

GOVERNMENT INTERNAL AUDIT COMPETENCY FRAMEWORK

March 2007

Government Internal Audit Profession

Government Internal Audit Competency Framework

This framework has been compiled by the Assurance, Control and Risk Team and the PSG Competency Framework Working Group.

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FOREWORD



Professional Skills for Government (PSG) is a major, long-term programme designed to ensure that no matter where you work, you have the right mix of skills and expertise. It includes **development** of skills and experience, consideration of **career paths** and **demonstration** of competence and skills. Internal Audit was recognised within Professional Skills for Government as a profession in Autumn 2005. Internal auditors will need to be able to demonstrate skills and expertise in four areas:

- Leadership
- Core skills
- Internal audit and other professional skills
- Broader experience

at the appropriate level in relation to their job. These will be tested at the key career gateways: Entry to G7, to Senior Civil Service (SCS) Pay Band 1.

Internal auditors have an almost unrivalled opportunity not only to develop core skills within internal audit but also to gain a wide experience of public sector systems which cross all three of the policy delivery, operational delivery and corporate services career groupings.

This competency framework for the Government Internal Audit Profession is designed to help auditors and their managers to:

- identify existing skills and experience,
- identify where there are gaps and
- help plan longer term career paths which ultimately enable internal auditors to pass through the career gateways into G7 and Senior Civil Service posts.

It outlines the specialist competencies that are possessed by members of the Government Internal Audit Profession at three levels of career progression. It will help clarify the competencies you need at your current level and for promotion. It will also be useful for recruitment, appraisals and continuing professional development.

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Government Internal Audit Competency Framework

CONTENTS

	Page
Introduction	5
The Competency Framework: High Level Description	7
The Competency Framework	8

Government Internal Audit Competency Framework

INTRODUCTION

What are Competencies?

A common definition is that competencies are:

Clusters of behaviours, skills and knowledge which are needed to undertake a job effectively.

What is a Competency Framework?

Competency frameworks are collections of competencies that are linked together to describe what is important in a job or in groups of jobs at different grade levels.

Internal Audit Competency Framework

The framework has 7 core competencies, each with three levels. These levels build upon each other – meaning that to have reached level two it is assumed that you have also exhibited any behaviours identified in level one.

What is the purpose of the Government Internal Audit Competency framework?

The purpose of the framework is to clarify and define a comprehensive set of competencies relevant to the broad spectrum of internal audit work. It is designed to be fit for the purpose of recruiting, promoting, appraising and developing internal audit staff. The framework is not exhaustive but is intended to guide individuals and line managers when defining a role or considering personal development.

How is the framework relevant across the different departments?

The framework is relevant to all Government internal auditors. We recognise that posts vary in the exact balance of competencies required. However, research has shown that there is consistency over what constitutes the core parts of the job. Rather than being grade specific the framework has been designed using the Institute of Internal Auditors' Diploma and Advanced Diploma.

How to use the Framework

The framework clearly shows what competencies are required at each level. After each competency there is room to record how it has been met and any development needs which may be prioritised as appropriate.

THE COMPETENCY FRAMEWORK

	Internal Auditor	Lead Internal Auditor	Senior Audit Staff (Grade 7 and above)
EO			
HEO			
SEO			
Grade 7 Grade 5			

The above table illustrates the relationship between competency levels (across the table) and the grade of the post. As indicated, some combinations are unlikely or not applicable.

Key

	Not possible
	Unlikely
	Range likely to be found across government internal audit units

Internal Auditor –research has shown that an internal auditor at this level will hold the Institute of Internal Auditors Diploma in Internal Audit Practice (PIIA) or equivalent.

Lead Internal Auditor – An internal auditor at this level should hold the Institute of Internal Auditors Advanced Diploma in Internal Auditing and Management (MIIA) or equivalent.

Senior Audit Staff (Grade 7 and above). At this level staff would be expected to hold the Institute of Internal Auditors Advanced Diploma in Internal Auditing and Management (MIIA) or equivalent.

