Competency Framework for Public Sector Internal Audit

Detailed Competency Descriptions Aligned with Updated Global Internal Audit Standards

==Cover image to be included==

ACKNOWLEDGEMENTS

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WHAT ARE PEMPAL AND IACOP?

The Public Expenditure Management Peer Assisted Learning (PEMPAL) network facilitates the exchange of professional experience and knowledge transfer among public financial management practitioners in countries across the Europe and Central Asia Region. PEMPAL, launched in 2006, aims to contribute to strengthening public financial management practices in member countries through developing and disseminating information on good practices and their application.

PEMPAL organizes around three thematic communities of practice:

- Budget Community of Practice (BCOP),
- Treasury Community of Practice (TCOP), and
- Internal Audit Community of Practice (IACOP).

The main overall objective of the IACOP is to support its member countries in establishing modern and effective internal audit systems that meet international standards and good practices, important for good governance and accountability in the public sector.

This document is one in a series of IACOP knowledge products available from www.pempal.org. Others include:

- Good Practice Internal Audit Manual Template
- Good Practice Continuing Professional Development Manual Template
- Internal Audit Body of Knowledge
- Risk Assessment in Audit Planning
- IACOP Concept Paper on Cooperation Among Public Sector Audit and Financial Inspection Entities
- Quality Assessment and Improvement Guide for Public Sector Internal Audit. A Toolkit for Quality Improvement
- PEMPAL Guidance on Internal Audit: Demonstrating and Measuring Added Value
- Key Performance Indicators for Internal Audit Function
- The Impact of COVID-19 on the Role and Activities of Internal Audit

- Assessing the Effectiveness of Internal Control: PEMPAL Guidance for Public Sector Internal Auditors
- PEMPAL IACOP Glossary of Terms: Internal Control
- Guidance on Monitoring of the Internal Audit Function by the Central Harmonization Unit
- IT audit. Practical Guidance for Internal Auditors in the Public Sector
- Audit Committees in the Public Sector
- Digital Platform for Public Internal Control and Internal Audit Monitoring and Reporting
- Guidance for Planning the Internal Audit Engagement

Abbreviations

AI: Artificial Intelligence
CHU: Central Harmonization Unit
COSO: Committee of Sponsoring Organizations of the Treadway Commission
CPD: Continuing Professional Development
ESG: Environmental, Social, and Governance
IA: Internal Audit
IACOP: Internal Audit Community of Practice
IIA: Institute of Internal Auditors
INTOSAI: International Organization of Supreme Audit Institutions
IT: Information Technology
KPI: Key Performance Indicator
PEMPAL: Public Expenditure Management Peer Assisted Learning network
SOE: State-Owned Enterprises

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Executive Summary

The **Public Sector Internal Audit Competency Framework** serves as a comprehensive guide for enhancing the capacity, skills, and professionalism of internal auditors operating in public sector environments. Designed to align with the *Global Internal Audit Standards*, the framework addresses the unique challenges and priorities of public sector governance, including transparency, accountability, and service to the public interest.

The framework outlines essential **competencies** categorized into five key areas:

1. **Core Technical Skills**: Proficiency in public procurement, budgetary controls, risk management, and IT governance ensures auditors can identify inefficiencies, improve resource allocation, and strengthen controls across government operations.

2. **Professional Competencies**: Emphasizing ethics, objectivity, and stakeholder trust, these competencies position auditors as stewards of public interest and accountability.

3. **Analytical and Critical Thinking**: Data-driven evaluation, fraud detection, and root cause analysis empower auditors to deliver evidence-based insights that enhance decision-making and operational effectiveness.

4. **Communication and Interpersonal Skills**: Effective communication, transparent reporting, and collaboration ensure audit findings translate into actionable improvements, building trust among stakeholders.

5. **Adaptability and Continuous Learning**: Auditors are prepared to respond to emerging trends, including technological advancements, evolving regulations, and societal demands, ensuring future readiness in a dynamic environment.

