, legal security and transparency.
- 31) The economic, technical, financial, environmental and legal parameters used in the feasibility study are reasonable, comparing the scenarios with and without incentives, when appropriate, and considering the works and / or additional services or proposed innovations.
- 32) The PPP project was in the public interest and generated sufficient competition to ensure that the public sector obtains the greatest benefit from the delegation of public infrastructure.
- 33) The allocation of risks and remuneration for the parties is reasonable.
- 34) PPP project has generated benefits for the public sector and has met the objectives of delegating its infrastructure.
- 35) The private entity has fulfilled its obligations and has assumed the expected risks.

Project identification stage of the PPP

36) The project was part of: the project portfolio of the public entity. If it was a private initiative, it contributed to the institutional objectives of the public entity.

37) The scope of the project and the participation of the parties have been defined.

Project evaluation stage of PPP

38) The socio-economic feasibility study was profitable, sustainable and adjusted to a national or sectoral development plan.

39) The parameters used in the demand, income, technical, socio-economic, financial, environmental and risk analysis are reasonable.

40) The legal framework for executing the project has been framed in the country's legislation.

41) The execution of the PPP project has the approval of the authority of the public entity, it was based on an evaluation of VFM instead of a normal contracting procedure.

42) The modality of the PPP project was adapted to the existing and expected public infrastructure.

43) The procedure for reviewing and approving the PPP project proposal has had the endorsement of all supervisory entities in accordance with the country's legislation.

Structuring stage of PPP project

44) The public entity had the basic engineering analysis available, or that the private initiative proposal had a level of basic engineering in accordance with international and local standards and parameters for engineering, procurement and construction projects. In the case of service provision and / or acquisition of goods, the public entity or the initial private proposal defines the local or international technical specifications that must be met.

45) The commercial validation processes, competitive dialogue, and fiscal responsibility analysis have been carried out and that the new VFM analyzes remain positive even though they may have decreased compared to the initial evaluations. The following aspects have been considered for the financial closing of the investment project: evaluation of the structure of the Capex, Opex and Cash Cost of the Project; determination of the investment horizon; sensitivity analysis and evaluation of the financial risk; identification of probable sources of financing; negotiation of rates and financial conditions for access to capital; establishment of conditions and rules for the disbursement of capital, and signing of contracts and legalization-formalization of the financial closing.

46) The costs and the funding sources of a project are equal and allow an effective financial closure.

47) The public entity has generated financial structuring scenarios, so that a baseline has been established to continue with implementation decisions.

48) The consultation and competitive dialogue processes of the interested private entities were carried out, to guarantee that the commercial conditions were evaluated.

49) The service levels, maintenance or quality standards and technical regulations, with which the project should be executed, have been established, so that it meets the required scope

and functionality.

- 50) The rates ensure reasonable quality levels. Verify that a risk and contingency analysis has been carried out, considering even unforeseen circumstances.

Pre-contractual documentation stage of PPP project

- 51) The documentation for the contracting process has been properly structured so that the offer has the necessary information to generate an adequate proposal.
- 52) The selection criteria have ensured the highest number of bidders.
- 53) The project has been approved by the delegating public entity, prior to the start of the contracting process.

Contracting stage of PPP project

- 54) The requirements established for the selection of the private partner, considering its financial capacity and technical solvency.
- 55) In respect of the projects based on the proposal from the private initiative, the process was carried out in accordance with the parameters established in the country's legislation.
- 56) The delegating public entity invited and published the project's contracting process.
- 57) Pre-contractual documents or bases considered for the evaluation criteria encourage local and national participation, without limiting options to attract foreign direct investment.
- 58) The contracting process was fulfilled in accordance with the respective legal provisions.
- 59) The modifications to the published bases, queries and responses from and to the bidders, if they have been made, are reasonable and prudent.
- 60) The results of the qualification of the offers presented meet the evaluation parameters.
- 61) The private initiative proposal or the offers presented, complied with the participation component of the country where the invitation was made.
- 62) The minimum performance standards to be followed by the private partner met the project objectives.
- 63) The contractual clauses related to the rights and obligations of the parties are applicable for the distribution of risks and rewards between the institution body and the private partner.
- 64) The modality for the execution of the project adjusts to the type of PPP chosen, in relation to the financing, the contributions and the agreed risks.
- 65) The responsibilities of the parties were included in the contractual clauses, duly taking in to account the risks.
- 66) The contract structure was in compliance with approved contract form. (The contract has incorporated the following contractual clauses: rights of the appearing parties, essential terms, validity of the PPP, economic and financial balance of the project, economic and

financial plan, remuneration of the management company, infractions and sanctions, penalty clauses including provisions for liquidated damages for project delays etc., investment plan and execution of works, service indicators and measurement methods, rates, cost reductions and impact on tariffs, PPP assets and expropriations, guarantees, insurance, subcontracting, exclusivity or monopoly clauses, risk and contingency matrix, supervision and administration of the contract, obligations of the parties, dispute resolution and control powers of the SAI.)

- 67) There is an agreement between the delegation period and the return on investment of the private partner.
- 68) The powers of control of SAIs in the text of the contract have been incorporated, as determined in the legislation of each country.
- 69) The contractual clauses related to the expiration and termination of the PPP have been included.
- 70) The VFM analysis remains greater than one, considering the parameters of the presented, negotiated and awarded offer.
- 71) Contractual clauses guarantee that the private partner maintains the public infrastructure in good conditions until its delivery, return or transfer to the delegating entity, and that the operation and / or maintenance comply with the service parameters.
- 72) Financial closing, if raised at this stage, has been made prior to the signing of the contract.
- 73) In projects where their operation depends on service levels subject to international standards that may change constantly (for example, airport case), the procedure for adjusting these has been contractually established.

Execution stage of PPP project

- 74) The impact of contractual amendments on the economic and financial balance, the conditions of competition in the promotion process, risk allocation and the nature of the project.
- 75) If raised at this stage, the financial closing has been carried out within the agreed deadlines or approved extensions.
- 76) Compliance of private partner with the milestone schedule agreed upon and presented to the audited entity through the progress reports.
- 77) The studies have been carried out in accordance with the regulations established in the contract, covering the defined scope. The verification process of the studies has not implied a return of risk to the public entity.
- 78) Auditor may coordinate a physical inspection to verify compliance with the investment plan (equipment, works), with the participation of the private manager and representatives of the audited public entity.
- 79) The inventory, delivery and / or return of goods, are properly registered, valued and monitored.

- 80) The delegating public entity had established monitoring procedures to verify compliance with the investment schedule and agreed service standards.
- 81) The delegating public entity had followed up on the raising of nonconformities, validating that the private manager implemented the predictive, preventive and corrective actions suggested by the supervision of the project.
- 82) The operation of the project was carried out according to the agreed service standards.
- 83) The service standards met the expectations of the beneficiaries or users.
- 84) The private manager had complied with the administration of the infrastructure and implemented the monitoring mechanisms during the execution stage, prior to its transfer, to generate the project log.
- 85) The response time of the private manager for the resolution of operational problems was reasonable.
- 86) The infrastructure delivered at the time of transfer or return to the public sector, met the parameters agreed contractually.
- 87) The remaining economic value of the infrastructure given to the public sector corresponded to the residual value foreseen in the contractually agreed studies or documents.
- 88) All contractual provisions were complied with.

Compliance audit

- 89) The contracting procedure was aligned with the country's applicable PPP legal framework, and the delegating entity complied with the selection guidelines during the development of the process.
- 90) The public entity and the private entity fulfilled the contractual commitments during the sub phases of the execution stage.
- 91) The audit has to prepare the audit planning, including the mission, vision, objectives and legal basis of the audited public entity, evaluation of internal control, risk rating matrix, execution schedule and audit programs, in relation to the scope and period evaluation, focusing on the intervention phase and its long-term validity given the nature of the successive tract contracts.
- 92) The members of the audit team should have professional experience and competence, independence of criteria, qualified to understand and carry out their work, and competent to evaluate the quantity and quality of the obtained evidence. Preferably, the audit team should be multidisciplinary and should be made up of professionals in auditing, jurisprudence, taxation, public administration, banking, financial analysis and in the delegation area.
- 93) The planning schedule should include all the activities necessary for the execution of the audit, based on the analysis and processing of the requested documentation, preparation of the working papers and writing, supervision and approval of the report.
- 94) Auditor should also consider the limitations that could be given to the access of information from PPP projects, since some contracts include confidentiality clauses.

Project identification stage of PPP

- 95) A national registry of projects exists, the analyzed project was included in that list, and if it was included with due justification.

Project evaluation stage of PPP

- 96) The procedure for reviewing and approving the PPP project proposal has been endorsed by all supervisory entities in accordance with the country's legislation.

Structuring stage of PPP project

- 97) The project has been structured with all the elements that allow the public entity to generate an adequate analysis of VFM and fiscal responsibility.

- 98) The following aspects have been considered for the financial closing of the investment project: evaluation of the structure of the Capex, Opex and Cash Cost of the Project; determination of the investment horizon; sensitivity analysis and evaluation of the financial risk; identification of probable sources of financing; negotiation of rates and financial conditions for access to capital; establishment of conditions and rules for the disbursement of capital, and signing of contracts and legalization-formalization of the financial closing.

- 99) There is equality between the costs and the sources of financing of a project.

- 100) A risk and contingency analysis have been carried out, considering even unforeseen circumstances.

Pre-contractual documentation stage of PPP project

- 101) The documentation for the contracting process has been properly structured so that the offer has the necessary information to generate an adequate proposal.

- 102) The selection criteria have ensured the highest number of bidders.

- 103) The project has been approved by the delegating public entity, prior to the start of the contracting process.

Contracting stage of PPP

- 104) The selection process for the private manager was carried out in compliance with the requirements stipulated in the pre-contractual documents or bases, carried out in accordance with the country's legislation.

- 105) The terms and provisions of the PPP contract contain, at least, the following aspects: rights of the appearing parties, essential terms, validity of the PPP, economic and financial balance of the contract, economic and financial plan, compensation of the company manager, infractions and sanctions, penalty clauses including provisions for liquidated damages for project delays etc., investment plan and execution of works, conservation plan, operation and maintenance, service indicators and measurement methods, rates, cost reductions and impact on tariffs, PPP assets and expropriations, guarantees, insurance, subcontracting, exclusivity or monopoly clauses, supervision and administration of the contract, obligations of the parties, dispute resolution and powers of control of the SAI.

Execution stage

- 106) The contractual amendments, if any, have maintained the economic and financial balance and the conditions of competition of the promotion process, seeking not to change the allocation of risks and the nature of the project.
- 107) The response of the public entity on any studies carried out on the projects was adequate.
- 108) The auditor may Coordinate a physical inspection to verify compliance with the investment plan (equipment, works), with the participation of the private manager and representatives of the public entity being audited.
- 109) The approach and compliance with mitigation measures or correction of deviations undertaken by the delegating public entity based on the technical reports presented by the supervision of the project.
- 110) The financial statements of the PPP private manager have been audited in accordance with the country's tax legislation.
- 111) The income established in the PPP contract was accounted according to the country's legal system.
- 112) The private manager had presented the operation and maintenance manuals according to the approved schedule, and the activities proposed therein were carried out, complying with the technical specifications and parameters of quality control. When it is through service levels, the condition of the infrastructure at the time of delivery, transfer or return to the public sector was in compliance with defined standards.
- 113) The project was settled as per the aspects agreed contractually.
- 114) Throughout the process, the supervision and administration have been timely in managing project risks, and that the probability of any potential risk occurring has been duly communicated to the authority of the public entity.
- 115) The contractual variations, if any, have been made without changing the distribution of risks established in the PPP contracting process.

6

REPORTING

- 116) Graphs, diagrams and curves can be used to present reports, since they allow to visualize the sensitivity analysis and recognize, for example, value for money, PPP price, PSC price, risk assessment and interest rates, among others.
- 117) The recommendations, in addition to the improvement proposals, will analyze the practical implications that may arise in their application, so that the probability of unnecessary claims or arbitration processes is minimized.

DRAFT

FOLLOW-UP OF THE IMPLEMENTATION OF THE AUDIT RECOMMENDATIONS

118) The follow-up of recommendations aims to verify the measures adopted by the authority of the audited public entity to correct the problems found in the PPP processes and the degree of compliance with corrective actions on the observations made by the audit; likewise, it constitutes a source of information for the planning of subsequent control actions and feedback on the continuous control process of this type of contracting.