Government Internal Audit Competency Framework

THE COMPETENCY FRAMEWORK: High Level Description

Competency	High Level Description
Risk, Control and Governance	Understands the risk, control and governance arrangements of the organisation and how these relate to the work of internal audit.
Audit Strategy	Understands how the work of internal audit is determined in order to allow the Head of Internal Audit (HIA) to offer an overall opinion on the organisation's risk management, control and governance arrangements.
Management of Audits	Uses professional skills to execute assignments, which achieve audit objectives.
Audit Reporting	Appropriately communicates the results of audit work to enable improvement in internal control and to provide assurance.
Communication	Ensures that communication is clear and understood.
Government Environment	Understands the particular factors and issues relating to central government.
Professional Development	Has the ability to keep up to date with changes to the business and internal audit profession that may impact on the work of the internal audit unit.

Government Internal Audit Competency Framework

THE COMPETENCY FRAMEWORK

	Internal Auditor	Lead Internal Auditor	Senior Audit Staff (Grade 7 and above)
<p><u>Risk, Control and Governance</u></p> <p>High level description:</p> <p>Understands the risk, control and governance arrangements of the organisation and how these relate to the work of internal audit.</p>	<ul style="list-style-type: none"> ✓ Understands the principles of the identification, assessment and management of risk including the extended enterprise nature of organisations ✓ Is able to identify and critically evaluate the elements of governance and risk management in an organisation ✓ Is aware of and understands the organisations risk management strategy ✓ Understands the relationship of risk management to corporate governance ✓ Is able to review and provide advice and recommendations on the implementation of the risk management strategy ✓ Understands the organisations high-level objectives, how these are funded and key related risks ✓ Identifies and understands how operational objectives link into the higher-level objectives ✓ Understands the relationship 	<ul style="list-style-type: none"> ✓ Has knowledge and experience of appropriate methods of managing common risks ✓ Has wide experience of suitable controls to manage risks in a variety of relevant environments ✓ Evaluates the effectiveness of reporting in relation to risk management and governance ✓ Understands and is able to assess the balance between managing risk and taking risks in the context of the overall strategy of the organisation ✓ Has a detailed understanding of the more advanced theoretical concepts and best practice requirements which underpin risk management and corporate governance and is able to apply these ✓ Has a more detailed understanding of the IT risks and their impact on the organisation and how 	<ul style="list-style-type: none"> ✓ Is aware of the various sources of assurance to be provided to the Accounting Officer (AO) to support the Statement of Internal Control (SIC) ✓ Is able to lead reviews of the risk management strategy and provides advice to senior management on the effectiveness of the framework and its implementation. ✓ Is able to lead performance reviews and reviews of corporate governance arrangements

Government Internal Audit Competency Framework

	<p>between internal audit and risk management, including the choice of roles available to internal audit depending on the risk maturity of the organisation and its possible impact on corporate governance</p> <ul style="list-style-type: none"> ✓ Understands the specific risks related to operational activities and is able to contribute to the review of risks in operational areas ✓ Is able to relate the organisations risk appetite to the appropriateness of controls and undertake reviews to assess their effectiveness and report to management accordingly ✓ Understands the principles of performance measurement and output targets designed to deliver objectives i.e. Public Service Agreements (PSA)/Service Delivery Agreements (SDA) 	<p>information systems may be used to help manage risk and provide assurance across the whole of the organisation</p> <ul style="list-style-type: none"> ✓ Is able to understand the different stakeholder perspectives that underpin effective risk management within an organisation ✓ Is able to co-ordinate and facilitate risk assessment exercises 	
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Government Internal Audit Competency Framework

