



Government Auditing Experience - the vital link to advance professionalism in government auditing

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Guidelines and regulations which govern the practical experience and training requirements of government auditors, based on the latest international professional thinking and approaches, were recently implemented for the Registered Government Auditor profession. This article explains the requirements and the thinking behind it.

The Registered Government Auditor (RGA) functions in a highly specialised public sector audit environment that requires specific competencies. Professional competence consists of three main pillars, being knowledge, skills and attitudes. The latter two are specifically developed as the prospective professional works as a member of an audit team in a professional audit environment.

The first step in building the profile of the unique government auditor professional was to develop a Common Body of Knowledge and Skills (COBOKS) for government auditors - the emphasis being on the knowledge aspects. In order to gain the necessary skills and attitudes to operate in the government auditing environment was to codify the core experiences to be gained by trainee auditors during the period of practical training before being allowed to register as RGA.

The Southern African Institute of Government Auditors (SAIGA) is a relatively "young" Institute (established 20 years ago) and this fact meant that it was not bound by historical chains which often embody archaic thinking and prevent the most recent educational and professional approaches to be implemented. SAIGA was free to incorporate criteria and approaches at the cutting edge of professional development into its codification process.

The process of codifying the practical experience requirements of government auditors began two years ago culminating in a comprehensive set of practical experience guidelines and regulations, referred to as Government Auditing Experience (GAE).

The prospective RGA (trainee auditor) is required to complete four years of GAE. Of these four years, a minimum of three years have to be gained whilst working for or with the Auditor-



General. The fourth year of practical experience can be gained by working in auditing/accounting-related fields in the wider public sector, including government departments, local authorities, public entities, governmental contract work or internal audit in the public sector.

The GAE guidelines and regulations are aimed to ensure that the RGA is prepared to meet the demands of the broader community relying increasingly on the audit professional.

SAIGA has identified eleven "Experience Bands" which represent the various core experiences that government auditors have to acquire as part of their professional competency framework.

This article briefly explains the eleven GAE Experience Bands and the specific requirements that have to be met in respect of each Experience Band. The codification of eleven Experience Bands allows SAIGA to introduce unique approaches and requirements that advance professional education and development. The overriding objective is one of exposure to a wide variety of situations - thereby ensuring the broadest possible experience - resulting in a highly educated and experienced government auditing professional - the RGA. In its detailed GAE manual, SAIGA addresses four aspects:

- A Reasons for the required experience.
- B Criteria applicable.
- C Specific measured requirements (outcomes).
- D Applicable Critical Cross Field Outcomes - based on the approach of the South African Qualifications Authority (SAQA).

1 Experience Band One

Experience Band One ensures that the trainee auditor is exposed to the audit of various types of organisations during his period of practical training.

The different public sector organisations expose the trainee auditor to various audit experiences. The various organisations embody different audit environments, different audit risks, different internal control environments, different staff, a variety of different systems, and the application of different and unique audit procedures. The trainee auditor is therefore required to be engaged in the audits of public sector organisations falling within the following categories:

- National departments.
- Provincial departments.
- Constitutional Institutions.
- Public entities (including government business enterprises).
- Local authorities.
- Municipal entities.
- Other state controlled entities.

The audit professional who has gained experience in these audit environments is simply better equipped to face the challenges of the diverse public sector.

2 Experience Band Two

Experience Band Two ensures that the trainee auditor is exposed to various components within the Auditor-General.

The demands on Registered Government Auditors are immense. The government auditing environment is uniquely diverse and the evolving accountability structures demand that the government auditor is not merely a general audit practitioner, but one who possesses certain specialised competencies. The following components are identified within the Auditor-General:

- Regulatory auditing.
- Performance auditing.
- Audit of performance information.
- International auditing.
- Taxation auditing includes custom & excise.
- Audit research & development.
- Information systems auditing.
- Corporate governance.
- Forensic auditing.
- Other specialised audit services.

In contrast to private sector auditors, the public sector audit environment requires the government auditor to be able to perform a variety of audits (performance auditing is a prime example) and it is therefore necessary to expose the trainee auditor during his practical training period to these audit types.

3 Experience Band Three

Experience Band Three ensures that the trainee auditor is

engaged in all phases of the audit and is not restricted to, say, tests of controls only.

During his period of practical experience, the trainee auditor is required to be involved in ALL phases of the audit as outlined below:

- Pre-engagement activities.
- Audit planning.
- Understanding the entity and its environment.
- Preliminary analytical procedures.
- Risk assessment.
- Identification of components.
- Internal control evaluation (including internal auditing).
- Tests of controls (compliance procedures).
- Interim audits.
- Sampling (design and implementation).
- Tests of details (substantive procedures).
- Computer assisted auditing techniques (CAATs).
- Review of the audit files.
- Management letters.
- Final analytical review.
- Overview of the financial statements.
- Evaluation and conclusion.
- Audit reports.

