

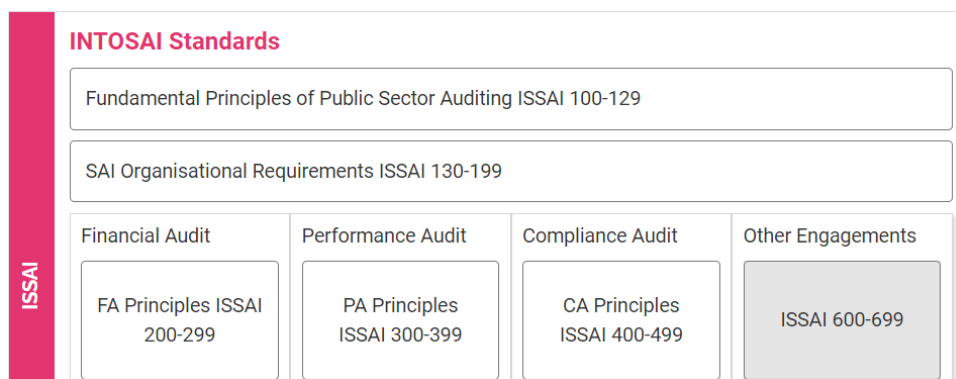
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AUDITOR COMPETENCY FRAMEWORK ADOPTED BY IBAN

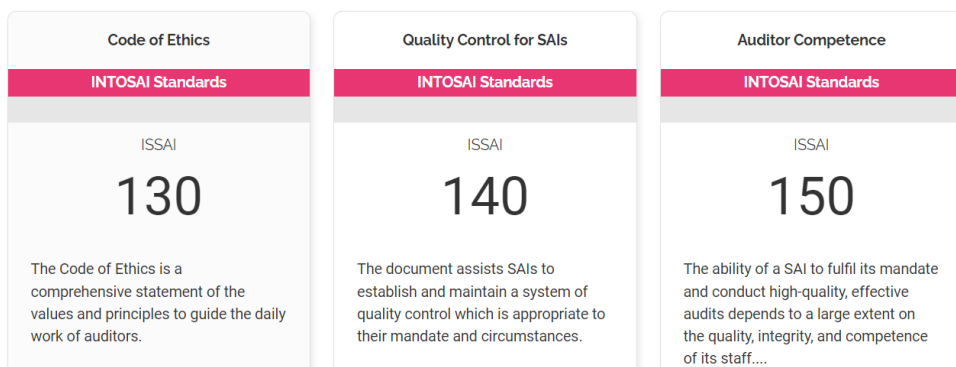
1. This document sets out the Auditor Competency Framework adopted by IBAN for the conduct of audits in accordance with the IBAN Charter (C-M(2015)0032) and ISSAI 150 Auditor Competence, endorsed by INTOSAI in April 2022. A competency framework is “a conceptual model that details and defines the competencies expected of an individual auditor, group or team for a specific task, and for a specific position within an organisation” (ISSAI 150 para 13).

Auditor competency at an organisational level

2. According to Article 15 of the IBAN Charter, “the Board shall undertake its audits in accordance with the principles of the auditing standards of the International Organisation of Supreme Audit Institutions (INTOSAI).” The principles of the auditing standards of INTOSAI include the following pronouncements:



The SAI Organisational Requirements include the following pronouncements:



3. The Fundamental Principles of Public-Sector Auditing (ISSAI 100) define the role of auditor as follows:

“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.”

IBAN Auditors therefore include Board Members, the Principal Auditor, Senior Auditors, Primary Auditors and other members of the audit team. The IBAN administrative team provide support to the IBAN Auditors, but as they do not conduct the audits, they do not form part of the audit team.

4. According to ISSAI 100, *“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 mandates. [...] ISSAI 150 - Auditor Competence defines the requirements of the ISSAIs and provide related application material in this regard.”*

5. Article 5 of the IBAN Charter states that *“Members of the Board, audit and administrative staff assigned to assist the Board, shall protect their independence and avoid any possible conflict of interest by abiding with the INTOSAI Code of Ethics.”* The ISSAI 130 - Code of Ethics *“intends to provide SAIs and the staff working for them with a set of values and principles on which to base behaviour.”* In addition, Article 6 states, *“the Board shall assign functional responsibilities to each Board member and a member shall be designated as rapporteur for each audit undertaken.”* Therefore, all IBAN Auditors, including Members of the Board and audit staff assigned to assist them, are required to comply with ISSAI 130.