Annex A – Definitions

Term	Definition
Cost - Benefit	The cost-benefit analysis can be financial, social or environmental. It measures the relationship between the costs and benefits associated with an investment project to know its viability. The analysis mainly measures the cost-benefit ratio (B / C), also known as the net profitability index. It is a quotient obtained by dividing the Present Value of the total net income or net benefits (VAI) by the Present Value of the Investment Costs or total costs (VAC) of a project.
Co-financing	The private partner contributes with a part of the capital and the other part is financed by the State, aimed to provide services or development (improvement, maintenance or operation) of the infrastructure.
Infrastructure	The term infrastructure is used to cover a range of industries and services where PPPs are applied.
Joint Venture	It is the union of two or more entities with the objective of developing a business or entering a new market for a certain period and with the purpose of obtaining benefits. It is usually developed when a particular project requires a large investment, both in capital and time.
Legal security	It is a principle of the management of public resources, which requires only that the legislation is stable over time and the economic actors could be able to predict about how the States' courts will resolve their disputes in case of conflict.
Legality	Principle of the management of public resources, in which the contracting entities must comply with the laws, rules, regulations and legislation issued by the competent bodies, regarding the acquisition and leasing of goods, execution of works and

Term	Definition
Milestone	provision of services including consulting, as well as for proper management and control of public resources.
Outsourcing	It is a task symbolizing the achievement of an important accomplishment in the project. Milestones are a way of knowing the progress of the project without being familiar with it.
Public Private Partnership (PPP)	It is closely related to subcontracting services. It means finding an external source to the entity that can provide certain services efficiently.
PPP risks	<p>It is a contract between the public sector and the private sector, in which there is a delegation of public infrastructure, so the tasks and responsibilities are shared between the partners. It is a relation in which both parts agree to share risks to satisfy a need of the public sector and reach a goal of the private sector. This partnership is based on the expertise of each of the parties in order to efficiently allocate resources, risks, responsibilities and benefits.</p> <p>Land acquisition risk: It is linked to the increased cost due to non-timely availability of the necessary premises for the work. The presentation of contingencies in the management, acquisition or expropriation of land is the main cause of the contractual risk. As a rule, the burden is assumed by the public sector, since it is the one with the legal capacity to acquire land and advance land expropriations.</p> <p>Environmental risk: The possibility of environmental catastrophe or damage due to a natural phenomenon or human action.</p> <p>Construction risk: It occurs when the amount of investment and the cost of the construction varies. Commonly the causes are due to the need of building greater amounts of infrastructure, to the variation of the prices by unit or to changes of the timing in the construction phase. This risk is usually assumed by the private manager; although in some cases, due to the high technical complexity or geological issues of certain works, the delivery of partial guarantees to cover any cost overruns are allowed.</p> <p>Demand risk: The variation in the demand from that projected at the time the contract was signed.</p> <p>Risk of force majeure: Is the risk of something that cannot be avoided or foreseen. The contracts usually place a force majeure clause, which covers the possibilities outside the parties' control; such as natural disasters, wars, among others.</p>

Term	Definition
	<p>Inflation risk: Happens when the State's currency depreciates by the constant rise in prices of goods and services, causing investments to lose value over time.</p>
	<p>Fraud risk: is the intentional or conscious alteration of information, in order to gain an advantage.</p>
	<p>Regulatory risk: The risk associated with the uncertainty of how a transaction will be regulated or changes in regulations.</p>
	<p>Operation and maintenance risk: It occur in lower levels of productivity, when specified parameters of performance are not respected due to higher costs in the operation and maintenance of the infrastructure. The causes of this risk are fluctuations in the availability or cost of inputs necessary to operate, or interruption of the service provided because of a lack of the dealership. Sometimes this risk is shared, however in most cases it is borne by the private manager.</p>
	<p>(Annex C – Commonly used risk distribution).</p>
<p>PPP Value for Money (VFM)</p>	<p>VFM is a process of analyzing the optimal use of resources to achieve the intended outcomes:</p> <ul style="list-style-type: none"> • Economy: minimizing the cost of resources used or required (inputs) – spending less; • Efficiency: the relationship between the output from goods or services and the resources to produce them – spending well; and • Effectiveness: the relationship between the intended and actual results of public spending (outcomes) – spending wisely.
<p>Rate</p>	<p>Unit price officially fixed by the State for the public services provided through the PPP.</p>
<p>Strategic partner</p>	<p>It is a voluntary partnership agreement between two or more parties to achieve a common goal. Thus, the partners share risks, responsibilities, resources, competencies and resulting benefits.</p>

Annex B – Macro processes

Process	Audit procedures	Documents to review	Audit risks
Project's identification, evaluation and structuring	Review of the guidelines and criteria for the selection of PPP projects	Applicable legal regime, tax legislation, legal feasibility report, identification of the delegating entity and legal nature, analysis of the sector of interest	Incompatibility with regulations. Delegating entity without the competence for the development of that project. Project not consistent with the sector of interest.
	Verify that the project fitted into the guidelines of the national or sectoral development plan	National or sectoral plan, programs and objectives	Incompatibility of the project with the national or sectoral plan
	Study of the project development documents	Economic-financial analysis, regime of affected assets, compliance with environmental legislation, investment, financing sources, duration, sector of intervention, project location, commitments, consideration, basic and/or conceptual engineering, service standards and technical specifications, identification of risks and responsibilities, commercial viability, fiscal responsibility, value for money	Incomplete analysis. Environmental non-compliance. Sources that do not guarantee project funding. Development of surface engineering. Lack of definition of technical criteria.
	Verify that the suitability of the project has been analyzed in relation to eligibility, public-private comparator, studies of certain and contingent liabilities where	Institutionality (functioning and organization of the public sector to develop the PPP), market conditions, level of difficulty of the	The project does not meet supply and demand The level of difficulty does not justify a PPP

Process	Audit procedures	Documents to review	Audit risks
	applicable, and incentive scheme	project, macroeconomics, competitive dialogues, monetary quantification of incentives, investment amounts vs. Incentives	Single (or limited) selection of offers or proposals Limited analysis
	Verify the documentation of the advisability of the State having a private partner and that there was reasonableness in the allocation of risks and rewards to the parties	Comparative dialogues, draft contract, project	Poor dissemination of the project. Limited competition. Inefficient risk allocation. Unfair compensations for both parties.
Project's identification, evaluation and structuring	Review of the identification and allocation of project risks between public and private sector parties, or the risks that each side wish to assume.	Documentation and risk analysis, risk matrix	Inefficient risk acceptance
	Analyze if the way the project will be executed has been adjusted to the type of PPP chosen (in relation to the financing, contributions and risks agreed upon).	Project, analysis and evaluation report	The project does not comply with the conditions of contract under the type of PPP chosen
	Assess and document whether the public entity complied with the principles of the country's public administration	Bases, documentation of the project's publicity process	Biased recruitment guidelines Limited advertising

Process	Audit procedures	Documents to review	Audit risks
Preparatory and pre-contractual stage	Verify that the pre-contractual documents adequately describe: the object of the procurement, the project, applicable legal regime, public competitions, conditions of the procurement process, standards for the evaluation of offers, eligibility requirements, disabilities, formats for the presentation of offers, award criteria, technical parameters that will include the scope and specifications required for the works or its equipment, operation and maintenance of the project, economic parameters (fees, management company expenses, financing, economic and financial balance, economic and financial plan), rights and obligations of the private proponent, risk matrix to be applied in the project, conflict resolution mechanisms, essential contractual terms and model of the contract	Bases, sheets, sheet models	Bases or sheets do not adjust to models. Missing technical, legal, or economic aspects. Inaccurate description of technical, legal, or economic conditions.
Preparatory and pre-contractual stage	Review that the modifications to the published bases, consultations and answers from and to the bidders, were considered	Versions of the bases. Justification of changes. Consultations, answers and clarifications of the process.	Queries, answers and clarifications not considered in the amendments to the bases Lack of justification for the changes made
	Verify the compliance with the procurement process in accordance with the respective legal provisions	Bases, schedule of the recruitment process, process evaluation report	Schedule not met. Unjustified rescheduling. Inconsistencies between the development of the contracting

Process	Audit procedures	Documents to review	Audit risks
			process and the legal provisions in force.
	Evaluation of the PPP process made by the State (public or private PPP initiative)	Project evaluation report, related legislation	Non-compliance with requirements Poor project evaluation
	Analysis that the terms and provisions of the PPP contract have considered at least: rights of the parties, essential terms, validity of the PPP, economic and financial balance of the project, economic and financial plan, remuneration of the management company, violations and penalties, investment plan and execution of work, service standards and forms of measurement, tariffs, PPP assets and expropriations, guarantees, insurance, subcontracting, exclusivity or monopoly clauses, risk and contingency matrix, supervision and administration of the contract, obligations of the parties and dispute resolution	Versions of the contract	Lack of clauses that guarantee the control and monitoring of the contract. Lack of support for contract amendments. Missing clauses.
Execution stage and management	Assessment that the PPP project has generated benefits for the State and has fulfilled the objectives of delegation of its infrastructure	Supervision reports, incomes, expenses, contract, addenda, and bid	Contractual breaches Delay in investment schedule
	Verify that supervision and management have been effective in the handling of project risks, and the mitigation measures.	Monitoring reports, schedule	ineffective monitoring / handling of project risks

Process	Audit procedures	Documents to review	Audit risks
Execution stage and management	Verify the development of the project and check that the private entity has fulfilled its obligations and assumed the expected risks	Supervision reports, contract, addenda, bid	Contractual non-compliance Delay in the investment schedule
	Verify that the studies have been carried out in accordance with the regulations established in the contract and that the defined scope has been covered, and that the verifying process of the studies do not involve a returning risk to the public entity	Studies, related regulations, plans	Lack of related regulations in the studies Incomplete plans Plans not approved by the qualified entities
	Review of the inventory, delivery and/or return of goods to check its proper registration, valuation and control	Registration of assets, delivery and/or return reports	Inadequate registration, assessment and control
	Verify that the delegating public entity established monitoring procedures to verify compliance with the investment schedule and agreed service standards	Organizational structure, monitoring reports, correspondence	Insufficient control Insufficient and/or untrained staff in related areas
	Verify that the delegating public entity followed up the registration of non-conformities, validating that the private manager implemented the predictive, preventive and corrective actions suggested by the project supervision	Non-conformities reports, monitoring reports, correspondence	Non-compliance with predictive, preventive and corrective actions Actions not aimed to correct non-conformities
	In the case that the operation and maintenance is not carried out by service standards, check if the private manager presented the operation and maintenance manuals according to the	Operation and/or maintenance manuals, approval of manuals, schedule and/or rescheduling, technical specifications, quality	Incomplete and/or unapproved manuals Non-compliance with service standards Delays

Process	Audit procedures	Documents to review	Audit risks
	approved schedule, and if the activities proposed there are being / have been carried out, complying with the technical specifications and quality control parameters. When it is by service standards, verify compliance of the defined standards, checking the condition of the infrastructure at the delivery, transfer or return of it to the public sector	control parameters, state of infrastructure and goods	
Execution stage and management	Verify that the operation and maintenance of the project was performed according to the agreed service standards	Operation and maintenance manuals, acceptance of manuals, agreed service standards	Use of manuals not known by the grantor Non-compliance with service standards
	Verify that the private manager fulfilled the administration of the infrastructure and implemented the monitoring mechanisms during the execution stage, prior to its transfer, to generate the project's log	Monitoring reports, correspondence	Lack of implementation of monitoring mechanisms Project log not available or incomplete
	Verify the response time of the private manager for the resolution of operational problems	Monitoring reports, correspondence	Delay
	Verify that the infrastructure delivered at the time of transfer or return to the public sector, met the parameters contractually agreed	Monitoring reports, transfer or return to the public sector reports	Delayed transfer or return to the public sector

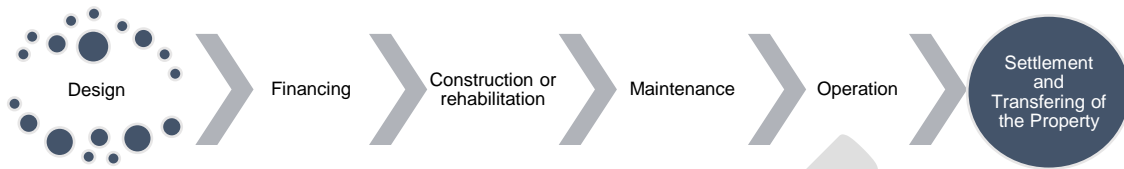
Process	Audit procedures	Documents to review	Audit risks
	Verification of the remaining economic value of the infrastructure given to the Public sector with that foreseen in the agreed project model, in order to verify if it corresponds to the residual value foreseen in the contractually agreed studies or documents	Studies, depreciation, closing or settlement report	Unsatisfactory economic value
	Verification that the settlement of the project is based on the contract	Monitoring report, settlement report, settlement, correspondence	Settlement inconsistent with agreed aspects
	Verification that any contractual variations have been made without changing the distribution of risks established in the PPP contracting process	Contract versions	Lack of justification of contract variations