Although a trainee auditor will not be responsible for a phase such as the writing of the audit report, SAIGA requires the accredited provider of GAE to at least involve the trainee auditor in every phase.

4 Experience Band Four

Experience Band Four ensures that the trainee auditor also continues to develop his knowledge base and is educated to embrace the concept of continuing professional development (CPD).

During his period of practical training (GAE), the trainee auditor is exposed to a variety of activities that develop his professional competence. The audit engagements in particular, and the interaction with his peers and seniors convey valuable experience. Audit competence rests on three main pillars, these being knowledge, skills and attitudes. The latter two are specifically developed by working as a member of an audit team in a professional environment.

Part of this period should, therefore also be dedicated to the development and acquisition of knowledge, a process that is particularly enhanced during formal structured education and training interventions.

The enrolment towards a degree, diploma or post-graduate degree or diploma (to meet the COBOKS subject requirements) at a tertiary institution is the most strongly preferred experience required under this specific Experience Band. Where the trainee auditor has already met the COBOKS' qualification and subject requirements, it is recommended that he enrolls for further studies which may compliment his existing knowledge base.

During his period of practical training (GAE), the trainee auditor is also required to attend a prescribed number of courses which are presented by SAIGA's Public Finance Management Academy, accredited GAE-providers and other reputable providers of courses which deal with topics listed in the COBOKS for RGAs.

Developing and maintaining one's knowledge-levels is also a trademark of a professional and underlies the concept of continuing professional development. By attending to this specific Experience Band, the trainee auditor is educated to incorporate this concept in his professional approach from an early stage. Thereby the future RGA is also educated to embrace the concept of life-long learning.

Experience Band Five

Experience Band Five ensures that the trainee auditor repays some of the social debt owing as a result of the community having financed his formal education, by engaging in community projects and events aimed at social upliftment or social development activities.

A responsible professional is not isolated from the wider community within which he functions. In fact, taking into account the investment that society has made in the education and training of a professional, through, amongst others, the spending of public funds to subsidise the education system, the professional owes society no small debt. Unlike members of other professions, who are required to deliver some community service (for example medical practitioners), the accounting and auditing professionals are not subject to any formally regulated contribution towards the development and upliftment of society in general. This increases the social debt that has to be repaid.

Being a staff member of a professional organisation also requires more than just performing the tasks listed under the job description. Engagements that exceed the strict job description are referred to as extended work related responsibilities. The social debt and extended work related responsibilities can be addressed through the engagement of the trainee auditor in community projects and events aimed at social upliftment or social development activities.

Community projects and events aimed at social upliftment or social development activities can be broadly classified as follows:

- Community service (outside the profession).
- Community service and social engagements (within the profession and/or work place).
- Cultural and religious activities.

To qualify as a "Social development contribution", the trainee auditor has to contribute towards the activity by actively participating in the presentation of the events, the operation of the organisation or its management. Thus normal attendance at such events does not qualify. The trainee auditor must be a speaker, organiser or facilitator. Political activities are specifically excluded from the above. A minimum of 15 hours community service per year is required.

Experience Band Six

Experience Band Six ensures that the trainee auditor develops and maintains his knowledge-levels in respect of the unique Laws and Regulations applicable in the government auditing environment, through specific training interventions.

The government auditing environment is unique and distinguishes itself from the private sector audit environment. This is particularly evident with regard to the Acts and Regulations which the government auditor has to know and apply during the audit process. Academic programmes from tertiary institutions are also currently focused on private sector

legislation, and very few programmes incorporate those Acts and Regulations applicable to the government auditing environment. This deficiency in the programme content of universities manifests itself in the accounting programmes which many prospective RGAs have followed.

The following Acts and Regulations are identified in the COBOKS for RGAs:

- Public Audit Act.
- Public Finance Management Act.
- Municipal Finance Management Act.
- Treasury Regulations.

During his period of practical training, the trainee auditor is required to attend at least two training interventions (short courses) that specifically address the above public sector Acts and Regulations.

Experience Band Seven

Experience Band Seven ensures that the trainee auditor engages with technology and acquires the necessary skills to function in an environment that is increasingly dependent on technology.

The Registered Government Auditor is required to perform his functions in an environment that is strongly dependent on technology. Financial and accountability related information is stored in electronic format and is retrieved and manipulated by technology. Audit processes are also based on the application of technology-based processes. In planning, executing and managing the audit, presenting the audit results, and in communicating with users of auditing services, the government auditor relies heavily on the use of technology.

The government auditor must therefore be able to use the following technologies:

- Laptop / notebook.
- General programmes (Word, Excel, Power Point).
- Specific audit related programmes (TeamMate).
- Internet Explorer (or other browser).
- E-mail.
- Data projector.