The framework is structured to support auditors at different proficiency levels—**junior staff**, **audit professionals**, and **management of internal audit functions**—ensuring a clear progression of skills and career development.

Key stakeholders, including **Central Harmonization Units (CHUs)**, boards/audit committees, public sector managers, and human resource departments, can leverage this framework to:

- Align the recruitment of candidates with needed competences and skills;

- Conduct skills gap analyses and design targeted training programs;

- Standardize job descriptions and performance evaluations;

- Enhance collaboration between internal and external audit functions;

- Drive improvements in governance, risk management, and accountability.

Future-focused, the framework addresses emerging areas such as **AI and automation**, **Environmental, Social, and Governance (ESG) auditing**, and **cybersecurity**, ensuring public sector auditors remain agile and capable of driving value in an increasingly complex landscape.

By adopting the **Public Sector Internal Audit Competency Framework**, public sector organizations can strengthen audit quality, foster trust in government operations, and promote the efficient, transparent use of public resources.

Introduction

The **Public Sector Competency Framework for Internal Audit** serves as a strategic guide for developing skilled auditors capable of navigating the unique challenges of public sector environments. In alignment with the **Global Internal Audit Standards**, this framework outlines the essential technical and professional competencies required to enhance governance, accountability, and transparency in public sector operations. It reflects the evolving landscape of public administration, emphasizing the need for expertise in areas such as budgeting, procurement, IT governance, sustainability, and stakeholder engagement. This framework aims to empower auditors with the knowledge and tools to drive impactful audits that uphold public trust and ensure efficient delivery of government services.

Broader Relevance of the Competency Framework

While primarily developed for public sector internal auditors, the **Competency Framework for Internal Audit** offers significant value to a variety of stakeholders:

- **Audit Committees**: By outlining the essential skills and knowledge expected of internal auditors, the framework helps audit committees better understand the capabilities required to fulfill their oversight role effectively. It can also guide committees in setting expectations, assessing internal audit performance, and identifying areas where additional support or resources may be needed. For additional requirements related to the specifics of Audit Committees in the public sector reference should be made to the PEMPAL knowledge product on this subject '*Audit Committees in the Public Sector'*.

- **Central Harmonization Units (CHUs)**: The CHUs can utilize this framework to establish consistent standards across public sector entities, monitor internal audit quality, and provide targeted recommendations for capacity building. It serves as a reference point for harmonizing audit practices in alignment with global standards.

- **Human Resource Departments**: For HR professionals managing public sector talent, this framework is a strategic tool for recruitment, professional development planning, and performance evaluation of audit staff.

- **External Auditors and Oversight Bodies**: By understanding the competencies required of internal auditors, external auditors can better coordinate efforts and rely on internal audit work, enhancing audit coverage and efficiency.

- **Public Sector Managers and Executives**: Senior management can leverage the framework to ensure their audit units are equipped to provide objective assurance and advisory services, contributing to improved governance and risk management practices.

- **Training Institutions**: The framework offers a clear structure for designing and delivering targeted training programs that address both technical and professional skill gaps within public sector auditing.

Potential Uses of the Competency Framework

The **Competency Framework for Internal Audit** is a versatile tool that can drive improvements in multiple areas of public sector governance and internal audit management. Its primary applications include:

1. **Development of Job Descriptions**: The framework can be used as a foundational reference for drafting or refining job descriptions for internal audit staff at all levels. It ensures alignment with evolving global standards and sector-specific needs.

2. **Performance Appraisal and Evaluations**: By providing a clear outline of expected competencies, managers can conduct fair and objective evaluations of internal audit staff. It supports constructive feedback, goal-setting, and identification of professional development opportunities.

3. **Training and Continuous Professional Development (CPD)**: Training providers and internal audit managers can use the framework to design or renew CPD programs that address both current and emerging competencies. This includes technical areas like IT governance, ESG auditing, and data analytics, as well as professional skills like stakeholder engagement and communication.