Annex C – Commonly used risk distribution

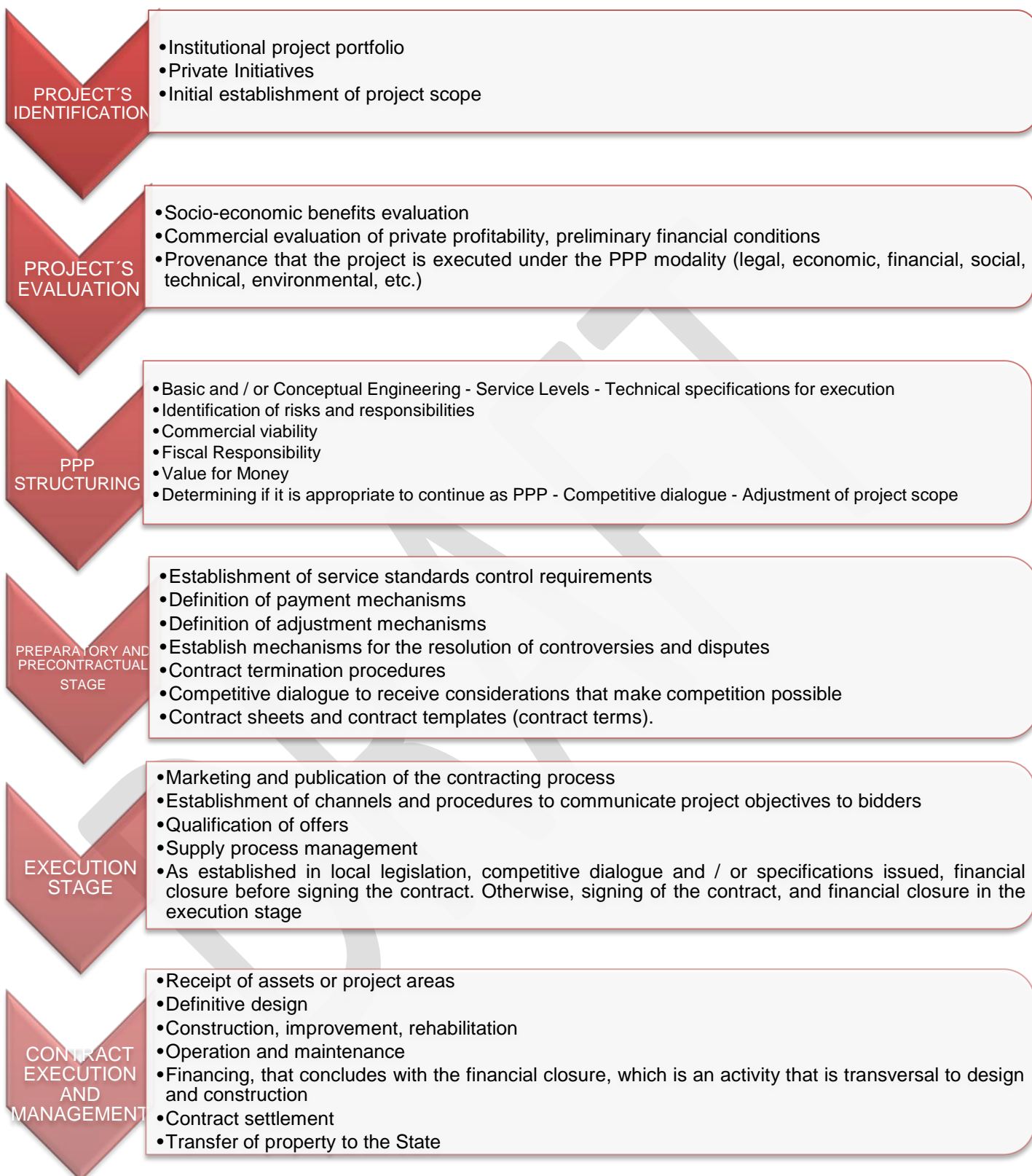
Phase	PPP Risk	Public sector	Shared	Private sector
Identification	Political.	X		
	Economic, tax and financial.	X		
	Social.		X	
	Environmental.		X	
	“Force majeure” or changes in the legislation.	X		
Structuring	Evaluation of the project.	X		
	Design and programming.			X
	Demand.			X
	Technological application.			X
	Financing.			X
	Selection of the partner.	X		
	Preparation of the contract.	X		
Construction	Permits and authorizations.	X		
	Boundaries / rights of way.	X		
	Design / execution of projects.			X
	Cost overruns / delays in the construction.			X
	Archaeological findings.	X		
Operation and Maintenance	Demand / use of the goods.	X		
	Cost overruns in operation and/or maintenance.			X
	Equipment replacement costs and/or furniture.			X
	Hidden flaws and defects.			X
	“Force majeure” or changes in the legislation.		X	
	Protests.		X	
	Annual inflation payment.	X		
Completion	Interest rates.			X
	Refinancing.			X
	Status of infrastructure and assets.			X

Annex D – Typical life cycle of a PPP Project

- 1) The sub-phases of the contract execution and management stage of a PPP project are:



- 2) Design: is the execution of the engineering, final designs, operation manuals or other documents required by the project, in relation to the levels of serviceability, functionality and specifications defined by the public entity.
- 3) Financing: for the construction or reconstruction, expansion, improvement or rehabilitation, or, maintenance of the infrastructure, the private entity may finance the planned investments totally or partially.
- 4) Construction: depending on the project, it may be new construction, rehabilitation, expansion or improvement of an existing one, which may or may not include equipment.
- 5) Operation: depending on the contractual commitments, the private entity can operate the project in whole or in part, being in charge of the technical, administrative, and commercial operation, to either directly provide the service or to do it through subsidiary companies created exclusively for the project.
- 6) Maintenance: throughout the life of the contract, it is the responsibility of the private entity to generate the conservation and maintenance activities of the infrastructure, complying with the service standards defined by the public entity, to guarantee user satisfaction, serviceability, functionality and safety.
- 7) Transfer: the return of the infrastructure to the public sector at the end of the contractual relationship.





Matrix of Comments to the GUID 5340

Review of XXX, version XXX

Guidance on audit of public private partnerships

Country or Entity	Date	Section	Suggestions/Comments	Comments to the suggestion Outline to the first draft of the GUID (SAI Ecuador)
FIPP Liaison	2020-05-12	Introduction (I. Title)	Add paragraph with: <i>"Introductory material shall include short and clear information with reference to the objective and scope of the GUID."</i> <i>Move after Scope.</i>	Included.
		Overview of public-private partnerships (I.1. Subtitle)	Move after Scope.	Suitably included in the "Introduction" section.
		State's (I.1. Overview of public-private partnerships – Nature; first paragraph)	Analyze whether it is better to use "State" or "public sector" or others, in all references to the topic.	Included.
		Design, construction, financing, operation, maintenance and transfer, becoming a provision of goods and / or services from the private sector. All this is based on a defined scope, service levels and quality, ability to take risks, in order to ensure the serviceability and proper functionality to fulfill the expectations of the user (I.1. Overview of public-private partnerships – Nature; second paragraph)	It is a modality, but it is not always so. It is suggested to clarify that the contribution of the public sector can be by transferring....	Included.
		Fulfilment of the user's expectations (I.1. Overview of public-private partnerships – Nature; second paragraph)	Are you referring to the future cash flows that we will receive during the operation?	It refers to users: "meet the needs of citizens under strict compliance with levels of efficiency and quality".
		Through the generation of trust schemes (I.1. Overview of public-private partnerships – Nature; third paragraph)	I consider it to be very limited.	Replace "This project's execution mechanism, which may include total or partial financing by the private entity, allows supporting the development of the countries through the generation of trust schemes, based on the allocation of the risks that each one is able to manage..." for "This project's execution mechanism, which may include total or partial financing by the private entity, allows supporting the development of the countries through the generation of trust schemes and the allocation of the risks that each one is able to manage..."



Matrix of Comments to the GUID 5340

Review of XXX, version XXX

Guidance on audit of public private partnerships

Country or Entity	Date	Section	Suggestions/Comments	Comments to the suggestion Outline to the first draft of the GUID (SAI Ecuador)
		Privatization (I.1. Overview of public-private partnerships – Nature; fourth paragraph)	I consider that it is not worth linking PPPs with a privatization, since they are not the same in substance. Also, there is another GUID that deals with this.	Deleted.
		In the case of privatization, it will involve the sale of the State's assets with duly established conditions of service and functionality to guarantee adequate services to the citizenship (I.1. Overview of public-private partnerships – Nature; fifth paragraph)	I consider that it is not worth linking PPPs with a privatization, since they are not the same in substance. Also, there is another GUID that deals with this.	Deleted.
		As well as the use, administration and custody of public resources on behalf of private law legal entities (I.1. Overview of public-private partnerships – Legal framework; first paragraph)	Analyze various mandates of SAIs, since there are SAIs whose mandate does not allow them to verify private institutions. The term "on behalf" I think gives another meaning, "in charge of" could be used instead.	Included.
		VFM (I.1. Overview of public-private partnerships – The life cycle; second paragraph)	I consider this aspect to be broader than what is considered here. Review the following definition: "VFM is a process of comparing costs using two delivery models to determine which is the better value proposition: if the PPP cost is less than the Traditional Procurement Cost, then there is positive Value for Money by procuring a project using PPP." Verify definition in the Annex.	Included.
		The SAI's participation in the control of PPP projects should be as timely as possible once each phase has been reached/completed, so that the application of the issued recommendations allows the improvement of the processes without modifying the risk conditions established and under which the investment has been generated. (I.1. Overview of public-private partnerships – The life cycle; fourth paragraph)	Verify if the concurrent participation of the SAI is feasible during the early stages, in order to ensure the balance of risks and benefits in the preparation of the contract.	It was clarified that it depends on the regulations of each country because in some countries, the control is subsequent.



Matrix of Comments to the GUID 5340

Review of XXX, version XXX

Guidance on audit of public private partnerships

Country or Entity	Date	Section	Suggestions/Comments	Comments to the suggestion Outline to the first draft of the GUID (SAI Ecuador)
		Life cycle of a PPP (I.1. Overview of public-private partnerships – The life cycle; sixth paragraph)	Explain each of the stages of the cycle. Additionally analyze: In which phase is the VFM evaluation carried out? At what stage are the risks distributed? The elaboration part of the terms of the contract is not observed, which is very relevant.	Incorporated. The explanation of each stage is in the annex.
		Design (I.1. Overview of public-private partnerships – The life cycle; ninth paragraph)	Can you refer to the phases of the cycle at this stage? (Included in the table mentioned above).	The design constitutes a sub-phase of the contract execution stage.
		Infrastructure (I.1. Overview of public-private partnerships – The life cycle; fourteenth paragraph)	"to the public sector"	Incorporated.
		The audit (I.1. Overview of public-private partnerships – Auditing public sector projects implemented through PPP; first paragraph)	"Depending on the mandate of the SAI ..."	Clarification of the SAI's competence.
		Any of its phases (I.1. Overview of public-private partnerships – Auditing public sector projects implemented through PPP; first paragraph)	Depending on the scope that is determined in each audit.	Clarification of the scope of the work order.
		Degree of organization of activities (I.1. Overview of public-private partnerships – Auditing public sector projects implemented through PPP; first paragraph)	"performance"?	Incorporated.
		This evaluation (I.1. Overview of public-private partnerships – Auditing public sector projects implemented through PPP; fourth paragraph)	Does it only refer to renegotiations?	It is not just about renegotiations. Replacing the term "Therefore" is a conclusion of the "Need to audit public sector projects implemented through PPP".
		Will (I.1. Overview of public-private partnerships – Auditing public sector projects implemented through PPP; fourth paragraph)	Could	Incorporated.
		General purpose (I.2. Title)	This is the purpose of the GUID. Set it as a second section. Focus on: "This section shall include a description of how the GUID aims to assist either the auditor or the SAI in conducting an audit or to provide guidance on issues related to the organizational level. The GUID shall also specify	Included.



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			which part of the audit process it is supporting, as defined in the ISSAI 100."	
		ISSAI 5220 and ISSAI 5240 (I.2. General purpose; third paragraph)	They are no longer covered by the IFPP. This new GUID should extract what is relevant from said previous ISSAIs, aligning it to ISSAI 100. The SDP establishes the objective of this project: "The format and content needs to be better aligned with the ISSAI 100. Key messages need to be extracted and updated. Statements about 'best practice' need to be well founded". When this GUID is approved, the cited ISSAI 5240 ceases to exist.	Included.
		Principles in the audit of public-private partnerships (I.3. Title)	Just quote them and refer to ISSAI 100.	Included.
		Objectives (II. Title)	These are audit objectives. Incorporate them in the Planning section.	This section complies with the guidelines for the issuance of guides (<i>Outline of the proposed guid</i>)
		Execution and contract management (I.V. Scope; first paragraph)	Verify uniformity in all appointments at this stage.	Included.
		In this sense, the professional will be able to identify the audit questions and how to apply the relevant principles described in the ISSAIs when conducting an evaluation of the PPP. (I.V. Scope; first paragraph)	This is more related to specific objectives, explain/write in a more general way. Add a paragraph that this GUID provides guidance on how the issues mentioned in the previous sentence, which are considered in a PPP audit, can be addressed in a compliance or performance audit.	Included.
		Planning (IV.1 Planning for the audit of public-private partnerships; Title)	This section is suggested to be framed in the planning phases, according to ISSAI 100. If possible, separate it by type of audit or mention the relevant aspects for the types of audit considered, since there are redundancies with the following subsections. Reflect important aspects of a PPP project cycle, if considered.	The planning covers aspects of the different types of audit and reflects the general knowledge of the entity examined and the project under analysis.
		Study the project development documents (project design and presentation to the delegating entity, demand studies or market studies, studies to determine and measure the service levels, feasibility studies, competitive dialogue processes for the determination of bankability)	Add the definitions that are considered relevant in the Definitions Annex. Consider what to expand in said documents or how to evaluate them, in another Annex.	Analysis aspects are described in the execution phase of each type of audit. The evaluation form of each parameter cannot be defined because it must be compared with the preparatory and pre-contractual documents, as well as with the regulations in force in each country.