This Experience Band requires the involvement of the trainee auditor's mentor. It is the mentor's responsibility to assess the trainee auditor's proficiency in the use of technology, and if necessary, advise on actions to improve the above. The trainee auditor, on his part, is required to collect data in a Portfolio of Evidence that enables the mentor to assess his proficiencies in this regard.

Experience Band Eight

Experience Band Eight ensures that the trainee auditor develops his communication skills through various innovative approaches.

One of the most crucial Critical Cross Field Outcomes of a trainee auditor is the ability to communicate. This skill distinguishes the audit professional from other persons. Good audit communicators have the ability to extract the necessary information and evidence from the auditees, thereby improving audit quality. Good communicators are also needed to direct and motivate audit staff. Communications take various forms and include the following:

- Oral communications addressing individuals or a group / audience.
- Debate (in various media).

- Written communications by producing letters, reports, remarks, articles and other documents.
- Other means of communications such as presentations or the preparation of schedules, graphs or diagrams.

To meet the requirements of this specific Experience Band the trainee auditor must attend the specifically developed short course titled "Effective Writing Skills for Trainee Auditors", which forms part of SAIGA's Public Finance Management Programme.

This Experience Band furthermore requires the involvement of the trainee auditor's mentor. It is the mentor's responsibility to assess the trainee auditor's communication skills and if necessary, advise on actions to improve the above. The trainee auditor is required to collate a "Portfolio of Communications" which will contain a collection of his experiences and actions taken, indicating the development of this specific skill.

Emphasis on communication skills will ensure that RGAs distinguish themselves in their professional environment.

Experience Band Nine

Experience Band Nine ensures that the trainee auditor attends a variety of meetings and thereby develops his meeting-skills.

To be able to function as a competent audit practitioner, the RGA has to be able to conduct meetings and has to attend meetings as a contributing, constructive participant. The government auditor has to meet with staff members, staff from the auditee and to interact with attendees at various other forums, thus making "meeting experience" a crucial skill requirement. To achieve this skill, the trainee auditor is required in his period of practical training (GAE), to attend a certain number of meetings of various natures. The following types of meetings are relevant:

- Meetings to plan the audit (with staff members).
- Pre-engagement meetings with senior auditee staff.
- Audit Steering Committee meetings.
- Meetings with an audit committee.
- Meetings with auditee to discuss audit differences.
- Meetings in the Auditor-General (at senior level with a Business Executive or higher) - here various issues may be discussed ranging from policy to specific audit issues.

During his period of practical experience, the trainee auditor is required to attend at least one meeting of each type listed above. The trainee auditor must receive both agenda (where applicable) and minutes or follow-up correspondence for each meeting.

The object of the above is to enable the trainee auditor to attend meetings at preferably the most senior level. Where this is achieved, it is not a requirement that the trainee auditor be an active participant. Participation is, however, recommended.

Experience Band Ten

Experience Band Ten ensures that the trainee auditor is not only well informed of developments within the profession, but also

well informed of political developments, current debates and social issues affecting the organisations that are being audited.

The professional environment of the government auditor is constantly changing as it is affected by local and international events and developments. Given that the government auditor is engaged in the audit of the spending of public funds, and of the involvement of government in the accountability process and of the formal public sector and legislative structures that have been set up to ensure the transparent, accountable, effective, efficient and economical use of public funds, the government auditor has to be exceptionally well informed of current affairs.

Not only does the government auditor have to be well informed of developments within the profession, but he also needs to be well informed of political developments, current debates and social issues affecting the organisations that are being audited. Developing and maintaining one's general knowledge of current affairs is also a trademark of a professional and underlies the concept of continuing professional development. By attending to this specific Experience Band, the trainee auditor is educated to incorporate this concept in his professional approach from an early stage. Thereby the RGA is also educated to embrace the concept of life-long learning.

The following sources of information will assist in informing the trainee auditor of current developments and debates:

- Auditing SA.
- SAIGA e-com.
- Southern African Journal of Accountability and Auditing Research.
- Government Digest.
- FinWeek 24.
- Financial Mail.
- Other financial and management journals.
- The business sections of various daily and weekly newspapers.
- www.gov.za.
- Other financial, accountability, socio political and socio economic web sites.
- The annual Budget Speech by the Minister of Finance.
- The State of the Nations Address by the State President.
- Material in the library facilities within the Auditor-General (or other accredited GAE-provider).

During his period of practical experience, the trainee auditor is required to actively read a variety of newspapers, magazines, journals and access other sources (for example websites) to inform himself of current developments. As this requirement is difficult to measure and to verify, SAIGA requires the trainee auditor to declare his efforts in this regard on the final assessment form, providing amongst others the names of the publications and documents read. As a guideline, the trainee auditor should spend about one hour per working week on this Experience Band.