6. ISSAI 130 is based on five fundamental values, one of which is *“Competence – to acquire and maintain knowledge and skills appropriate for the role, and to act in accordance with applicable standards, and with due care.”* ISSAI 130 requires that *“the SAI shall adopt policies to ensure that tasks required by its mandate are performed by staff that have the appropriate knowledge and skills to complete them successfully.”* For IBAN, this applies both to Members of the Board and to audit staff assigned to assist them.

7. According to ISSAI 150 Auditor Competence, *“a SAI shall determine and document relevant competencies required for all auditors to fulfil the SAI mandate (Organisational Requirement 1). 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.” [...] “Competence is the knowledge, skills and personal attributes critical to successful job performance.”*

8. According to Article 4 of the IBAN Charter, *“Members of the Board shall preferably be high ranking officials or former high ranking officials of the national audit bodies of member countries or in any case high ranking government officials or former high ranking government officials having a thorough knowledge of, and experience in, auditing and the examination of government financial operations.”*

9. Article 10 of the IBAN Charter states that *“the audit staff shall be qualified in auditing and shall preferably be officials seconded by national audit bodies or former officials from such bodies. The audit staff shall be responsible for the conduct of the audit work under the supervision of the Board.”*

10. Based on the above, Board Members, the Principal Auditor, Senior Auditors, Primary Auditors and other members of the audit team all need to abide with ISSAI 130 – Code of Ethics and ISSAI 150 - Auditor Competence, since all of these roles have operational responsibilities and accountabilities with respect to individual audits assigned to them. IBAN is therefore required to establish and maintain procedures for competency management on an organisational level and to determine and document relevant competencies required for all auditors to fulfil the SAI mandate.

ISSAI-based competency framework

11. The INTOSAI Guidance on the development of competency frameworks for auditors (GUID 1950) provides the application material in order to establish an ISSAI-based competency framework, as follows:

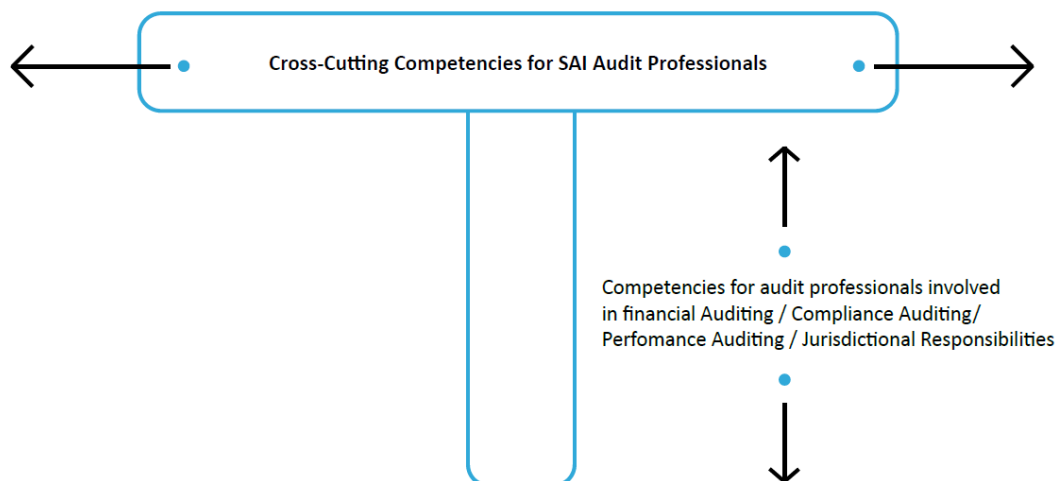
- Cross-cutting competencies for an auditor
- Competencies for an auditor involved in compliance auditing (at IBAN this type of audit is usually carried out as part of a financial audit or NSIP audit).
- Competencies for an auditor involved in financial auditing
- Competencies for an auditor involved in performance auditing

12. According to Article 2 of the IBAN Charter, the function of the Board is to perform three types of audits:

- Financial statements audit (which includes compliance auditing)
- Performance audit /value for money audit
- NSIP audit

13. In addition, the Council, in consultation with the Board as appropriate, may authorise the Board to audit other multi-national entities or operations in which NATO has a particular interest. The Board shall also audit non-appropriated funds.