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		<p>(characteristics that a project must have to be presented in a local, international or multinational financial entity, in order to obtain financing), analysis of proposed incentives, environmental analysis, current and projected operation and maintenance costs, plan of investments, present and future cash flows, capital opportunity costs, internal rate of return (IRR) and financial net present value (NPV), volumes and values of production of services and inputs, volumes and values of used inputs, industry productivity, productivity factor, infrastructure and service conditions, co-financing, economic balance, cost-benefit analysis, risk matrix, among others). (IV.1 Planning for the audit of public-private partnerships; Literal 3)</p>		
		<p>Eligibility, private public comparator, studies of certain and contingent liabilities when applicable, and incentive regime. (IV.1 Planning for the audit of public-private partnerships; Literal 4)</p>	Idem	
		<p>Review the determination and allocation of project risks between the public and private sector parties, being the desirable condition that the public and private sector manage the risks that they could handle through direct or management means. (IV.1 Planning for the audit of public-private partnerships; Literal 5)</p>	Idem	
		<p>Precontractual (IV.1 Planning for the audit of public-private partnerships; Literal 6)</p>	Idem	



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		Formats for the presentation of bids (IV.1 Planning for the audit of public-private partnerships; Literal 6)	This area is very relevant. Develop more widely.	This analysis will be carried out in comparison with the formats available in each country, described in the preparatory and pre-contractual documentation, as well as the current regulations.
		Terms and provisions of the PPP (IV.1 Planning for the audit of public-private partnerships; Literal 7)	Consider expanding on what basis to evaluate said terms, in another Annex.	
		Identify and assess the audit risks based on the results obtained from the analysis of the preceding points. (IV.1 Planning for the audit of public-private partnerships; Literal 9) Verify the following aspects in relation to the audit risks evaluated as critical or priority: (IV.1 Planning for the audit of public-private partnerships; Literal 10)	I consider that it does not add new information. This aspect of risks may be the one that gives added value to the GUID. Expand and specify. A risks annex could be used. Focus it on each type of audit.	Identify and prepare the audit risk matrix.
		Performance audit (IV.1.1 Title)	Frame it to the planning phases.	Corresponds to the execution phase of the audit.
		Compliance audit (IV.1.2 Title)	Frame it to the planning phases.	
		Execution of the audit (IV.2 Title)	Focus on the execution of the audit plan. The content is presented as if they were new activities to be carried out. These aspects must be contained in the objectives of the audit. It could be written as conclusions to be determined based on sufficient evidence to formulate them.	The audit plan is established in planning section.
		<i>Contracting stage</i> (IV.2.1 Performance audit and IV.2.2 Compliance audit)	Missing phase: Pre-contractual documentation	Included.
		<i>Execution stage</i> (IV.2.1 Performance audit and IV.2.2 Compliance audit)	Contract execution and management stage	Accuracy in translated terminology.
		TERM (ANNEX A - Definitions)	Order alphabetically. These terms are not cited in the main document, except for those highlighted in light blue. Only define those found in the main document or cite these relevant terms in the main document. There are more technical terms in the main document that are not defined here.	Included.
		Public Private Partnership (PPP) (ANNEX A - Definitions)	Broaden definition	Included.



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		PPP risks (ANNEX A - Definitions)	This could be another Annex, indicating how risks are distributed between the public and private sectors (See old ISSAI 5240).	Included. Annex D developed.
SAI Egypt SAI China SAI Turkey SAI Austria	2020-06-26	Introduction (I. Title)	It is recommended that at the beginning of this section an overview of the general situation of international PPP project development and the general demand for PPP audit is added. For example, the following content should be added: "the scale and number of PPP projects in many countries in the world are growing rapidly. PPP projects involve infrastructure projects and public utility projects in many industries, having the characteristics of involving many parties, long construction period, benefit sharing, and risk sharing. This has an impact on the transformation of government functions, the use of public funds, and the financial risks assumed by the government in the countries where it is implemented. It has also brought new demands and challenges to the audit work of SAIs."	Included.
			The GUID on the audit of PPP is an important content in the INTOSAI Framework of Professional Pronouncements (IFPP). The content of the GUID needs to comply with the principle requirements and universality provisions in the IFPP. It is recommended to clarify their relationship in the part I, that is "The GUID on Audit of PPP is developed within the INTOSAI Framework of Professional Pronouncements (IFPP) with the basic concepts and principles outlined in ISSAI 100 Fundamental Principles of Public Sector Auditing".	Included.
			In order to promote better understanding and application of this GUID and other related guidance, we think we can further explain the relationship between this guide and the special audit guidance previously developed by the INTOSAI , such as ISSAI 5220: Best Practice Guidance for Public and Private Financing and Franchise Audit, which was developed in 2007, and ISSAI 5240: Best Practice Guidance for PPP Risk Audit, which was developed in 2004.	Included.



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		Specific objectives (II.2)	Only emphasizes the specific objectives of performance auditing. But Part IV distinguishes between performance auditing and compliance auditing. In order to maintain the consistency of the discussion, it is recommended to clarify the specific objectives of performance audit and compliance audit in II.2.	Included.
			As the GUID emphasizes the audit of PPP projects throughout the whole life cycle, the audit objectives at different stages of the life cycle have different focuses. So, It is recommended to correspond to the important stages in the life cycle of the PPP project, and refine the audit objectives and audit priorities.	Included.
		Scope (III)	Auditing authorities of different countries have different authority for each participant in the PPP project. Some SAIs do not have the authority to audit private institutions participating in PPP projects. Therefore, when discussing the responsibilities and risks of private entities (for example, the last paragraph of V1.1 on page 10, and “audit of private sector financial reports participating in PPP projects” on page 16), it is recommended to emphasize the authority of SAIs: SAIs audit the relevant responsibilities of participants in the PPP project within the scope of statutory audit authorization .	Included.
		Review the determination and allocation of project risks between the public and private sector parties, being the desirable condition that the public and private sector manage the risks that they could handle through direct or management means. (IV.1 Planning for the audit of public-private partnerships; Literal 5)	No controls on the reflection of the reductions in costs incurred by the contractor to the public Contractors allocate a certain amount for each item while making the calculations based on the bids they bid. However, some expense items such as insurance and number of personnel in some projects start to decline after the work is started and a certain specialization is obtained. In particular, this benefit of the contractor in relation to outsourced services should be shared with the public. Therefore, in the pre-contract phase, we think that adding controls to the GUID explaining that there are provisions in the contract to reflect the subsequent cost reductions to the public side will add strength to PPP controls.	Included.



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		Contracting stage (IV.2.1 Performance audit and IV.2.2 Compliance audit)	<p>No controls on the reflection of the reductions in costs incurred by the contractor to the public</p> <p>Contractors allocate a certain amount for each item while making the calculations based on the bids they bid. However, some expense items such as insurance and number of personnel in some projects start to decline after the work is started and a certain specialization is obtained. In particular, this benefit of the contractor in relation to outsourced services should be shared with the public. Therefore, in the pre-contract phase, we think that adding controls to the GUID explaining that there are provisions in the contract to reflect the subsequent cost reductions to the public side will add strength to PPP controls.</p>	Included.
		Execution stage (IV.2.1 Performance audit and IV.2.2 Compliance audit)	<p>No controls on the reflection of the reductions in costs incurred by the contractor to the public</p> <p>Contractors allocate a certain amount for each item while making the calculations based on the bids they bid. However, some expense items such as insurance and number of personnel in some projects start to decline after the work is started and a certain specialization is obtained. In particular, this benefit of the contractor in relation to outsourced services should be shared with the public. Therefore, in the pre-contract phase, we think that adding controls to the GUID explaining that there are provisions in the contract to reflect the subsequent cost reductions to the public side will add strength to PPP controls.</p>	Included.
			<p>No evaluation of how mutual interests will be protected in the interest imbalances arising during the implementation of the contract.</p> <p>No matter how carefully PPP contracts are prepared, many errors can be made that are not noticed in/during the contract stage, or the assumptions used in calculations can change completely. It is generally not possible to notice such a problem until the contract moves to the implementation stage. After these problems are noticed, if there is no</p>	Included.



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			<p>provision in the contract for the solution of the problem, it becomes mandatory to make changes in the contract. Changing PPP contracts are a very troublesome process, both due to renegotiation with funders and the changes in the assumptions in the financial model and the value analysis of money. Therefore, provided that they differ from the provisions regarding dispute resolution; we think that adding controls to the GUID to eliminate interest imbalances that arise during the implementation phase of the contract will add strength to PPP controls.</p>	
		<p>Pre-contractual documentation stage (IV.2.1 Performance auditor and IV.2.2 Compliance audit)</p>	<p>In the execution stage page 15 under IV.2.2 (compliance audit) we found the sub-header "Precontractual documentation stage" and the following bullet point: "Verify that the selection criteria have ensured the highest number of bidders." I would like to recommend to add this bullet point also under section IV.2.1 (performance audit)</p>	<p>Included.</p>
			<p>In general, and from my experience with PPP audits, criteria from IV.2.1 (execution performance audit) should/could be also part of the considerations for compliance audits (IV.2.2) and vice versa.</p>	<p>Partially included, with a different approach due to the scope of each type of audit.</p>
		<p>Structuring stage (IV.2.1 Performance auditor and IV.2.2 Compliance audit)</p>	<p>Failure to determine the procedure for effective tracking of the risk arising from contingent liabilities Contingent liabilities, by definition, secure the contractual parties under the conditions of normal life. In extraordinary situations, the public side usually takes over the resulting costs. This creates a serious burden on public finances. The ongoing Covid-19 process is a good example of this. It is expected that the public administrations will be more ready for the shocks by reporting the burden of contingent obligations to the budget in certain periods, within the current projections, to the ministries of finance or the borrowing administration. For this reason, we believe that adding the control to the GUID that the contracting administrations have been informed correctly in the financial statements during the</p>	<p>Included.</p>



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			implementation of the PPP contract will add strength to the PPP controls.	
			Insufficient control for financial closure Financial closing and financing agreements are two other important elements of the PPP process. We think that adding controls to the GUID that the financial closure is planned to be completed at what stage, whether there are provisions contrary to the main contract in the financial closing and financing contract, and that there will be provisions in order to protect the balance of interests in extraordinary situations will add strength to PPP controls.	Included.
		Reports (IV.3.1 Reports and monitoring)	Under IV.3.1 (reports) I would like to recommend for reporting issues also the possibility of charts, diagrams and curves. Therefore, please find attached one of our PPP audit reports. The report is in German but if you look at e.g. pages, 28, 29, 32, 35, 40 etc. you will find charts, diagrams and curves. As expert in PPP-audits you will see the sensitivity analysis and recognize immediately VFM, PPP-price, PSC-price, risk assessment and interest rate. For presentations and discussions these tools were vital.	Included.
		TERM (ANNEX A - Definitions)	We would like to suggest that in the appendix A of the definitions, a point that refers to the accounting framework and that addresses the accounting framework for partnership projects in each country should be included, to find out the conditions of recognition, measurement and sound disclosure Such as International Accounting Interpretation No. 12 (IFRIC 12) concerning the interpretation of the privilege of providing services.	Included in the text because the financial and accounting approach of this guide is referential.
		VFM referential analysis (ANNEX C)	The need for more detailed arrangement of the controls regarding the vfm analysis Value for Money analysis is one of the most important elements of the PPP process. Risks are always present like using inappropriate parameters, making unrealistic assumptions, failure to update the VFM analysis during	Included. Annex C was created.



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			Project or contract revisions. Realization of these risks will result in the implementation of costly projects that cannot be corrected. For these reasons, we think that adding more comprehensive and larger amount of controls related to VFM analysis to the GUID will strengthen PPP controls.	
FIPP Liaison	2020-07-16	Fulfilment of the user's expectations (I.1. Overview of public-private partnerships – Nature; second paragraph)	The observation refers to whether the payment schedule can be defined by user expectations, or whether it should be established by determining the future flows of the transaction, based on the potential demand determined.	Included.
		Execution and contract management (I.V. Scope; first paragraph)	"Verify the consistency of the terms used, related to the life cycle".	Included.
		Performance audit (IV.1.1 Title) Compliance audit (IV.1.2 Title)	It corresponds to the planning phase, since the execution phase begins in number IV. 2 (Execution of the audit).	Included.
		<i>Contracting stage</i> (IV.2.1 Performance audit and IV.2.2 Compliance audit)	The following phases are part of the PPP cycle: "structuring", "Pre-contractual documentation" and then "contracting", however, in the document the phase "Pre-contractual documentation" is not developed.	Included.
		<i>Execution stage</i> (IV.2.1 Performance audit and IV.2.2 Compliance audit)	It refers to the fact that the project life cycle defines this stage as: "Contract execution and management", not just "execution"	This section refers to the execution or development of the audit, not to the execution and management phase of the PPPs.
FIPP	2020-09-26	Execution	The FIPP notes that the presentation of the text is, at some points, too instructive - like a recipe - especially in the "execution" section. It is recommended that it be rephrased to be more guiding rather than instructive.	Included.
		IV. 2 Execution of the audit	Each step performed in the "execution" phase should be related to the audit objectives, therefore it is recommended to reduce the list of audit execution steps and leave only the most relevant and subject-specific ones.	Included.
		IV. Scope	The draft should focus on the planning phase rather than writing too much on the subject.	Included.
		Par. 44	Recommends explaining some more concepts, for example, risk sharing and public finance management.	Included.
		Par. 81	Regarding the concept of value for money, it is necessary to explain how this concept is included in the guidance (there is no reference to the Annex either), and if it is part of the performance audit perspective and how it is defined.	Included.



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		Par. 28	It is suggested that the document be revised to ensure that the terminology is aligned with the ISSAIs, as in some points it is not fully aligned with the ISSAIs 300 and 400.	Included.
		Par. 40	FIPP notes that in the main text there are no references to Annex B.	Included.
		-	The use of "shall" / "should" should not be used, except where standards are cited.	Included.
		Introduction	The introduction is quite long and should follow the writing conventions.	Included.
		Anexo E	The content related to the life cycle is very broad. Some parts can be moved to an Annex.	Included.
		-	The FIPP also suggests avoiding general information in the guide, that is, about reporting and monitoring.	General information included, as per request in the PAS email of April 8, 2021
		Par. 6	The FIPP also suggests analyzing whether the document should focus on the ex-ante or ex-post audit approach, or both; this needs more clarity.	The same depends on the legislation of each country.
		-	Analyze whether the document focuses on planning a project or planning an audit.	The Guide proposes the planning, execution and report of an audit. Due to the scope of the audit, the phases of identification, evaluation and structuring of a PPP project, pre-contractual, contractual and execution of a PPP contract can be analyzed.
Frederic Bohem (OECD)	2021-02-02	Section I.1, par. 5	Each will carry with it a different set of risks to the state (and private actor) which should be clarified ex ante. Each will also have implications for revenue, and the decisions about the financial implications for government should also be clear up front. E.g. Is it clear that a private actor operating a toll road will keep profits from running the road, and the government receives the concession fees? Are those funds anticipated and earmarked in the annual budget?	Does not apply.
		Par. 74	The document has an implicit, if not explicit, focus on infrastructure. If it's meant to capture other types of PPPs, what nuances might be added? Does the same project cycle, risks and considerations apply to service-oriented PPPs, such as delivering medical equipment or medication as is done in some countries?	Included.