4. **Audit Capability Assessments**: Organizations can use the framework to assess the maturity of their internal audit functions and identify gaps in capacity or expertise in relation to the needs reflected in annual and strategic audit plans. It can serve as a benchmark for achieving excellence in public sector auditing. In this respect, the framework can serve as an additional benchmark tool for internal and external quality assessment of the internal audit function.

5. **Succession Planning and Talent Management**: By defining competencies for different levels of auditors, the framework supports succession planning by identifying skill requirements for future leadership roles. It ensures a pipeline of well-prepared audit professionals.

6. **Enhancing Collaboration**: The framework fosters a shared understanding of internal audit competencies among audit committees, external auditors, and managers. This facilitates better collaboration, oversight, and integration of audit functions within broader governance processes.

7. **Input for Capacity-Building Projects**: For international development partners or technical assistance programs, the framework can serve as a reference for designing capacity-building initiatives aimed at strengthening public financial management.

8. **Benchmarking and Standardization**: CHU's can use the framework to benchmark their internal audit practices against international standards, driving consistency and quality across institutions.

9. **Empowering Non-Audit Stakeholders**: For public managers and governance bodies unfamiliar with internal audit processes, the framework provides transparency into the skills and expertise required for impactful audit work. This enhances understanding, trust, and reliance on internal audit outputs.

A Central Harmonization Unit (CHU) can use the **Public Sector Internal Audit Competency Framework** to address disparities in the skills and knowledge of internal audit teams across government entities. By applying the framework, the CHU can:

1. Conduct a **skills gap analysis** to assess auditors' proficiency in areas such as **risk assessment, ESG auditing, and IT governance**.

2. Develop targeted **training programs** to address identified gaps, ensuring alignment with international standards.

3. Update **job descriptions** and performance evaluation criteria for internal audit staff, ensuring consistency across institutions.

4. Design a **succession planning strategy** to prepare junior auditors for leadership roles by mapping competencies to career pathways.

These actions can lead to improved audit quality, greater stakeholder trust, and enhanced capacity to address emerging challenges in public sector governance.

By leveraging the competency framework across these diverse applications, public sector organizations can drive professionalism, efficiency, and accountability in their internal audit functions, ultimately strengthening public governance and trust.

This competency framework is tailored specifically to the **public sector internal audit environment**, recognizing the sector's emphasis on **transparency, accountability, and service to the public interest**. While private sector auditors focus mainly on shareholder value and compliance, public sector auditors safeguard taxpayer funds and promote good governance that builds trust in public institutions.

PEMPAL, 2025

The framework is organized into **five categories** that cover the essential competences (skills and knowledge) for public sector internal auditors:

1. **Core Technical Skills** – Sector-specific audit and governance expertise.

2. **Professional Competencies** – Ethics, objectivity, and public interest focus.

3. **Analytical and Critical Thinking** – Data-driven evaluation and decision-making.

4. **Communication and Interpersonal Skills** – Clear reporting, collaboration, and stakeholder engagement.

5. **Adaptability and Continuous Learning** – Embracing change, new technologies, and ongoing professional development

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Explanation of Competency Levels

The competencies in this framework are graded according to the level of proficiency expected at different roles within public sector internal audit functions:

- **Essential**: Required proficiency level for effective performance of tasks and responsibilities at this role. Demonstrates a critical, non-negotiable skill or knowledge area that must be mastered.

- **Recommended**: Encouraged for further development and professional growth. While not strictly mandatory, possessing these competencies enhances performance and adds value to audit activities.

- **Basic**: Foundational understanding or skills required for entry-level roles. Provides the building blocks for further competency development.

The framework applies the following levels of grading for competencies based on role:

1. **Management of IA**: Competencies critical for those leading internal audit functions, responsible for strategy, oversight, and governance of audit activities.
2. **IA Staff**: Competencies expected of internal audit professionals performing audit engagements and providing assurance services.
3. **Junior Staff**: Basic competencies required for entry-level auditors as they develop their skills and gain experience in the public sector environment.