Supporting evidence that you have successfully demonstrated these competencies

Development needs

<p><u>Audit Strategy</u></p> <p>High level description:</p> <p>Understands how the work of internal audit is determined in order to allow the Head of Internal Audit to offer an overall opinion on the organisation's risk management, control and governance arrangements.</p>	<p>Internal Auditor</p> <ul style="list-style-type: none"> ✓ Is aware of and understands the main aspects of the audit strategy 	<p>Lead Internal Auditor</p> <ul style="list-style-type: none"> ✓ Uses appropriate knowledge and experience to contribute to the development of the audit strategy ✓ Uses knowledge and experience to suggest refinements to the audit strategy ✓ Is able to identify the skills and experience needed to meet the objectives of the audit strategy ✓ Uses appropriate knowledge and experience to prioritise specific assignments within the audit strategy and to develop a periodic plan 	<p>Senior Audit Staff (Grade 7 and above)</p> <ul style="list-style-type: none"> ✓ Uses appropriate knowledge and experience to develop and maintain an internal audit strategy for providing the Accounting Officer economically and effectively with objective evaluation of and opinions on the effectiveness of the organisation's risk management, control and governance arrangements ✓ Is able to identify and agree the scope of the internal audit unit and any limitations placed upon it by the Audit Committee ✓ Is able to review the strategy and explore alternative strategies to reflect changes in the audit environment
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Government Internal Audit Competency Framework

Supporting evidence that you have successfully demonstrated these competencies

Development needs

	Internal Auditor	Lead Internal Auditor	Senior Audit Staff (Grade 7 and above)
<p><u>Management of Audits</u></p> <p>High level description:</p> <p>Uses professional skills to execute assignments, which achieve audit objectives.</p>	<ul style="list-style-type: none"> ✓ Has an understanding of and ability to contribute to the range of services internal audit can provide to its clients ✓ Has an understanding of how to work within and apply the Government Internal Audit Standards ✓ Is able to contribute to the planning of specific audit assignments ✓ Can produce the scope and audit objectives for an individual audit assignment for review by audit managers ✓ Is aware of the resources available, including their own time, and is able to utilise them to best effect with guidance from senior audit staff ✓ Has appropriate knowledge and skills to achieve specific audit objectives ✓ Is able to identify the key individuals when conducting an audit ✓ Is able to: <ul style="list-style-type: none"> ○ identify and record the objectives, risks and controls ○ select and implement audit tests on the 	<ul style="list-style-type: none"> ✓ Is able to draft audit plans including details of time and costs ✓ Is able to produce the audit plans for specific assignments ✓ Has a thorough grasp of the hard (processes and procedures) and soft (skills and competencies) factors required to lead an internal audit team ✓ Is able to manage several audit assignments at one time ensuring that all audit objectives are met ✓ Is able to manage all components of an audit or consultancy assignment, and members of the team, to ensure that products are delivered to the expected quality within the agreed timeframe ✓ Ensures that assignment resource budgets are adequately managed, individually and in total and ensures that junior staff adhere to their budgets, use their time appropriately and complete audit assignment by the target dates 	<ul style="list-style-type: none"> ✓ Has extensive experience and knowledge, which is used to guide and focus the work of the internal audit unit ✓ Has appropriate experience and knowledge to establish local policies and procedures for the management of assignment work ✓ Is able to establish and maintain quality control procedures to ensure audit work is carried out to comply with the Government Internal Audit Standards ✓ Is able to evaluate and improve audit operations ✓ Reviews audit reports to relate findings and recommendations to wider risk control and governance issues ✓ Incorporates audit findings and management action into future audit plans ✓ Is able to negotiate action plans etc with senior staff from the organisation or the Accounting Officer ✓ Ensures that the risk register is updated to take account of

Government Internal Audit Competency Framework

	<p>effectiveness of risk management and control</p> <ul style="list-style-type: none"> ○ identify weaknesses and/or any instances of over- control ○ maintain appropriate documentary records for each audit assignment to support findings and recommendations ○ contribute to the development of the action plan and timetable for implementing recommendations ○ contribute to providing an opinion on the effectiveness of risk management and control in the audited area ○ carry out a follow up review <p>✓ Is able to contribute to discussions on the outcome of assignments with clients</p> <p>✓ Has the ability to analyse risks and controls for organisations across the full range of their activities and systems, and develop solutions to resolve issues.</p>	<p>✓ Clarifies roles and responsibilities with the audit sponsor</p> <p>✓ Is able to agree the objectives, approach and reporting requirements with clients</p> <p>✓ Is able to undertake a quality review of the audit evidence to ensure it supports the audit findings</p> <p>✓ Is able to agree the action plan, timetable for implementing recommendations, and follow-up action for future audits with audit clients</p> <p>✓ Is able to identify and take appropriate action regarding recommendations not agreed</p> <p>✓ Is able to identify the training and development needs of audit staff and agree appropriate plans with the Head of Internal Audit</p> <p>✓ Is able to make constructive proposals to improve the effectiveness of the audit process</p>	<p>audit assignment findings and action taken</p>
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Government Internal Audit Competency Framework