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Experience Band Eleven

Experience Band Eleven ensures that the trainee auditor develops his ethics awareness, his skills to participate in ethics debate and an appreciation of the important role that ethics criteria play during the performance of his duties.

During his period of practical training (GAE), the trainee auditor is exposed to a variety of activities that develop his professional competence; the audit engagements in particular and the interaction with his peers and seniors impart valuable experience. Competence consists of three main pillars, these being knowledge, skills and attitudes. The last, attitudes, is a particularly important aspect in the intellectual attire of an audit professional.

The existence and application of a Code of Ethics is a fundamental characteristic of a profession and the ethical facet needs to be addressed and developed in members of a profession from the earliest stage. The period of practical training (GAE) must therefore also be focused on the development of ethical behaviour and related functions, such as ethics dialogue, ethics awareness and ethics processes within both the Supreme Audit Institution and the auditees' entity.

Constantly developing and improving one's levels of ethics (ethical health) is also a trademark of a professional and links into the concept of continuing professional development. By attending to this specific Experience Band, the trainee auditor is educated to incorporate ethics into his professional approach from an early stage. Hereby the RGA is educated to embrace the concept of life-long ethics development.

A large variety of documents and processes contribute to the development of the government auditor's ethical health:

- The INTOSAI Code of Ethics.
- The Auditor-General's Ethical Code.
- The ethics framework, processes and procedures within the Auditor-General.
- Specific ethics workshops and training interventions.
- Ethics dialogue and ethics decision making.
- Ethics assessments mechanisms.
- Ethics awareness programmes.

During his period of practical training, the trainee auditor is required to attend certain prescribed ethics courses. Towards the end of the period of practical training (GAE) the trainee auditor has to make a statement (as part of the final assessment form) that he was not involved in any unethical behaviour. Alternatively, details of any ethics-related investigations involving the trainee auditor must be provided. The trainee auditor has to have in his possession a copy of the INTOSAI Code of Ethics and a signed copy of the Auditor-General's Code of Ethics, stating that the trainee auditor is in possession of the Code, that he has read it, understood it and will apply it to the best of his abilities at all times.

Towards the end of his period of practical training (GAE) the trainee auditor has to obtain an ethical health recommendation from the Auditor-General (or other accredited GAE-provider) through the trainee auditor's mentor.

The trainee auditor is required to collate an "Ethics Portfolio".

By incorporating ethics as a formal Experience Band, the Southern African Institute of Government Auditors is breaking new ground and advancing a trend to re-establish the former values of the auditing profession.

Other GAE aspects

SAIGA's new GAE-Regulations and Guidelines also provide for administrative rules and other responsibilities of the Auditor-General, mentors and trainee auditors in respect of GAE. This includes GAE-accreditation criteria for the Auditor-General and its mentors. The INTOSAI practical experience standards form part of the GAE-Regulations and Guidelines, underlining the government auditors' close association with this international body.

The codification of the required practical experience for government auditors and its formal assessment and monitoring by the Institute, heralds a new era for government auditing. It will ensure that those who are entrusted with the responsibility to assess and report on the state of our country's public sector finances, are adequately experienced to do so. Combined with a Common Body of Knowledge and Skills for government auditors which is formally assessed in SAIGA's Qualifying Examination, Registered Government Auditors are equipped to provide the necessary assurances to the South African public regarding the state's finances.

Auditing SA



Government Auditing Experience (GAE) now codified to ensure that Registered Government Auditors are competent to meet the challenges of the unique public sector environment



Consider the facts...

Fact: Section 12 of the Public Audit Act allows the Auditor-General to engage so-called "authorised auditors" to assist the Auditor-General in performing public sector audits.

Fact: The Auditor-General engages private sector audit firms for this purpose.

Fact: Contract audit work given to private sector auditors has risen from an average of R35 Million in the middle and late 1990s to R109 Million in 2001 (a 210% increase) and then to R137 Million in 2002. By 2007 the fees for private sector auditors had risen to R301 Million. Then, in one single year from 2007 to 2008 the amount rocketed to R417 Million - a staggering 39% increase in one year.

Fact: The syllabus of private sector auditors does not include critical public sector topics such as the Public Finance Management Act, the Municipal Finance Management Act, the Treasury Regulations, the Public Audit Act, Generally Recognised Accounting Practice, to name but a few. In order to register as private sector auditor you need no knowledge of or experience in any public sector field or specialised public sector topic.

Fact: The Southern African Institute of Government Auditors (SAIGA) has formally codified the government auditors' required knowledge & skills and assesses these competencies by means of the Qualifying Examination for Registered Government Auditors (RGA-QE) and its government auditing experience (GAE) programme.

Fact: The Auditor-General does not assess the public sector competencies of the private sector auditors who are appointed to assist the Auditor-General in performing public sector audits. The Auditor-General also does not require private sector auditors to have their public sector audit competencies formally assessed through existing structures and processes.