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		Par. 36	A greater emphasis could be considered on assessing integrity, ethics and conflicts of interests risks, and in general the internal control system, particularly in early pre-contractual stages. This is closely looked to the SAI discussions around value-for-money and return on investment.	Included.
Banco Mundial	2021-02-25	Par. 6	How to propose when the auditor should intervene?	The intervention of the audit team depends on the type of audit permitted by the legislation of each country and is subject to the annual control plan of each SAI.
		Par. 63	The need and importance of having specialized teams in PPPs.	Included.
		Anexo D	How does fiscal risk impact a PPP?	Included.
		Par. 36 and 62	Internal control is relevant, it must be within each institution, the audit must be supported in internal control and functions delegated.	Included.
		Introduction	Make reference to Guides 5220 and 5240.	Included.
		Par. 22	Make reference to Guides 5220 and 5240.	Included.
		-	Group processes by type of audit.	Included. The processes are grouped in each of the audit phases.
		-	Generalize to the term Public Sector.	Included.
CAS General	2021-03-16	Par. 11	Starts with a phrase in Spanish, but this is presumably an oversight	Corrected.
		-	The wording used in the GUID - viz. control, verification etc. comes presumably from the experience of SAIs with a Court of Accounts or equivalent structure; a more generic use of terms may be helpful.	Included.
		I.2 General Purpose	Given the varied mandates and roles of different SAIs, it may be quite difficult for this GUID to generate specific procedures for SAIs for either compliance or performance auditing.	Included. Par. 27
		Par. 34	It may be quite difficult to "establish a comprehensive system of parameters to evaluate the actions of administrators of public goods..." The scope of individual audit assignments	Included.



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			with regard to PPPs will need to be determined by individual SAIs as part of their audit planning and design processes. Similar observations apply to the specific objectives.	
		IV	At the level of the GUID, the guidance that is expected to be provided should be fairly high level guidance, suggesting basic principles and approaches, simply because the context in which each SAI operates is likely to be quite different. Checklists are better suited to appearing in a handbook or similar lower level document, but not a GUID.	At the suggestion of FIPP the paragraphs were shortened.
China		I. Introduction	In terms of understanding logic, the legal framework (Article 6) in "I.1. Overview of Public-Private Partnerships" is about audit institutions instead of PPP. Is the legal framework here the legal requirements for PPP in various countries? It is suggested that Article 6 be placed in the "Auditing Public Sector Projects Implemented through PPP", prior to Article 22.	Included.
			Article 8 and Article 9 don't look like the life cycle in content, but more about the respective rights and responsibilities of the public sector and the private sector. It is suggested to place them after Article 4.	Included.
		II. Objectives	II.1 General Objective "34) Establish a comprehensive system of parameters to evaluate the actions of administrators of public goods, Through procedures to verify compliance with the powers or competences of strategic partners in contracts signed under PPPs", only emphasizes the procedures of signing contracts. It is recommended that the first sentence of II.1 be modified, in order to be consistent with IV in terms of the scope of the audit.	It is not accepted because one refers to the audit phases and the other to the PPP phases.
		IV. Scope	The text lacks the specific content of "IV. 3 Reports and follow up" shown in the table of contents. It is recommended to complete it.	Included.
Francia		-	Some paragraphs are still in Spanish	Corrected.
		-	The economic calculation appendix is unfortunately not very comprehensible.	The intention of Annex C is to give a reference to how the VFM analysis is carried out, since it is not a purely financial Guide.



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		-	The guide constantly distinguishes between performance and compliance auditing. However, comparative public/private sector performance seems to us to be a matter of "petition of principle, or even an "ideological assertion" that our own audit experience in the French Court of Accounts would lead us to mitigate.	According to the regulations of each country, the scope will be established according to the type of audit.
		Par. 4	The audit approach should insist more on the PPPs "privatization" effects on public debt. In § 4, they are rather praised and valued, whereas, in the current time, the crisis impact on public debt should invite us to increased caution.	These force majeure conditions may be contemplated in PPP contracts.
		Par. 62 y 63	Although the four SAIs that already expressed themselves have underlined the importance of multidisciplinary teams, it seems particularly difficult for most of our foreign colleagues to constitute such multidisciplinary teams as recommended in § 62 and 63; it is close to wishful thinking for the most deprived SAIs.	Included.
		Par. 26	§ 26 requires evaluators to give priority to performance aspects over auditing the accounts. This part may be a little awkward, especially since a part of the document is devoted to compliance audits.	The Guide gives priority to performance and compliance audits as it is not a Financial Guide.
		Par. 99	§ 99 is difficult to understand: when the audit has started it seems useless to check whether the contract had provided for the SAI to audit its implementation, because if it was not provided for and if the local legislation does neither provide for it, the contract will not be audited by the SAI.	Included.
India		Par. 3	Not necessarily. The PPP comes in diverse types. PPP may not be confined to transfer of public assets	Included.
			Payment scheme is defined prior to fulfilment of user's expectations, based on projections and estimates of future cash flows from the project.	Included.
			Here again the implicit assumption is PPP may be limited to revenue sharing arrangements. It may not be so.	Does not apply.
		Par. 7	Not all PPP envisage transfer of assets to public sector.	Included.
		Par. 11	Not in English.	Corrected.



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		Par. 15	Financing should be in the beginning along with design as no execution will be possible without freezing the financing model.	Included.
		Par. 23	Available?	Included.
		Par. 26	May be deleted.	Included.
		Par. 27	The auditor is expected to be subservient to the SAI in an audit arrangement, and hence they are not different.	Does not apply.
		Par. 29	Timely audit by SAI.	Included.
		Par. 30, 31 y 32	This entire portion needs another look. The benefits, advantages and the objectives of audit of PPP projects needs to be defined / elaborated in terms of applicable INTOSAI ISSAIs.	Included.
		Par. 31	Criteria is always specific to the legislative and regulatory requirements of each nation	Included.
		Par. 35	Findings, conclusions and recommendations based on criteria and objectives	Included.
		Par. 36	It is important in all compliance audits, that there are standards are available against which compliance by the responsible party can be evaluated. The standards have to be available or generally accepted standards will have to be adopted. The objectives mentioned here will have to undergo a complete overhaul.	Included.
			Compliance Audit may not provide a set of principles/standards etc. It tests the compliance with existing standards, principles, statutes etc.	Included.
			Audit itself cannot apply these scientific techniques. Using the services of expert as and when necessary is a normal, practice in any Audit.	Included.
		Par. 39	It may be prudent to mention here that different SAIs operate in different settings / environment. The SAI may have to.	Does not apply.
		Par. 45	Not clear.	Included.
		Par. 50	Needs to be simplified Institutional and 'impact of actors' are vague.	Included.
		Par. 51	Hierarchy and publicity may be removed, as legality and transparency have been included	Included.



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		Par. 54	Not clear.	Corrected.
		Par. 57-64	It is felt that this section, has mixed the audit scope, steps and objectives. There is a need to re-draft this part. The same could be said of this entire document: it is not well structured, is not generic enough to be used by INTOSAI SAIs having diverse environment, structure and functions.	Included.
		Par. 62	Not mandatory in all SAIs	Included.
			Not clear. This is not a professional field.	
		Par. 73	Basic engineering analysis may be beyond the scope and capability of most of the SAIs.	Included.
		Par. 97	Penalty clauses including provisions for liquidated damages for Project delays etc. To also be included.	Included.
			This term is not understood.	
Par. 130	Penalty clauses including provisions for liquidated damages for Project delays etc. To also be included.	Included.		
Par. 136	Not clear. Could be recognition/ determination/ accounting?	Included.		
Norway		Introduction	Include the motivation for this GUID in the beginning.	Included. The motivation was removed as a suggestion from FIPP.
			Why is this GUID important as guidance for those SAIs that need it?	
			What is PPP?	
	Par. 11		In Spanish.	Corrected.
	-		Where are the shortcomings in the standards for financial-, compliance- or performance that makes this GUID needed?	Does not apply.
CAS Hungary	2021-03-23	IV.2.	The GUID provides guidance and criteria for conducting the audit, which is presented according to each stage of the PPP project. It is recommended to consider how the audit of each stage can be linked within an audit in case the audit covers several stages of a PPP project or the whole project itself.	It depends on the scope of the audit and the legal framework of each SAI, each phase can be considered independently for the analysis or all phases together.
		Annex D	It is recommended to refer to Appendix D (Distribution of Reference Risks) within the GUID to clarify its purpose and field of application.	Included.



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		I.1. Par. 4	The benefits of PPP projects are presented in this paragraph. A brief description of the potential disadvantages and risks is recommended for consideration in order to provide a comprehensive picture.	FIPP suggested deleting that part of the guide.
PAS	2021-04-30	Subject matter specific GUIDs	We believe that INTOSAI subject matter specific guidance (GUIDs) should focus narrowly on the subject matter but refer to the relevant standards with regards to any of the three types of audit, but without repeating and/or interpreting the content of these standards and their corresponding GUIDs when describing how to audit the specific subject matter. In case of introducing performance audit (PA) in a subject matter specific GUID, this means it would be better to refer to PA standards and GUIDs for any considerations applicable when conducting a performance audit of PPPs, and avoid tweaking the content of these authoritative documents in order to adjust them to audits of specific subject matters. The PA standards are to be applied in the same way regardless of subject matter, and any content on performance audit in a subject matter specific GUID has to be presented in a context that does not introduce additional or optional requirements that are not valid for performance audit.	The preparation of this Guide has been done based on what is indicated in the Project Proposal.
		Differentiating between PA and CA.	The draft frequently distinguishes between performance and compliance auditing (CA), but PAS does not consider that appropriate or relevant in a subject matter specific GUID. For performance audit, the authoritative documents are the PA standards, including corresponding PA GUIDs 3910 and 3920 for practical application of the standards. Regardless of subject matter, identifying and deciding on which type of audit to conduct will depend on the outcome of an initial assessment of risk and other considerations, and in each individual case. These elements are not adequately described in this draft (nor should they, because they are covered elsewhere in INTOSAI standards that the reader	



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			<p>may be directed to in order to expand their knowledge and practice). An alternative approach in this GUID could be to pay no attention to the various types of audit that may or may not be relevant for the subject matter, and focus exclusively on <i>specific considerations when auditing PPP projects</i>. We return to that and explain more in the following.</p>	
		<p>PA considerations</p>	<p>If performance audit is to be presented as a separate approach in this GUID, there is a need to streamline the terminology throughout. Currently, the draft has a mix of related terminology such as performance audit, evaluation, and value for money (VFM). Alternatively, you may consider removing all specific references and content related to performance audit (as well as compliance audit). The GUID should instead focus on the specific considerations when auditing this particular subject matter, which we believe would largely be the same for the different types of audit. Please review the use of VFM, as it appears to be used as a synonym for PA - which is not entirely correct.</p>	
		<p>Audit phases and checklists of activities</p>	<p>The presentation of audit phases consists of what appears to be activity checklists, and the two first phases (planning and execution) distinguishes between performance and compliance audit. This leads to overlap and inconsistencies. After reviewing this draft, we believe the document itself reveals that there is no need to make a distinction between the two. Frequently, the <i>content on PA in this draft GUID is in fact CA</i>. This problem can be avoided simply by not distinguishing, and we believe that the procedures to be considered and types of data/documentation to be analyzed in an audit of PPP will mostly be similar for both types of audit. The methodology, however, will typically not (always) be the same, and that is why it is absolutely necessary to refer to the 3000 series for PA, and 4000 series for CA. See also specific comments on presentation of audit objectives, below.</p>	



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		The standard perspective	Generally, and throughout: the standard perspective as the foundation for SAI audits is hardly present in this GUID. The GUID must refer to the authoritative standards on performance and compliance audit, but our main recommendation is to not distinguish between these two types of audit in this GUID (for the reasons stated consistently throughout this feedback table).	
		Structure	A possible solution for a better structure and presentation of the content on audit could be to identify elements to be assessed in different (audit) phases, as well as relevant documentation/data for this specific type of subject matter, without connecting these elements to the different types of audit. You may keep checklists as the main content for audit of this particular subject matter, but it is important to do so without distinguishing between performance and compliance. A PA can never consist only of procedures for checking compliance with elements in a checklists. To guide the reader to guidance on the different audit types: refer to the 3000 and 4000 series.	
		Structure: stages and phases	Stages of the PPP project and phases of the audit (planning - execution - reporting - follow-up) are mixed together, something which can create some confusion for the reader. The auditor is used to thinking according to audit phases (in line with the standards). Here we have project stages within different phases of the audit. The structure is confusing and may reduce readability.	
		SAI mandates	Keep this GUID simple: different SAIs will have different mandates, a subject matter specific GUID must be quite general in order to be applicable to all. That is another reason why you may consider avoiding the issue of choosing type of audit in this GUID; that will again depend on mandate.	
		Audits of PPP projects in different phases	This year (June 2021), the Danish National Audit Office will publish an audit report ³ about the quality of assessments upon which the choice of PPP, as opposed to a project with regular procedures (PSC), were based. In the report, SAI Denmark analyses the basis for decisions in a sample of 22	



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			<p>Danish PPP projects in the period 2005-2020. The report is expected to address risks such as: lack of documentation for significant presumed benefits of the PPP project form, lack of transparency in the capitalization of risk distribution, and general significant uncertainties in value for money calculations (determination of discount rate, etc.).</p> <p>In its current version, GUID 5340 on Audit of Public Private Partnership does not accommodate such a type of audit. The draft GUID seems to focus solely on ongoing PPP projects. The project team may want to consider including audits of PPP projects in the early consideration phase, as well as the possibility to audit ex post (which will frequently be the approach in performance audit).</p>	
		Drafting	<ul style="list-style-type: none"> - Combination of Roman and ordinary numerals: confusing and should be avoided. For example: IV.1 / IV.2.1. We recommend using one or the other, not a combination. - Terminology: should follow terminology used in the INTOSAI standards and corresponding GUIDs, also specifically for performance audit (VFM or evaluation are not synonyms for PA, at least not in an INTOSAI context). 	Included.
		PAS main recommendations, in sum:	<p>We recommend that the GUID does not distinguish between performance and compliance audit, but rather focuses on the specific aspects of auditing this particular subject matter (if any). You already list specific elements to be considered in auditing PPP - these particular elements may not occur frequently when auditing other subject matters (could be for example type of documents/contracts/plans, processes, stakeholders, etc.). The presentation of these subject matter specific procedures and considerations do not require a separation between PA and CA. For the large part, content on performance audit in the current version, presented in check-lists under "planning" and "execution" of performance audits of PPP, are in fact compliance issues. In addition, content on PA is not referring to the PA standards. The reader should be advised to consult the ISSAI 3000 series</p>	The preparation of this Guide has been done based on what is indicated in the Project Proposal.