Supporting evidence that you have successfully demonstrated these competencies

Development needs

	Internal Auditor	Lead Internal Auditor	Senior Audit Staff (Grade 7 and above)
<p><u>Audit Reporting</u></p> <p>High level description:</p> <p>Appropriately communicates the results of audit work to enable improvement in internal control and to provide assurance.</p>	<ul style="list-style-type: none"> ✓ Understands the corporate governance requirements regarding the organisations Statement of Internal Control (SIC) and the role of the Annual Audit report in the assurance process ✓ Is able to prepare an audit report to specified standards - including format, style, and timeliness with the need for minimal editorial changes ✓ Provides clear and sufficient evidence to support recommendations and audit opinion ✓ Ensures that critical findings are reported immediately to the audit sponsor as appropriate ✓ Is able to achieve buy-in and agreement on the part of the client and implementation of report items ✓ Understands the need for logging and monitoring of the results of audit assignments to enable the follow up of significant issues within an appropriate timescale ✓ Understands that it is the implementing of agreed actions and improvement to 	<ul style="list-style-type: none"> ✓ Is able to contextualise findings and recommendations in relation to wider related risk, control and governance issues ✓ Is able to identify the format and type of reporting medium most appropriate for the audit assignment ✓ Is able to provide information and analysis, contributing to the annual audit opinion ✓ Ensures that the audit opinion is based upon appropriate audit evidence and questions/confirms with internal auditor as appropriate 	<ul style="list-style-type: none"> ✓ Is able to incorporate the conclusions of individual audits, according to their significance and materiality, into an evidenced and sustainable opinion on the whole system of risk, control and governance ✓ Is able to produce the Annual Audit report stating an opinion on the organisations risk, control and governance to the Accounting Officer and Audit Committee ✓ Sets the standards and procedures for reporting audit findings ✓ Is able to present audit reports and findings to the Audit Committee ✓ Ensures that critical findings, and those of a more general nature, are promptly reported to senior staff and/or the Accounting Officer, as appropriate ✓ Signs off audit reports

Government Internal Audit Competency Framework

	<p>the control environment that is the key output of the audit assignment rather than the report itself</p> <ul style="list-style-type: none">✓ Understands the use of key summary reporting procedures, including activity reports to the audit committee, performance management statistics, and annual assurance reports		
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Government Internal Audit Competency Framework

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Development needs

<p><u>Communication</u></p> <p>High level description:</p> <p>Ensures that communication is clear and understood.</p>	<p>Internal Auditor</p> <ul style="list-style-type: none"> ✓ Has an understanding and application of good communication skills to develop client/auditor relationships that contribute to the delivery of an added value service to audit clients ✓ Is able to establish and maintain good working relationships with staff at all levels across the organisation ✓ Is able to conduct and record interviews with staff at all levels ✓ Is able to listen actively to others in order to understand the idea or view being expressed ✓ Is able to question and clarify where necessary; structures questions well to obtain key information from others ✓ Is able to adapt communication style to suit the needs and understanding of different audiences ✓ Understands and applies the benefits of using meetings to present audit findings direct to managers ✓ Is able to use technology and presentation styles/formats in order to enhance quality and 	<p>Lead Internal Auditor</p> <ul style="list-style-type: none"> ✓ Demonstrates networking skills and the ability to develop and sustain effective working relationships with a wide range of stakeholders at senior level ✓ Demonstrates advanced influencing, persuasion and negotiation skills ✓ Is able to inspire people to work together strategically towards a common purpose ✓ Demonstrates the ability to lead, motivate and empower people to achieve results and realise their potential ✓ Knows when to challenge situations and has the ability to do so ✓ Is able to help people at different levels to identify problems, find creative solutions and take sound decisions ✓ Is able to discuss and agree the audit objectives and scope with the audit sponsor ✓ Is able to negotiate with management to ensure that audit recommendations are agreed and acted upon ✓ Is able to assist auditors to develop appropriate means 	<p>Senior Audit Staff (Grade 7 and above)</p> <ul style="list-style-type: none"> ✓ Asks the difficult and uncomfortable questions constructively; raises and discusses what others may not want to hear ✓ Is able to make effective presentations to the Audit Committee, and senior managers ✓ Is able to negotiate key audit findings with the Audit Committee and senior management ✓ Provides when required presentations to external parties on the work of internal audit ✓ Proactively promotes the role of internal audit in adding value to business performance
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Government Internal Audit Competency Framework