14. INTOSAI (GUID 1950) acknowledges that many methodologies exist to define competencies in a competency framework, but suggests a relatively easy way, which is to treat 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).”*

Diagram 1: Cross-cutting competencies for SAI Audit Professionals

Source: INTOSAI GUID 1950

15. 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, financial auditing or performance auditing (INTOSAI GUID 1950).

16. The horizontal bar: all IBAN Auditors (Board Members, the Principal Auditor, Senior Auditors, Primary Auditors and other members of the audit team) are required to comply with the “*Cross-cutting competencies*”. These relate to 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).

17. The vertical bar: when an IBAN Auditor (Board Member Rapporteur, the Principal Auditor, Senior Auditor, Primary Auditors and other members of the audit team) is assigned to a specific audit, either financial statements audit (including the compliance audit component), performance audit or NSIP audit, they are required to comply with the relevant “*deep subject matter expertise*” competencies for auditors involved in either compliance audit, financial audit and performance audit. Financial statements audits and NSIP audits require both financial audit and compliance audit competencies.

Diagram 2: additional competencies for specific audits

Source: INTOSAI GUID 1950

The IBAN mandate does not include jurisdictional activities.

18. Since audit opinions on financial statements/NSIP cost statements are used by the governing bodies to discharge the heads of bodies, financial controllers and Host Nations from their financial and compliance responsibilities/liabilities, it is crucial that only Board Member Rapporteurs and audit staff with the required competencies and deep subject-matter expertise are assigned to these assignments in accordance with the principles of the auditing standards of INTOSAI.

19. According to GUID 1950, “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.” Therefore, the competency requirements for performance audits will tend to be more flexible and not necessarily require deep subject-matter expertise, as is the case for financial statements audits/NSIP costs statements audits.

Assessment of competencies

20. According to GUID 1950, “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.”

21. In order to assess competencies, the Chair of IBAN will review the cross-cutting and audit specific competencies required related to the functional responsibilities and specific audit assignments. When ensuring the allocation of tasks among Board Members and the audit staff,

the Chair will take into account the results of a quality review by the Middle Management. The Board shall then, based on a proposal by the Chair of IBAN, assign functional responsibilities to each Board member and a member shall be designated as rapporteur for each audit undertaken, taking into account the quality review by the Middle Management.

COMPETENCY FRAMEWORK FOR AN IBAN AUDITOR

All IBAN Auditors are required to comply with the cross-cutting competencies for an IBAN Auditor. IBAN Auditors are the Board Members, the Principal Auditor, Senior Auditors, Primary Auditors, and other members of the audit team.

IBAN Auditors assigned to a specific audit are required to comply with the audit-specific competencies (financial audit, compliance audit and performance audit). For financial statements audits and NSIP audits, deep subject-matter expertise is required in both financial audit and compliance audit. IBAN Auditors assigned to a specific audit are the Board Member Rapporteurs, the Principal Auditor, Senior Auditors, Primary Auditors, and other members of the audit team.

» A. Cross-cutting competencies for an IBAN Auditor

The cross-cutting competencies of an auditor have been grouped into four broad clusters:

CC 1: An IBAN Auditor leads by example;

CC 2: An IBAN Auditor engages effectively with stakeholders;

CC 3: An IBAN Auditor behaves in a professional manner;

CC 4: An IBAN Auditor contributes to the value and benefits of the IBAN;

The table below describes the individual competencies under each cluster.

Competencies		Expected behaviour
CC 1	An IBAN Auditor leads by example	
CC 1.1	Demonstrates ethical behaviour in all situations	Demonstrates an understanding of the INTOSAI Code of Ethics (ISSAI 130) and acts accordingly, in letter and spirit, in every situation. Demonstrates compliance with IBAN 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 IBAN Auditor 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 (IBAN Board Members, Middle Management, Auditors and Administrative staff) and external stakeholders (audited entities, governing bodies, 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 IBAN Auditor 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 and IBAN standards aligned to ISSAIs) and demonstrates the effective application of this knowledge. Applies ISSAIs and IBAN standards aligned to ISSAIs, within the local context. Exercises professional judgement and skepticism 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. Is able to interpret and provide broader context using financial and non-financial information, drawing from a wide variety of data sources.