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			and corresponding GUIDs for guidance on how to conduct a performance audit, regardless of subject matter. Further, we recommend that you avoid mixing terminology such as evaluation, performance audit and VFM. We explain this more in other comments in this table.	
		1	The following is unusual in the intro of a GUID: "Introductory material shall include short and clear information with reference to the objective and scope of the GUID". Suggestion: Suggest deleting the para, it seems to be an instruction for the drafter, it is not relevant information for the reader.	Included.
		2-4	The audit approach should insist more on the PPPs "privatization" effects on public debt. In § 4, they are rather praised and valued, whereas, in the current time, the crisis impact on public debt should invite us to increased caution. Generally, the introduction of this GUID should balance the positive and negative. A performance audit (PA), for example, would typically be about finding out if the PPP project is performing according to the original conditions at the time of establishment of the partnership, and if the project delivers results as promised. The starting point would often be an identified risk that it may not fulfil intentions. Suggestion: An audit is usually based on a risk assessment (performance audit is frequently about risk of under-performance), therefore the starting point of the GUID cannot be exclusively about the positive sides of PPP. Some even claim that PPP is a matter of ideological assertion. We suggest balancing the "positive and negative" sides in order to establish the motivation behind developing this GUID on audit of PPP, or at least avoid giving the impression that PPPs will always be a good thing with positive results. As auditors, we need to stay objective.	These paragraphs refer to the nature of a PPP, without defining advantages and disadvantages of this type of contract because this assessment will be made directly by the entity.
		6	"The Supreme Audit Institutions (SAIs) will regulate their operation within the specific constitutional or legal framework, in order to carry out the review, verification and evaluation of the participation of the State..."	Included.



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			Suggestion: Consider replacing review, verification and evaluation with audit. The objective of this GUID is to present guidance on the audit of PPP, as stated in the title.	
		7	It is stated in the para: "At all stages, the public sector will establish the processes to guarantee that the project complies with service and functionality standards,.." etc... Suggestion: The objective of a SAI audit will be to assess whether or not processes were complied with, or fulfilled according to the principles of economy, efficiency and effectiveness in the case of PA, and as agreed upon establishment of a PPP project. Reconsider the term "will establish", as it refers to an ideal situation. Whether or not it is established, and how effective it is, remains to be found out during the audit. Reconsider also "the public sector" here, it is not a particularly precise term in English in this case (we assume it refers to any particular part of the public sector (a unit), and not the public sector as a whole?)	Included.
		8	While value for money (VFM) is a part of performance audit, the introductory chapter of this GUID does not establish a link with the recognized types of audit in INTOSAI, and that is also why the inclusion of performance and compliance audit later in the GUID is imprecise. - In para 8 it says: "In the event of a decrease in the VFM, the deviations or activation of risks that require to be addressed by the party that has assumed that responsibility, will be identified". In appendix C, VFM for PPP-projects is explained: "The calculation of the value for money (VFM), is the difference of the cost (PPP vs. PSC) adjusted by risk between the public and private provision of infrastructure." Suggestion: - Consider incorporating PA and CA in the introduction, to inform why they are part of this GUID. Alternatively, consider NOT including the two types of audit, because the GUID should rather be focused around the general aspects of auditing this particular subject matter. - It might be difficult for public authorities to make a precise quantification / capitalization of value for the distribution of	The Guide was developed based on the Project Proposal prepared by the Working Group on Public Private Partnership (WGP). The referential analysis presented in Annex C was carried out at the suggestion of the FIPP.



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			<p>risk between the PPP supplier and the public sector. Therefore, it is difficult for public authorities to perform accurate VFM reference analyses and this kind of analysis will therefore be associated with significant uncertainties. Consider if the GUID should include descriptions on how the quantification of the risk distribution can be reviewed.</p> <p>- Consider also that Annex C is highly complex and probably not very comprehensible for the average reader (it may need more explanation). It is also unlikely that the reference analysis will be frequently used in PA or CA.</p>	
		10	<p>"... may be as timely as possible". The paragraph is difficult to understand, consider replacing "may" with a more precise term, or redraft the para. We understand that para 10 should introduce issues related to timing of the audit? And: "SAIs participation in the control of PPP" - replace with SAI audit. Suggestion: Is this para meant to say that timing of the audit should be after all stages have been completed? Or after each stage is completed? A PA would happen during or (most often) after.</p> <p>Remember that any assessment of results (which is frequently what we do in performance audit) will require that a certain time period has passed since the project started. Consider giving the reader some advice on timing of an audit (but mainly by referring to the PA standards in the case of performance audit).</p>	Included.
		11	<p>Intro is in Spanish. Suggestion: Translate.</p>	Included.
		13	<p>"The project that will be designed may focus on the risks that the public entity wants to transfer to the private partner". Our understanding is that "the project" refers to the PPP? And here you say that risk can be deliberately transferred to the private partner? But for the reader of this GUID, what is essential to know is how does that affect the SAI audit (which parts of the project is the SAI mandated to focus on in their audit?).</p>	This paragraph refers to the phases of a PPP Project and not to the audit phases.



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			<p>Suggestion: While this section seems to be about presenting the subject matter, there needs to be a connection to auditing the issues presented here. You may consider coming back to this later in the GUID, so that the reader understands how the organization of PPP projects will influence their planning and execution of an audit, given their specific role and mandate. Consider also: timing of the audit - is it before, during or after project? The reference to a future project here is confusing: what is there to audit before the project has been established? You certainly cannot do a PA.</p>	
		15	<p>The sub-phases of the contract execution and management stage of a PPP project are:</p> <p>Suggestion: There needs to be consistency between the figure and Appendix E.</p>	One refers to the execution and management sub-phases that a PPP Project has and Annex E deals with the life cycle of a PPP Project, in addition Annex E was created at the suggestion of FIPP, because it was initially within the Guide.
		Auditing public sector projects implemented through PPP	<p>This section of the GUID is really important, we expect that the content here is where the link to the ISSAIs will be established. In the current version, the standard perspective, especially linked to performance and compliance audit, is lacking.</p> <p>Suggestion: Consider introducing the standard perspective, which needs to be present throughout this GUID, if performance and compliance audit is to be included. The reader should be informed of which standards apply, and where to find more guidance on how to conduct (in this case) a performance or compliance audit (if relevant).</p>	The changes sent by the different SAIs on 2020-06-26 were made, in addition Annex E was created at the suggestion of the FIPP and the description of each of the sub-phases was eliminated at the suggestion of the FIPP link of 2020-05-12.
		22	<p>1) Consider referencing the ISSAIs to explain the purpose of an audit of PPP.</p> <p>2) Avoid the statement: "recognition of the performance", because the performance may not be recognized. The expression is somewhat illogical in performance audit, as you often base your audit on a risk assessment, expecting that there may be problems with the performance.</p> <p>Suggestions: 1) Include the standard perspective.</p>	It was removed at the suggestion of the FIPP link on 2020-05-12



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			2) You may refer to the objective behind a performance audit or use only general terms to explain what the purpose behind an audit of PPP could be.	
		23	- The para is difficult to read (10 lines without a full stop). - Secondly, the audit should also focus on time, price and quality. - Thirdly, IF the GUID should cover performance audit, there should be a reference to the PA standards and the objective behind a PA. Suggestions: - The para is difficult to read (10 lines without a full stop). - Secondly, the audit should also focus on time, price and quality. - Thirdly, IF the GUID should cover performance audit, there should be a reference to the PA standards and the objective behind a PA.	Included.
		24	"In addition, the participation of a control body could evaluate the origin of renegotiations and addenda to the PPP contract". Is this another argument for why a SAI should perform an audit? Control body refers to the SAI? Suggestion: Clarify, and this also has to refer back to the ISSAIs and terminology used in these documents.	Included.
		25	"To sum up, this evaluation could determine..." - Given the section's heading ("Auditing public sector projects implemented through IFPP): is this GUID about audit of PPPs, or evaluation? Suggestion: Audit.	Included.
		26	"The evaluation of a SAI...". Audit, not evaluation. And: para 26 requires evaluators to give priority to performance aspects over auditing the accounts. This part may be a little awkward, especially since a part of the document is devoted to compliance audits. Suggestion: Audit, not evaluation.	Included.
		1.2.	Heading: General purpose of what? An audit? Or this GUID? Suggestion: Clarify.	Included.



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		27	<p>"This section includes a description of how the GUID aims to assist either the auditor or the SAI in conducting an audit or to provide guidance on issues related to the organizational level. <u>The GUID also specify which part of the audit process supports, as defined in the ISSAI 100</u>". The last part of this sentence does not make sense - supports what? Suggestions: Clarify text. Also: The following text does not really describe how an audit should be conducted. Lastly: some words must be missing in the last part of the para (underscored in the left hand side column).</p>	Included.
		28-32	<p>- Audit, not evaluation - The heading may refer to the general purpose of this GUID (and not of an audit of PPP?). These paras mainly refers to why this GUID will be useful for the reader. Suggestions: - For the purpose of an IFPP GUID, we need to be clear on whether it should be audit or evaluation. You may remove all references to performance audit, and keep evaluation, but then do it consistently. - It seems unusual to argue in favour of using a GUID, in this type of document. The document should have the necessary authority for this to be obvious, we therefore do not need to argue in favour of it. If you decide to keep it, consider moving it to the introduction of the GUID.</p>	Included.
		28	<p>"The participation of SAIs in the evaluation of projects implemented through PPP, an important characteristic of governance and development nowadays, contributes with the public sector in controlling the management of the State's assets; by identifying problems and proposing measures to amend them in a timely manner and thus be able to meet the essential objectives to achieve the proposed social and economic goals". Suggestions: Audit. If "evaluation" is the preferred term, references to PA can be removed. This paragraph only describes the contributions of ex ante evaluations and omits the contribution of ex post evaluations</p>	Included.



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			of projects. Most audits, especially performance audits, will be ex post.	
		29	"The State benefits from the appropriate control". Suggestion: The INTOSAI standard perspective is missing, it should be the starting point also for this GUID. And is there a need to argue in favour of SAI audit?	Included.
		30	"On the other hand, the absence of standardized guidelines that contain procedures make it difficult for auditors to carry out evaluations of projects implemented through PPP". Suggestions: - Audit, or evaluation? - PAS questions the need for standardized guidelines containing procedures for carrying out (in this case) audits of projects implemented through PPP. We do not, and cannot, operate with standardized guidelines for performance audit. We suggest deleting the reference to standardized guidelines if performance audit should be part of this GUID.	Included.
		I.3, par. 33	"Principles on auditing public-private partnerships are referred in ISSAI 100" Suggestion: Audit principles (PA, CA, FA) are referred in ISSAI 100. Not principles on auditing PPP specifically, this is the subject matter. Please clarify. We do however agree that there is a need for a reference to the ISSAIs, both here and in other parts of the GUID (see other comments related to the same issue).	Included.
		I.3 II General objective, par. 34	What is "General objective" referring to? The objective of an audit of PPP? The text in para 34 is not really about the objective, but rather about criteria and audit procedures? Suggestions: - Numbering is very confusing (I.3 II.1 is one example). - The heading: are we referring to audit objectives? Or the objective behind SAI audits?	Included.
		II.2 Specific objectives PA, par. 35	Para 35 lists activities, not objectives in a performance audit. PA descriptions in this draft are inaccurate and do not refer to the PA ISSAIs. Objectives in a PA: ISSAI 3000/35: "The auditor shall set a clearly-defined audit objective(s) that	Included.



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			<p>relates to the principles of economy, efficiency and/or effectiveness". The objective of a PA cannot be to evaluate, examine, or analyze, as those are audit activities performed to promote accountability by assisting those with governance and oversight responsibilities to improve performance (ISSAI 300/12)). Suggestion: Should refer to ISSAI 300 and ISSAI 3000 for objectives in a performance audit (regardless of subject matter). Again, consider avoiding going in-depth on PA and CA considerations in this GUID. ISSAIs 300/400 and 3000/4000 are the authoritative documents to be considered in case of conducting any performance or compliance audit, regardless of subject matter. The GUID consistently lacks references to these authoritative documents.</p>	
		III Definitions and IV Scope	<p>These sections seem misplaced on page 7, it is better to introduce any information about this GUID earlier (GUID intro). Suggestion: Consider moving - any description related this GUID should be presented initially, in the introduction.</p>	Included.
		IV.1 Planning, par. 39-49	<p>Would the planning process described in paras 39-49 and the subsequent planning process for PA and CA be different? This way, planning is listed three times (firstly: general considerations, related to the subject matter; secondly, specific considerations for PA (but these are in fact largely CA procedures or considerations, and referred to as objectives) and lastly, considerations that apply to CA. Suggestion: Confirms that there is no need to distinguish between the types of audit in this and other subject matter specific GUIDs.</p>	The planning for a management audit and for a performance audit have different focus, and the development of the Guide was carried out as established in the Project Proposal.
		39	<p>"Review the guidelines and criteria for the selection of PPP projects used by the government, to verify if their execution was a priority and the contracting process was justified. Annex B".</p>	Included.