	<p>impact of findings</p> <ul style="list-style-type: none"> ✓ Is able to negotiate with management as appropriate in order to ensure key findings and follow up actions are agreed ✓ Is able to communicate advice and assistance to management in the establishment as appropriate 	<ul style="list-style-type: none"> ✓ and styles of communication ✓ Is able to contribute to the facilitation of workshops and make presentations ✓ Is a source of advice for team members, gains their respect, is approachable and accessible to them 	
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Government Internal Audit Competency Framework

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<p><u>Government Environment</u></p> <p>High level description:</p> <p>Understands the particular factors and issues relating to central government.</p>	<p>Internal Auditor</p> <ul style="list-style-type: none"> ✓ Understands the principles of Government Financial Framework: <ul style="list-style-type: none"> ○ Resource Accounts/Financial Statement ○ Resource Estimates/Resource Budgets ○ Spending Review process ○ Role of Treasury ○ Principles of Propriety and Regularity ○ Governments cash handling/management systems ○ Departmental Investment Strategy ✓ Understands the role of National Audit Office (NAO) and the Public Accounts Committee (PAC) in terms of Government accountability and regularity and propriety ✓ Understands the principles of the constitution including the roles of Parliament, the Cabinet, Ministers and officials ✓ Understands the principles of the policy making process 	<p>Lead Internal Auditor</p> <ul style="list-style-type: none"> ✓ Understands the impact of business decisions on Spending Reviews/ Budgets and Resource Accounting ✓ Understands the principles of the Private Finance Initiative (PFI); Public Private Partnerships (PPP) and EU Finance (if appropriate) ✓ Understands the principles of the Civil Service Reform Programme ✓ Understands the role of the European Union (EU) and the relationship with Government ✓ Applies understanding in the management of a range of audit assignments 	<p>Senior Audit Staff (Grade 7 and above)</p> <ul style="list-style-type: none"> ✓ Applies understanding in developing and implementing the audit strategy
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Government Internal Audit Competency Framework

	<ul style="list-style-type: none"> ✓ Understands the process of enacting legislation. ✓ Understands the impact on departmental business of significant legislation e.g. Data Protection Act; Freedom Of Information Act and Human Resource legislation ✓ Understands Corporate Governance issues in the public sector ✓ Understands the impact of central government developments and the significant/key target dates ✓ Understands the development of equal opportunities and the ethical requirements in the public sector ✓ Applies understanding to audit assignments 		
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Government Internal Audit Competency Framework

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<p><u>Professional Development</u></p> <p>High level description:</p> <p>Has the ability to keep up to date with changes to the business and internal audit profession that may impact on the work of the internal audit unit.</p>	<p>Internal Auditor</p> <ul style="list-style-type: none"> ✓ Is alert to changes taking place in the organisation and in the audit profession ✓ Understands how those changes may affect the way that the internal audit unit is structured and carries out its business ✓ Extends current knowledge through continuing professional development 	<p>Lead Internal Auditor</p> <ul style="list-style-type: none"> ✓ Provides senior internal audit managers with advice on developments in the internal audit profession ✓ Is receptive to changed ways of working and is proactive in ensuring that they are put into effective use 	<p>Senior Audit Staff (Grade 7 and above)</p> <ul style="list-style-type: none"> ✓ Is proactive in recognising the effect that changes within the business or profession are likely to have on internal audit ✓ Keeps staff informed about changes, involves them in discussion about impacts and measures required to deal with them ✓ Is able to manage the overall professional development of staff in the audit unit
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Government Internal Audit Competency Framework

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