

# Competency Framework for Public Sector Internal Auditors

Developed within PEMPAL IACOP  
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Vienna: March 27, 2025



# Evolution of the PEMPAL Competency Framework



Introduced at the PEMPAL IACOP in Budapest



Incorporated feedback from group discussions



Fine-tuned by a dedicated working group



Final version reflects practical insights and alignment with international best practices

# The IIA's Internal Audit Competency Framework



Aligning with the GIAS



Focuses on individual and functional competencies across job levels



Structured into domains: ethics, governance, managing audit activities, and service delivery



Includes assessment tools for individuals and internal audit functions

# Comparing the Two Approaches



FEATURE	PEMPAL FRAMEWORK	IIA FRAMEWORK
Focus	Public sector internal auditors	Internal audit in general, emphasis on private sector
Alignment	GIAS with emphasis on Public governance, accountability, transparency	Global Internal Audit Standards
Structure	5 key competency areas	Multiple domains with proficiency levels
Stakeholders	Public sector internal auditors and heads of IA, CHUs, government entities, audit committees	Internal auditors, CAEs, board members
Application	Recruitment, training, capability building in the public sector	Individual and collective competency assessment in internal audit functions

# Key Competency Categories



1. Core technical skills
2. Professional Competencies
3. Analytical and Critical Thinking
4. Communication and Interpersonal Skills
5. Adaptability and Continuous Learning

Each category is structured for different proficiency levels: **Junior Staff, IA Staff, Management of IA**

# Core Technical Skills

## 1. Core Technical Skills

The **Core Technical Skills** address the unique operational and financial dynamics of the public sector. Public sector internal auditors require competencies in areas like **public procurement processes, budgetary controls, risk assessment, and IT governance**, which often differ from private sector practices due to **regulatory frameworks, fiscal policies, and public accountability requirements**. These skills enable auditors to evaluate the efficiency, transparency, and compliance of government operations, ensuring public resources are well-managed and aligned with national priorities.

Competency	Description	Management of IA	IA Staff	Junior Staff
Managing Resources in public sector internal auditing	Competencies related to optimizing the use of financial, human, and technological resources in public sector audits.	Essential	Basic	N/A
Knowledge of public sector Budgetary Processes	<ul style="list-style-type: none"><li>• Knowledge of budget formulation, approval, execution, and reporting cycles.</li><li>• Evaluating adherence to fiscal policies and budgetary controls.</li><li>• Identifying inefficiencies or irregularities in public spending.</li></ul>	Essential	Essential	Recommended

- Public procurement, budgetary controls, and risk management
- IT governance and cybersecurity
- Internal controls and fraud risk management
- ESG auditing and public sector financial analysis

**Outcome:** Mastering core technical skills ensures public sector internal auditors can identify inefficiencies, improve resource allocation, and strengthen controls in critical areas such as budgeting, procurement, and IT governance. These competencies lead to efficient public spending, enhanced IT security, and improved transparency in government operations.

# Professional Competencies

## 2. Professional Competencies

Professional competencies emphasize the **public sector auditor's role as a steward of public trust and accountability**. With competencies like **adherence to public sector ethics, risk management in government institutions, and stakeholder trust-building**, auditors ensure that their work upholds principles of transparency, integrity, and fairness. Unlike the private sector, where the focus is often on financial performance, public sector auditors prioritize **servicing the public interest and strengthening governance systems**.

Competency	Description	Management of IA	IA Staff	Junior Staff
<b>Adherence to Public Sector Ethics Standards</b>	Commitment to uphold and promote <b>ethical standards specific to the public sector</b> , ensuring transparency, fairness, and integrity in audit practices. Competencies include understanding and applying ethical codes, avoiding conflicts of interest, and fostering an ethical culture within government audit activities.	Essential	Essential	Recommended
<b>Maintaining Objectivity in public sector Internal Audits</b>	Ability to conduct audits impartially, free from personal or external influences that could compromise judgment. Skills include recognizing potential biases, safeguarding objectivity, and maintaining independence to ensure fair and unbiased audit outcomes in line with	Essential	Essential	Essential

- Ethics and public interest responsibility
- Stakeholder trust and engagement: audit committees' engagement
- Quality assurance in internal audit

**Outcome:** Professional competencies empower internal auditors to act with integrity, maintain objectivity, and build stakeholder trust, which are essential in a public sector environment where transparency and accountability are paramount. These skills foster **stronger governance systems, enhanced public trust, and accountability in the use of taxpayer resources**.