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 IBAN Auditor contributes to the value and benefits of the IBAN	
CC 4.1	Contributes to IBAN performance	<p>Aligns personal performance goals and direction with the strategic direction of the IBAN.</p> <p>Behaves in a manner consistent with the requirements of the INTOSAI <i>Framework of Professional Pronouncements</i> (IFPP), as well as the IBAN's image and reputation.</p> <p>Monitors and follows up on audit outputs, which contribute to delivering the value and benefits of the IBAN.</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 IBAN exists to serve the Council, the Governments of Member countries and their citizens, and behaves accordingly.</p> <p>Demonstrates a responsiveness to emerging issues.</p>

» **B. Competencies for an IBAN Auditor involved in compliance auditing (usually part of financial statements audit or NSIP audit)**

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

- Cross-cutting competencies of an auditor described in A above; and
- Compliance audit competencies (CAC) of an auditor 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 IBAN Auditor adds value by conducting ISSAI-compliant compliance audits;

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

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

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

CAC 5: An IBAN Auditor 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 IBAN Auditor 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.

Competencies		Expected behaviour
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 IBAN Auditor 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 IBAN Auditor 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.
CAC 4	An IBAN Auditor 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.

Competencies		Expected behaviour
		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.
CAC 5	An IBAN Auditor 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.

Competencies		Expected behaviour
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 auditor involved in financial auditing**

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

- The cross-cutting competencies of an auditor described in A above; and
- The financial audit competencies (FAC) of an auditor 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 IBAN Auditor adds value by conducting ISSAI-compliant financial audits;**
FAC 2: An IBAN Auditor demonstrates an understanding of context, environment and entity in a financial audit;
FAC 3: An IBAN Auditor assesses and manages risk in a financial audit;
FAC 4: An IBAN Auditor performs and documents financial audit procedures as per ISSAIs; and
FAC 5: An IBAN Auditor effectively communicates and follows up on financial audit results.

Competencies		Expected behaviour
FAC 1	An IBAN Auditor 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 appropriately and consistently in audit practice	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. 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. Demonstrates an ability to determine that sufficient audit procedures have been performed to provide reasonable assurance to the users of the financial statements.
FAC 1.3	Ensures quality in conducting a financial audit	Applies financial audit ISSAIs throughout the audit process in different environments to enhance the credibility of the audit report. Displays the ability to review financial audit work done by others for quality assurance in line with relevant standards and SAI practices.

Competencies		Expected behaviour
FAC 1.4	Exercises professional judgement and scepticism throughout the financial audit	Exercises professional judgement and scepticism while applying standards. Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.
FAC 2	An IBAN Auditor 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	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. Demonstrates an understanding of the accounting and reporting process specific to an entity and effectively deals with complexities in the accounting transactions.
FAC 3	An IBAN Auditor 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 IBAN Auditor performs and documents financial audit procedures as per ISSAIs	

Competencies		Expected behaviour
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.
FAC 5	An IBAN Auditor 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	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. Is able to explain and communicate the audit opinion, and any key corrective actions necessary, to the management and those charged with governance.

Competencies		Expected behaviour
		Is able to identify to whom, and how, matters related to fraud have to be communicated.
FAC 5.2	Follows up on systemic recommendations	Develops and implements a plan for following up on audit results with responsible stakeholders. Monitors the implementation of financial audit observations.

» **D. Competencies for an auditor involved in performance auditing**

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

- The cross-cutting competencies of an auditor described in a above; and
- The performance audit competencies (PAC) of an auditor 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 IBAN Auditor adds value by conducting ISSAI-compliant performance audits;

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

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

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

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

Competencies		Expected behaviour
PAC 1	An audit IBAN Auditor 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 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.

Competencies		Expected behaviour
PAC 1.2	Demonstrates an ability to apply key concepts of performance auditing appropriately and consistently in audit practice	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. 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. Adds value by providing a balanced report and constructive forward- looking recommendations.
PAC 1.3	Ensures quality in conducting a performance audit	Applies performance audit ISSAIs throughout the audit process in different environments to ensure quality that enhances the credibility of the audit report. Displays an ability to review performance audit work done by others for quality assurance in line with relevant standards and SAI practices.
PAC 1.4	Exercises professional judgement and scepticism throughout the performance audit	Exercises professional judgement and scepticism while applying standards. Seeks advice if difficult or contentious issues are encountered when exercising professional judgement.
PAC 2	An IBAN Auditor 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.
PAC 3	An IBAN Auditor 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.

Competencies		Expected behaviour
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 IBAN Auditor 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 IBAN Auditor 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.