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			Suggestion: There needs to be consistency between appendix E and B. What macroprocesses are the phases in appendix E part of?	
		41	Suggestion for revision (new text in yellow): 41 "...analysis of proposed incentives, environmental analysis, current and projected operation and maintenance costs, plan of investments, determination of present and future cash flows, capital opportunity costs, internal rate of return (IRR) and financial net present value (NPV), volumes and values of production of services and inputs, choice of inputs, volumes and values of used inputs, industry productivity, productivity factor, infrastructure and service conditions, co-financing, economic balance, cost-benefit analysis, risk matrix, methods used for calculations and determination of variables, among others)".	Included.
		43	Suggestion for revision (new text in yellow): 43 "Review the determination and allocation of project risks between the public and private sector parties, being the desirable condition that the public and private sector manage the risks that they could handle through direct or management means. The review of the determination and allocation of project risks must be made in relation to those used risk-adjusted costs in the VFM reference analysis (Annex C)"	Included.
		48	At what stage do you make a decision about type of audit? (performance, compliance, or even financial?). First bullet point: "focus of control action: compliance audit, performance audit, or both". Suggestion: Type of audit" rather than "focus of control action", because the GUID should be consistent with IFPP documents and not introduce alternative terminology.	Included.
		49-56	These paras are not about identifying performance audit objectives, they are listing activities. Suggestion: Consider replacing this section with a reference to the 3000 series for any guidance on conducting the audit and instead, you may list which documents, types of data and other considerations will be especially relevant in the	The one PA and one CA approach.



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			planning phase of any audit of PPPs (regardless of audit type). The headings should be updated accordingly. And: if you list which documents or activities should be checked in the planning phase: would these really be different for PA and CA?	
		IV.1.1. PA, par. 50-60	These paras seem more suitable for execution phase rather than planning phase. Suggestion: Consider including these sections in execution phase and re-numerate or consider taking out content directly linked to PA and CA.	Included.
		Project identification stage, par. 65-66	<ul style="list-style-type: none"> - What does the sub-heading "Project identification stage" refer to? - Secondly: These sections seem more suitable for planning phase rather than execution phase. Suggestions: <ul style="list-style-type: none"> - Clarify, to make sure the reader understands the way the GUID has been structured. Is it the identification stage of the PPP project, or the audit? - Redraft and sort out content for different phases, or consider taking it out because the purpose should not be to give guidance on how to do a PA or CA, but rather about listing specific considerations when performing any audit (regardless of type of audit) on PPP. 	The development of the Guide was carried out as established in the Project Proposal.
		IV.2.1 performance audit, par. 65-119	These paras list elements that are not typical (or rather, insufficient or inappropriate) in performance audit, nor is the terminology used accurate for PA purposes: PA is not about "checking", "verifying", "reviewing", "confirming", "consulting", "determining" or "making sure" that something has been complied with. The elements described under the heading performance audit and execution phase instead resemble aspects of compliance audit. In PA, you will need to look into audit objectives that relate to the principles of economy, efficiency and/or effectiveness (ISSAI 3000/35). If not, it is not a performance audit according to the ISSAI 3000 series.	The development of the Guide was carried out as established in the Project Proposal.



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			<p>Suggestions: We recommend referring to ISSAI 3000/17-20 on the purpose behind a PA, and 3000/35 on audit objectives for PA. We also suggest that you keep the elements listed under phases in IV.1 (planning) and IV.2 (execution) generic, meaning: list any subject matter specific considerations in audits of PPP in a general way, without distinguishing between performance and compliance audit. Some will overlap and be applicable to both audit types and, as demonstrated in the current draft, some elements currently mentioned under PA are actually CA. We suggest drafting these sections in a similar way to the current strategy for "reporting" and "follow-up": in these sections, the GUID does not in fact separate between PA and CA, but rather makes some brief and general points connected to auditing PPPs and these two phases when conducting any audit, regardless of audit type.</p>	
		67	<p>"Check if the socio-economic feasibility study was profitable, sustainable and adjusted to a national or sectoral development plan". Suggestion: Could there be other reasons for choosing PPP that aren't included in the socio-economic feasibility study?</p>	<p>The development of the Guide was carried out as established in the Project Proposal.</p>
		74	<p>"Check that the commercial validation processes, competitive dialogue and fiscal responsibility analysis have been carried out and that the new VFM analyzes remain positive despite the fact that they have decreased compared to the initial evaluations". Suggestion for revision (new text in yellow): "Check that the commercial validation processes, competitive dialogue and fiscal responsibility analysis have been carried out and that the new VFM analyzes remain positive despite the fact that they may have decreased compared to the initial evaluations". Additional: VFM is mentioned, so is evaluation, but under this heading, the reader is supposed to learn how to do a PA on PPP. Again, there needs to be a clear link to the</p>	<p>Included.</p>



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			standards and GUIDs for PA, as the mentioning of VFM and evaluation are not sufficient to explain performance audit.	
		97-103	<p>- Will these checkpoints mostly be the same for PA and CA?</p> <p>- Form of contract should be officially approved in accordance with national legislation and this form should include the clauses shown in Sections 97, 99, 100 and 102.</p> <p>Suggestion: - The first comment on the left hand side column again demonstrates why the separation between PA and CA in this GUID is not appropriate. Further, PA requires different methodology and a different approach, it cannot be a tick-the-box exercise.</p> <p>- Para 97 could be rephrased as "Check the compliance of contract structure with approved contract form". This is a type of compliance issue, but it is also likely to be considered as part of a PA. However, if you list this and other points separately for PA and CA, the GUID will eventually contain unnecessary repetition and overlap. The alternative solution is a generic list of issues to be considered when auditing the subject matter (in each audit phase), irrespective of audit type.</p>	Included.
		99	<p>In addition to being a compliance audit strategy, para 99 is difficult to understand: "Check the incorporation of the powers of control of SAIs in the text of the contract". When the SAI audit has started it seems strange to check whether the contract had provided for the SAI to audit its implementation, because if it is not part of the mandate of the SAI, the contract will not be audited by the SAI in the first place? On the other side, if auditing PPPs is part of the mandate of the SAI, a statement in the contract is not a condition for the SAI to do the audit. An audit will be initiated based on the SAI's assessment of risk, and be mandated through national legislation. Whether or not the contract mentions the possibility of SAI audit, seems irrelevant? Or, please explain to avoid confusion.</p> <p>Suggestion: We are not sure we completely understand this para: the description in para 99 could be an indication that in</p>	The CAS requested to include such text in the paragraph.



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			<p>certain jurisdictions, SAIs may not have the mandate to audit PPPs (which may be the case)? But it is a requirement to state in the contract that the SAI may audit the project? If this situation is country-specific, it should be specified here that this may only be relevant in certain jurisdictions.</p> <p>Further, a statement in the contract cannot be a condition for the SAI to perform an audit? Recommendation: should be deleted or moved, firstly because it is in fact part of a compliance audit checklist, not PA, and because it seems irrelevant in most cases (either the SAI has this mandate, or not, and irrespective of whether it is mentioned in a PPP contract?). We are also not sure we understand it well enough, which is an indication that this para causes some confusion.</p>	
		<p>PA, par. 101</p>	<p>"Check out that the VFM analysis remains greater than one, considering the parameters of the presented, negotiated and awarded offer".</p> <p>This reference to a VFM analysis is confusing because it is not properly introduced, and it is not in fact a typical part of PA. And: the average reader understand the reference "remains greater than one"?</p> <p>Suggestions: 1) Will this sentence be commonly understood by the average reader?</p> <p>2) Here, PA seems to be replaced by VFM. Again, this should be consistent throughout, either PA or VFM. As we stated above, you may consider making the GUID more general by avoiding specific references to PA and CA, and focus on general procedures for auditing this particular subject matter.</p> <p>3): It might be relevant to check other parameters that may have changed during negotiation e.g. the distribution of risks and the quality of the services that are to be provided.</p>	<p>PA and VFM are not the same, the VFM is a component of a PPP that must be reviewed by the audit team.</p>
		<p>PA Execution stage, par. 105-119</p>	<p>"Request", "verify", "check": the items in the list of activities are not specifically linked to performance audit, which is an audit of the economy, efficiency and effectiveness of (in this</p>	<p>Included.</p>



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			<p>case) the PPP process. A PA would generally be conducted during project implementation, or ex post. Suggestion: We think there is a lack of focus on end of project phase e.g. a follow up on the actual performance or realization of gains after the finalization of the project.</p>	
		IV.3.1 Reports / IV.3.2 Follow up	<p>In sections IV.3.1 and IV.3.2 (reports and follow-up), the GUID lists common considerations for these stages in any audit of PPP projects without distinguishing between PA and CA. This approach can be used also for the planning and execution stages, to avoid overlap and inconsistencies. The reader will need to consult the authoritative standards for guidance on how to conduct the audit, whether it is PA or CA. Suggestion: The same approach as for reports and follow-up sections may be considered for the planning and execution phases in this GUID. However, if the distinction between PA and CA is kept, the GUID should make a reference to the relevant references in PA standards for each audit phase, and similar for CA.</p>	Included.
		Annex A - Definitions	<p>Should be aligned with INTOSAI standards, where relevant, and consistent with terminology used in these documents. Suggestion: Update according to definitions and terminology used in authoritative INTOSAI pronouncements.</p>	The definitions in Annex A were made based on ISSAI 100, they were paraphrased.
		Annex B - Titles: 2nd and 4th columns	<p>- We identify procedures in 2nd column as audit procedures. - As defined in Section 28 of ISSAI 300: "Auditors should actively manage audit risk, which is the risk of obtaining incorrect or incomplete conclusions, providing unbalanced information or failing to add value for users". The risks identified in 4th column of Annex B are not the risks related to audit process itself or to its quality, but PPP contract or project risks, and thus relate to stages of PPP project. Rename: - 2nd column from "Procedures" to "Audit procedures" - 4th column from "Audit risks" to "Project risks"</p>	In column 4, the risks refer to those of an audit, but not those of a PPP.



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		Annex C - Discount rate and cash flows in VFM reference analysis	<p>It is not clear in Appendix C whether the discount rate for PPP and PSC should be identical or not. In case that VFM reference analysis will be made with different discount rate for PPP and PSC, it will lead to an uncertain comparison. Finally, it should be noted that cash flows in the two project forms are significantly different. For PSC projects, the high construction costs will be realized in the first years of the project's lifetime. For PPP projects, the repurchase of asset will take place at the end of the project's lifetime.</p> <p>With a discount rate higher than the public borrowing rate, the PPP projects will unintentionally gain advantages in the comparison, due to the different cash flows. When the used discount rate is higher than the public borrowing rate it will entail a risk that the two project forms cannot be compared directly in a VFM reference analysis.</p> <p>Consider:</p> <ul style="list-style-type: none"> - comment in the left hand column concerning the reference analysis - usefulness of Annex C: it is unfortunately not very comprehensible. - also, the VFM reference analysis would not be frequently used in performance or compliance audit. 	The analysis of the VFM is intrinsic to the Project, its evaluation will be carried out according to the type of audit.
FIPP Feedback	October 2021	Annex C	1. Most of the annexes are too succinct, without explanations of the process or relevant activities that an auditor needs in order to know how to perform this procedure. For example, the VFM annexure is a series of formulas rather than guidance on how to audit value-for-money.	Annex deleted.
		Guid	2. It may be necessary to restructure the document to make it more user-friendly as well as complying with drafting conventions.	Restructured by Mr. Alan Findlay, TSF and SAI members from India.
		-	3. The project group could refer to other GUIDs that have been approved by FIPP for reference (such as Guidance on Auditing Disaster Management).	Examples of other approved guidelines were taken into consideration.
		-	4. The project group was comprised of members from one SAI – broader contributions may better reflect the	Advice and restructuring of the Guide was received from members of the TSF and SAI India.



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			needs of INTOSAI by reflecting different challenges faced in auditing PPPs.	
		-	5. The project group must decide whether the GUID should be restricted to PA or CA only, as reflected in the Guidance on Performance Audit of Privatization (one reason to consider this is that the definitions of PA / CA are mixed in the draft version of PPP). Alternatively, the GUID could focus on just one or two stages (the early consideration phase (perhaps with the compliance audit approach), as well as the ex post audit (with the performance audit approach, which is more frequent). Another option could be to focus on "specific considerations when auditing PPP projects" including only specific PA / CA aspects that are relevant in PPP audits.	The advisors of the TSF and the SAI India, suggested to keep the two types of audits in the Guide.
TSF	2022-01-27	Par. 8	We will need to discuss this in more detail as financial audit is not highlighted much in this GUID (compared with compliance and performance)	Included. It was clarified that it is not a financial guide.
		Par. 14	1. Compatibility with ISSAI 300 2. See general comment on inclusion of financial / performance / Compliance audits in this GUID	Included. The principles were modified in accordance with ISSAI 300 (economy, efficiency and effectiveness). It was clarified that it is not a financial guide in paragraph 8.
		Scope	Another paragraph about planning perhaps?	No, because the text of the planning was included in Annex F.
		Annex A - Definitions	We will need to check to what extent these definitions and acronyms are i) compatible with ISSAI 100, ii) already covered by ISSAI 100 (in which case we can delete them here).	Definitions covered in ISSAI 100 were eliminated.
		Annex A – Definitions (Audit Risk)	The text is different in ISSAI 100.40.	Eliminated, as it is included in the ISSAI 100.
		Annex A – Definitions (Audited, delegating, public entity)	Perhaps the requirements of ISSAI 100.25 regarding the three parties involved would be more relevant here – the responsible party.	Eliminated, as it is included in the ISSAI 100.
		Annex A – Definitions (Effectiveness)	ISSAI 300.11 is approximately similar.	Deleted, as it is similar to the content of ISSAI 300.
		Annex A – Definitions (Efficiency)	ISSAI 300.11 is approximately similar	
		Annex A – Definitions [PPP Value For Money (VFM)]	The National Audit Office (NAO) uses three criteria to assess the value for money of government spending i.e. the optimal use of resources to achieve the intended outcomes:	Included. The paragraph was restructured.