This structured approach to competency grading ensures clarity and consistency across all levels of public sector internal audit functions. By differentiating between **Essential**, **Recommended**, and **Basic** proficiencies, the framework provides a clear pathway for professional growth and performance enhancement. It not only supports targeted **skills development** but also facilitates **succession planning** and **capacity building** within audit teams. The graded levels ensure that senior roles, such as **Management of IA**, focus on strategic oversight and leadership, while **IA Staff** concentrate on delivering high-quality assurance services. For **Junior Staff**, the framework serves as a roadmap for developing foundational skills, fostering a culture of continuous improvement and readiness for more advanced responsibilities

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	• Knowledge of budget formulation, approval, execution, and reporting cycles. • Evaluating adherence to fiscal policies and budgetary controls. • Identifying inefficiencies or irregularities in public spending.	Essential	Essential	Recommended
Understanding public procurement processes	• Familiarity with public procurement laws, procedures, and guidelines. • Evaluating procurement processes for fairness, transparency, and value for money. • Being able to identify red flags for fraud or collusion in contracts and within the procurement process as such.	Essential	Essential	Recommended

Competency	Description	Management of IA	IA Staff	Junior Staff
Proficiency in IT concepts for Public Sector	• Understanding public sector-specific IT systems, such as e-government platforms. • Assessing IT governance frameworks and cybersecurity protocols. • Understanding the works of general IT controls and application controls • Auditing the alignment of IT investments with public service objectives.	Recommended	Recommended	Basic
Understanding and assessing the adequacy of internal controls within public sector operations	• Analyzing the design and effectiveness of internal control systems in public sector operations. • Identifying gaps or weaknesses in controls that may lead to inefficiencies, fraud, or noncompliance. • Recommending improvements to strengthen internal controls and align them with public sector objectives. • Utilizing frameworks such as COSO (Committee of Sponsoring Organizations of the Treadway Commission) or INTOSAI (International Organization of Supreme Audit Institutions) guidance tailored for public sector environments.	Recommended (essential in case of small IA units)	Essential	Recommended

Competency	Description	Management of IA	IA Staff	Junior Staff
Understanding key operational processes in public sector environments	Being able to analyze and assess public sector operations with an eye on efficiency and effectiveness (performance-based auditing)	Essential	Essential	Basic
Proficiency in Environmental, Social, and Governance (ESG) Auditing in Public Sector	Understand and evaluate ESG initiatives and their impact. Skills include: - Assessing the alignment of public sector projects and policies with national and international ESG frameworks - Auditing government initiatives for environmental compliance - Evaluating social impact of public sector policies - Reviewing governance practices to ensure transparency, ethical decision-making, and accountability in ESG-related initiatives. - Identifying risks and opportunities related to ESG factors and recommending improvements to enhance public sector sustainability performance.	Essential	Essential	Basic
Ability to conduct risk assessments in Public Sector budgetary Programs	Ability to identify, evaluate, and prioritize risks unique to public sector programs, including operational, strategic, compliance, and reputational risks. Understanding the regulatory landscape and political environment influencing budgetary programs, as well as proficiency in	Essential	Recommended	Basic

Competency	Description	Management of IA	IA Staff	Junior Staff
	using risk assessment tools and frameworks to support decision-making.			
Compliance and Regulatory Knowledge specific to public sector	Comprehensive knowledge of laws, regulations, and compliance requirements applicable to public sector organizations. This includes proficiency in navigating sector-specific regulations, understanding public sector compliance obligations, and implementing policies to ensure regulatory adherence and accountability.	Essential	Essential	Basic
Ability to conduct Budget and Financial Analysis for Government Entities	Expertise in analyzing government budgets, expenditures, and financial statements to assess financial health, resource allocation, and compliance with budgetary guidelines. Skills include budget forecasting, cost-benefit analysis, and identification of areas for financial improvement within the scope of public sector requirements and limitations.	Essential	Recommended	Basic
Ability to evaluate Public Sector Financial Statements	Skill in reviewing and interpreting financial statements of government entities to ensure accuracy, transparency, and compliance with relevant accounting standards. Competencies include financial audit techniques, public sector accounting principles, and the ability to identify irregularities or areas needing corrective actions to	Essential	Recommended	Basic