# Analytical and critical thinking

## 3. Analytical and Critical Thinking

Analytical and critical thinking are fundamental skills for internal auditors, essential for **identifying and mitigating risks, evaluating systems and processes, and making informed decisions**. These competencies enable auditors to **report effectively, communicate risks, and provide strategic insights** to governance bodies, including audit committees. Additionally, proficiency in **analyzing the effects of policies** on public programs and services, **evaluating policy outcomes, assessing potential risks and benefits, and providing recommendations** to enhance policy effectiveness are key aspects of these skills.

Competency	Description	Management of IA	IA Staff	Junior Staff
<b>Ability to conduct Policy Impact Analyses</b>	Proficiency in analyzing the effects of policies on public programs and services. Skills include evaluating policy outcomes, assessing potential risks and benefits, and providing recommendations to enhance policy effectiveness and alignment with government objectives and the public good.	Essential	Recommended	Basic
<b>Skilled in Data Analytics for Public Sector Fraud Detection</b>	Expertise in utilizing advanced data analytics tools and techniques to detect and prevent fraud within public sector operations. Competencies include statistical analysis, anomaly detection, and proficiency in using software tools for data analysis to identify	Essential	Recommended	Basic

Engels (Verenigde Staten) Tekstvoorspelling: aan Toegankelijkheid: onderzoeken

Focus

- Fraud detection and data analytics
- Root cause analysis
- Policy impact evaluation

**Outcome:** Analytical and critical thinking skills enable auditors to evaluate policies, detect fraud, and analyze complex data to provide evidence-based recommendations. This results in **better-informed decision-making, prevention of fraud, and improved effectiveness of public programs and services**.



# Communication and interpersonal skills

## 4. Communication and Interpersonal Skills

Effective communication is vital in the public sector, where **multiple stakeholders—government agencies, oversight bodies, and citizens—rely on audit insights**. Competencies like **transparent reporting, advisory skills, and stakeholder engagement** help auditors bridge the gap between audit findings and actionable improvements. Public sector auditors must convey complex audit outcomes in clear, accessible language to promote understanding, trust, and accountability among diverse audiences.

Competency	Description	Management of IA	IA Staff	Junior Staff
<b>Ability in Effective Reporting to Government and Public Stakeholders</b>	Skill in preparing clear, concise, and accessible reports that meet the informational needs of government officials, public stakeholders, and the general public. Competencies include the ability to convey complex audit findings in a manner that is understandable and actionable for decision-makers.	Essential	Essential	Recommended
<b>Ensuring Transparent Communication of Audit Findings</b>	Ability to present audit findings openly, ensuring transparency and accountability. Skills include honest communication, avoiding jargon, and using straightforward language to facilitate understanding and trust among all stakeholders involved in	Essential	Essential	Recommended

- Effective audit reporting and advisory skills
- Transparent communication and collaboration with stakeholders

**Outcome:** Effective communication and interpersonal skills ensure that internal auditors can convey findings clearly, engage stakeholders, and provide actionable advice. These competencies drive **improved understanding of audit insights, stronger collaboration with stakeholders, and greater trust in the internal audit function.**

# Adaptability and continuous learning

## 5. Adaptability and Continuous Learning

The public sector is dynamic, shaped by **regulatory changes, emerging technologies, and evolving societal expectations**. This category includes competencies such as **adapting to new legislation, embracing technological advancements, and committing to continuous professional development**. Public auditors must stay updated on innovations like **e-governance, sustainability reporting, and artificial intelligence** to remain effective and relevant in delivering value to citizens.

Competency	Description	Management of IA	IA Staff	Junior Staff
<b>Commitment to Continuous Professional Development</b>	Dedication to ongoing learning and improvement. Competencies include self-assessment, pursuing relevant certifications, and staying updated on the latest public sector audit practices and standards.	Essential	Essential	Recommended
<b>Adaptation to Emerging Public Sector Regulatory Changes</b>	Ability to quickly adapt to new regulations and policies affecting public sector audits. Skills include staying informed about legislative changes, understanding the implications for auditing practices, and adjusting audit approaches to ensure compliance and relevance.	Essential	Recommended	Recommended

- Embracing regulatory changes and technology
- Future skills: AI, ESG, and digital auditing


**Outcome:** Adaptability and continuous learning prepare auditors to respond to emerging challenges, such as regulatory changes, technological advancements, and evolving public expectations. This focus ensures a **future-ready internal audit function capable of addressing new risks and maintaining compliance with evolving standards.**

# How the Framework Adds Value

- Guides recruitment and skills gap assessments
- Improves training and continuous professional development (CPD)
- Supports audit committees and CHUs in standardizing internal audit practices
- Fosters a culture of continuous learning and adaptability

By adopting this framework, public sector organizations strengthen **audit quality, governance, and trust in public financial management**

# Approval of the PEMPAL Public Sector Internal Audit Competency Framework



New knowledge  
product: approval of  
IACOP

Alignment with IIA  
framework:  
cooperation,  
developing  
complementary  
products