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			<ul style="list-style-type: none"> Economy: minimising the cost of resources used or required (inputs) – spending less; Efficiency: the relationship between the output from goods or services and the resources to produce them – spending well; and Effectiveness: the relationship between the intended and actual results of public spending (outcomes) – spending wisely. 	
		Annex A – Definitions (Risk)	The PPP risk should be specified here.	Deleted, reference is made only to PPP risk.
		Annex B – Macro processes (Project’s identification, evaluation and structuring)	Or the risks that each side wish to assume. But, if both parties can live with it, and enter into the contract with full information?	Included, recommended text. Eliminated, Inequitable distribution of risks
		Annex B – Macro processes (Execution stage and management)	Mitigation measures?	Included, recommended text.
		Annex C - VFM reference analysis	An interesting annex, but perhaps a little too technical for a GUID. In addition, there are many techniques for evaluating VFM, and here we only refer to a few aspects. Might it not be a good idea to drop this annex and make a reference to “using VFM techniques” somewhere else.	Deleted, therefore the references of the Annexes in the Guide have been modified.
		Annex D - Referential risks distribution	What does ‘referential’ mean here.	Annex – C. Modification of the title.
		Annex D - Referential risks distribution (Structuring – Demand)	For what?	Annex – C. It is not accepted because it is a commonly used reference.
		Annex F – Planning For The Audit Of Public-Private Partnerships	-	Annex – E. Modification of the title.
		Annex F – Planning For The Audit Of Public-Private Partnerships (Parr. 8)	So do we mean also evaluate the PPP process followed by the private sector?	Annex – E. Included. Restructured sentence.
		Annex F – Planning For The Audit Of Public-Private Partnerships (Parr. 10)	Unclear what this means.	Annex – E. Included. Modified paragraph.
		Annex F – Planning For The Audit Of Public-Private Partnerships (Parr. 11)	Are we missing something?	Annex – E. Included. Modified paragraph.
		Annex G – Execution Of The Audit (4.1 Performance audit)	Can we discuss if the GUID should make this distinction between performance and compliance?	Annex – F. The two types of audits were discussed.
		Annex G – Execution Of The Audit (parr. 66)	This is no longer in line with the new auditor competency standards.	Annex – F. Included. Modification to paragraph.



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		Annex G – Execution Of The Audit (Parr. 69)	And ¿	Annex – F. Included. Or for and.
		Annex G – Execution Of The Audit (Parr. 84)	Do we mean that we should be auditing them, or should we just ensure that they have been audited by someone?	Annex – F. Included. Have been audited.
		Annex G – 5. Reporting	How do these relate to reporting?	Annex – F. Paragraphs eliminated in previous revisions were included.
Sanjay Kumar II	2022-03-09	Par. 2 ‘A payment scheme will also be defined, frequently by determining future cash flows’	A payment scheme will also be defined, normally by determining future cash flows	Included, recommended text.
		Par. 2 ‘until the asset is transferred to the private sector’	until the asset is transferred to the public sector	Included, recommended text.
		Par. 6 ‘The typical lifecycle of a PPP project typically comprises’	The word may be deleted.	Word deleted.
		Par. 8 ‘It should be mentioned that this GUID is not financial ’	‘It should be mentioned that this GUID does not cover financial audit’	Included, recommended text.
		Par. 10 ‘ demonstrating the degrees of responsibility of the partners in the fulfillment of the tasks, measuring, interpreting and analyzing the results on the work programs’	the degrees of responsibility demonstrated by the partners in the fulfillment of the tasks, measuring, interpreting, and analyzing the results of the work programs	Included, recommended text.
		Annex A - Cost – Benefit	The long sentences can be split and presented as under: The cost-benefit analysis can be financial, social or environmental. It measures the relationship between the costs and benefits associated with an investment project, to know its viability. The analysis mainly measures the cost-benefit ratio (B / C), also known as the net profitability index. It is a quotient obtained by dividing the Present Value of the total net income or net benefits (VAI) by the Present Value of the Investment Costs or total costs (VAC) of a project.	Included, recommended text.
		Annex A - Joint Venture ‘It is the union of two or more companies ’	‘It is the union of two or more entities’ In some cases, public sector partner(s) also form part of Joint venture.	Included, recommended text.
Annex A – Outsourcing - ‘It means finding an external source to the company ’	‘It means finding an external source to the entity’	Included, recommended text.		



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		Annex A - PPP risks - Land acquisition risk - 'It is linked to the increased cost that can generate non timely availability '	'It is linked to the increased cost due to non-timely availability'	Included, recommended text.
		Annex A - PPP risks - Construction risk ' That risk is'	'This risk is'	Included, recommended text.
		Annex A – Demand risk - The variation in the demand (greater or less than expected) at the time the contract was signed	May be modified as: The variation in the demand from that projected at the time the contract was signed	Included, recommended text.
		Annex A - PPP risks - Risk of force majeure - 'Is the risk of something you cannot avoid nor foresee '	'Is the risk of something that cannot be avoided or foreseen'	Included, recommended text.
		Annex A - List of acronyms	May be deleted as expanded forms of, PPP and VFM, appear in the relevant definition itself and other acronyms do not appear in the annexure.	Included, recommended text.
		Annex B - Project's identification, evaluation and structuring - Page 2 item1 – Audit procedures. ' asume '	'assume'	Included, recommended text.
		Annex B - Execution stage and management - Page 3 item 2 -Audit Risk ' Intervention '	ineffective monitoring /handling of project risks	Included, recommended text.
		Annex C – Commonly used risk distribution - Construction Design / executive projects	execution of	Included, recommended text.
		Annex D – Typical life cycle of a PPP Project - 4) Construction: 'depending on the project, you may consider new construction'	'depending on the project, it may be new construction'	Included, recommended text.
		Annex E Planning for the audit of public-private partnerships – Par. 5 - The	May be deleted as the annexure has been deleted.	Deleted.



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		review of the determination and allocation of project risks must be made in relation to those used risk-adjusted costs in the VFM reference analysis (Annex C).		
		Annex E Planning for the audit of public-private partnerships – Par. 5 - ‘A referential distribution is presented in Annex D.’	A referential distribution is presented in Annex C.	Included, recommended text.
		Annex E Planning for the audit of public-private partnerships – Par. 8 - ‘Evaluate the contracting process, whether by public or private initiative ’	The phrase may be deleted as the public entity would be doing the PPP contracting process irrespective of the fact whether the PPP proposal was emanated by the public or private entity.	Included, recommended text.
		Annex E Planning for the audit of public-private partnerships - Par. 10 - ‘ Verify the following aspects in relation to the audit risks evaluated as critical or priority: ’	The sentence may be rephrased as: ‘Audit risks may be evaluated as critical or priority based on the following aspects’	Included, recommended text.
		Annex F- Execution of the Audit - Par. 17 - A referential analysis of VFM is presented in Annex C.	May be deleted as the annexure has been deleted	Deleted.
		Annex F- Execution of the Audit – Par. 23 - Check that the documentation for the contracting process has been properly structured so that the offer or has the necessary information to generate an adequate proposal	The word ‘or’ may be deleted	Deleted.
		Annex F- Execution of the Audit – Par. 75 - Check that the documentation for the contracting process has been properly structured so that the offer or	The word ‘or’ may be deleted	Deleted.



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		has the necessary information to generate an adequate proposal		
		Annex F- Execution of the Audit – Par. 85 - Check the registration of the income stablished in the PPP contract, according to the country's legal system	The archaic form may be replaced with 'established'	Included, recommended text.
		Annex F- Execution of the Audit – Par. 90 - since they allow you to visualize	The word 'you' may be deleted	Deleted.
		Annex F- Execution of the Audit – Par. 92 - The corrected document will be sent for the its approval and a copy will be delivered to the authority of the public entity examined, so that they may know the analysis made with the conclusions and proposals for improvement possibilities.	May be deleted.	Deleted.
Sanjay Kumar II	2022-03-24	Par. 2 - A payment scheme will also be defined, frequently by determining future cash flows	A payment scheme will also be defined, normally by determining future cash flows	Included, recommended text.
		Par. 5 - until the asset is transferred to the private sector	until the asset is transferred to the public sector	Included, recommended text.
		Par. 6 - The typical lifecycle of a PPP project typically comprises	The word may be deleted.	Included, recommended text.
		Par. 8 - It should be mentioned that this GUID is not financial	It should be mentioned that this GUID does not cover financial audit	Included, recommended text.
		Par. 10 - demonstrating the degrees of responsibility of the partners in the fulfillment of the tasks, measuring, interpreting and analyzing the results on the work programs	the degrees of responsibility demonstrated by the partners in the fulfillment of the tasks, measuring, interpreting, and analyzing the results of the work programs	Included, recommended text.



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		Annex A - Cost – Benefit	The long sentences can be split and presented as under: The cost-benefit analysis can be financial, social or environmental. It measures the relationship between the costs and benefits associated with an investment project, to know its viability. The analysis mainly measures the cost-benefit ratio (B / C), also known as the net profitability index. It is a quotient obtained by dividing the Present Value of the total net income or net benefits (VAI) by the Present Value of the Investment Costs or total costs (VAC) of a project.	Included, recommended text.
		Annex A - Joint Venture - It is the union of two or more companies	It is the union of two or more entities In some cases, public sector partner(s) also form part of Joint venture.	Included, recommended text.
		Annex A – Outsourcing - It means finding an external source to the company	It means finding an external source to the entity	Included, recommended text.
		Annex A - PPP risks - Land acquisition risk - It is linked to the increased cost that can generate non timely availability	It is linked to the increased cost due to non-timely availability	Included, recommended text.
		Annex A - PPP risks - Construction risk - That risk is	This risk is	Included, recommended text.
		Annex A – Demand risk - The variation in the demand (greater or less than expected) at the time the contract was signed	May be modified as The variation in the demand from that projected at the time the contract was signed	Modified, recommended text.
		Annex A - PPP risks - Risk of force majeure - Is the risk of something you cannot avoid nor foresee	Is the risk of something that cannot be avoided or foreseen	Included, recommended text.
		Annex A - List of acronyms	May be deleted as expanded forms of, PPP and VFM, appear in the relevant definition itself and other acronyms do not appear in the annexure.	Deleted.



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		Annex B - Project's identification, evaluation and structuring - Page 2 item1 – Audit procedures. - asume	assume	Included, recommended text.
		Annex B - Execution stage and management - Page 3 item 2 -Audit Risk - Intervention	ineffective monitoring /handling of project risks	Included, recommended text.
		Annex C – Commonly used risk distribution – Construction Design / executive projects	execution of	Included, recommended text.
		Annex D – Typical life cycle of a PPP Project - 4) Construction: depending on the project, you may consider new construction	depending on the project, it may be new construction	Included, recommended text.
		Annex E Planning for the audit of public-private partnerships – Par. 5 - The review of the determination and allocation of project risks must be made in relation to those used risk-adjusted costs in the VFM reference analysis (Annex C).	May be deleted as the annexure has been deleted.	Deleted.
		Annex E Planning for the audit of public-private partnerships – Par. 5 - A referential distribution is presented in Annex D.	A referential distribution is presented in Annex C.	Included, recommended text.
		Annex E Planning for the audit of public-private partnerships – Par. 8 - Evaluate the contracting process, whether by public or private initiative	The phrase may be deleted as the public entity would be doing the PPP contracting process irrespective of the fact whether the PPP proposal was emanated by the public or private entity.	Deleted.
		Annex E Planning for the audit of public-private partnerships – Par. 10 - Verify the following aspects in relation to the	The sentence may be rephrased as: Audit risks may be evaluated as critical or priority based on the following aspects	Included, recommended text.



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		audit risks evaluated as critical or priority:		
		Annex F - Execution of the Audit - Par. 17 - A referential analysis of VFM is presented in Annex C.	May be deleted as the annexure has been deleted	Deleted.
		Annex F- Execution of the Audit – Par. 23 - Check that the documentation for the contracting process has been properly structured so that the offer or has the necessary information to generate an adequate proposal	The word 'or' may be deleted	Deleted.
		Annex F- Execution of the Audit – Par. 75 - Check that the documentation for the contracting process has been properly structured so that the offer or has the necessary information to generate an adequate proposal	The word 'or' may be deleted	Deleted.
		Annex F- Execution of the Audit – Par. 85 - Check the registration of the income established in the PPP contract, according to the country's legal system	The archaic form may be replaced with 'established'	Included, recommended text.
		Annex F- Execution of the Audit – Par. 90 - since they allow you to visualize	The word 'you' may be deleted	Deleted.
		Annex F- Execution of the Audit – Par. 92 - The corrected document will be sent for the its approval and a copy will be delivered to the authority of the public entity examined, so that they may know the analysis made with the conclusions and proposals for improvement possibilities.	May be deleted.	Deleted.



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* Due to the deletion and incorporation of texts, and changes in the location of the paragraphs, as requested by the reviewers, the numbering referred to in the suggestions sent may not match.