Competency	Description	Management of IA	IA Staff	Junior Staff
	maintain fiscal responsibility and public trust.			
Knowledge and skills related to Fraud Risk Management	Competence in detecting, mitigating, and responding to fraud risks in public sector operations.	Essential	Essential	Basic
Understanding the essentials of Third-Party Risk Management	Skills to assess risks associated with outsourcing, partnerships, or contracted services in public procurement.	Essential	Essential	Basic
Use of Emerging Technologies	Proficiency in applying tools like AI, automation, data-analytics' tools, and blockchain for audit efficiency and transparency.	Recommended	Essential	Basic

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**.

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 **serving the public interest and strengthening governance systems**.

Competency	Description	Management of IA	IA Staff	Junior Staff
Adherence to Public Sector Ethics Standards	Commitment to uphold and promote **ethical standards specific to the public sector**, 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
Maintaining Objectivity in public sector Internal Audits	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 public sector mandates.	Essential	Essential	Essential
Public Interest Responsibility	Focus on serving the public good, with a deep understanding of the responsibilities and impact of audit activities on the community and society at large. This includes prioritizing actions and decisions that align with the public interest, maintaining accountability, and enhancing trust in government processes.	Essential	Essential	Basic

Competency	Description	Management of IA	IA Staff	Junior Staff
Ability to assess Governance and Risk Management in Public Institutions	Assessing governance practices and risk management frameworks specific to public sector entities. E.g.: specific governance arrangements related to legislative compliance, governance of SOE's, Risk Management frameworks tailored to the public sector.	Essential	Essential	Basic
Ability to build and maintain Stakeholder Trust	Skills in building and maintaining trust with various stakeholders, including government officials, agencies, and the public. Competencies include effective communication, transparency in findings, and fostering a positive relationship through consistent and reliable audit practices that promote confidence in the audit function.	Essential	Essential	Basic
Managing Internal Audit Quality Assurance and Improvement Programs	Competence in developing, maintaining and improving the quality of internal audit activities through structured frameworks and assessments.	Essential	Recommended	N/A
Ensuring engagement with Audit Committees/Boards	Skills to report effectively, communicate risks, and provide strategic insights to governance bodies, including audit committees.	Essential	Essential	Basic

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**.

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
Ability to conduct Policy Impact Analyses	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
Skilled in Data Analytics for Public Sector Fraud Detection	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 irregular patterns indicative of potential fraud or abuse.	Essential	Recommended	Basic

Competency	Description	Management of IA	IA Staff	Junior Staff
Professional Skepticism in the Public Sector	The ability to critically assess the reliability of information, recognizing political and bureaucratic pressures that may compromise transparency. - Questioning policy assumptions and their impact on public programs. - Identifying risks of bias in data presented by government agencies. - Applying skepticism to validate compliance with regulatory and legal standards.	Essential	Essential	Recommended
Evidence-Based Decision Support aligned with public interest	Ability to provide decision support based on rigorous evidence, prioritizing the public interest in all recommendations. This competency involves gathering, analyzing, and interpreting data effectively to make informed recommendations that support transparent and accountable public sector governance.	Essential	Recommended	Recommended
Critical Thinking for Budget Program- and public sector operations evaluations	Skill in critically evaluating the efficiency and effectiveness of budget programs and public sector operations. Competencies include assessing program objectives, identifying areas for improvement, and applying logical reasoning and analytical methods to provide recommendations that enhance program outcomes for the public sector.	Essential	Essential	Basic

Competency	Description	Management of IA	IA Staff	Junior Staff
Ability to conduct Root Cause Analyses	Ability to identify and address systemic issues behind audit findings for sustainable improvements.	Essential	Essential	Recommended
Conducting Performance Measurement	Skills to evaluate KPIs, analyze program outcomes, and assess the efficiency of public operations.	Essential	Recommended	Basic

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**.

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
Ability in Effective Reporting to Government and Public Stakeholders	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
Ensuring Transparent Communication of Audit Findings	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 or affected by the audit process (this includes 'the board/audit committee)	Essential	Essential	Recommended
Advisory Skills to Aid Public Sector Improvement	Competency in providing well-informed, constructive advice aimed at improving public sector operations. Skills include identifying areas for enhancement, offering practical solutions, and supporting stakeholders in implementing changes to improve efficiency and	Essential	Essential	Recommended

Competency	Description	Management of IA	IA Staff	Junior Staff
	effectiveness in government functions.			
Advanced Stakeholder Communication in Public Sector Auditing	Engaging with diverse public sector stakeholders effectively and transparently. Building trust with politically diverse oversight and governing bodies (like Audit Committees).	Essential	Essential	Basic
Cross-Agency Collaboration and Relationship Building	Ability to work collaboratively with other government agencies and build strong professional relationships across departments. **Competencies** include conflict resolution, team-oriented communication, and fostering a spirit of cooperation to ensure cohesive public sector audit efforts and interagency alignment.	Essential	Essential	Recommended
Change Management Communication	Ability to support the implementation of audit recommendations, address resistance, and communicate effectively with stakeholders.	Essential	Recommended	Basic
Strategic Reporting to Audit Committees/Boards	Skills to engage governance bodies by presenting complex audit insights, aligning findings with strategic risks.	Essential	Essential	Recommended

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**.

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
Commitment to Continuous Professional Development	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
Adaptation to Emerging Public Sector Regulatory Changes	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
Technological Adaptation in Government Audits	Proficiency in adopting and utilizing new technologies relevant to public sector auditing. Competencies include familiarity with audit management software, data analytics tools, and emerging technologies that enhance audit efficiency, accuracy, and scope in the governmental context (e.g. Artificial Intelligence).	Essential	Essential	Recommended
Understanding and Applying Public Finance Innovations	Skill in recognizing and applying innovative approaches in public finance management, such as performance-based budgeting,	Essential	Recommended	Recommended

Competency	Description	Management of IA	IA Staff	Junior Staff
	blockchain for transparency, and other modern practices. Competencies include the ability to evaluate and implement financial innovations that improve government accountability and resource management.			
Change Management Skills	Ability to lead and manage audit teams through organizational, technological, or regulatory changes.	Essential	Recommended	N/A
Future Trends Awareness	Staying ahead of developments in areas like AI auditing, ESG frameworks, and cybersecurity risks.	Essential	Essential	Recommended

Emerging Trends and Future Competency Needs (supplement to competency block 5):

As public sector environments evolve, internal auditors must adapt to address emerging challenges and opportunities. Future competency development will increasingly focus on:

- **Artificial Intelligence (AI) and Automation**: Proficiency in leveraging AI-powered tools for risk assessment, fraud detection, and real-time data analysis will be essential to improve audit efficiency and accuracy.

- **Environmental and Social Governance (ESG)**: Auditors will need advanced skills to evaluate sustainability initiatives, measure environmental compliance, and assess the social impact of government policies in alignment with global frameworks.

- **Cybersecurity and Digital Auditing**: With rising digital threats, internal auditors must strengthen their expertise in IT governance, cybersecurity risk assessment, and auditing digital systems such as e-governance platforms.

- **Data Visualization and Communication**: The ability to present complex audit insights using data visualization tools will help bridge communication gaps and increase the impact of audit findings for stakeholders.

By anticipating these trends and incorporating relevant competencies, the framework ensures that public sector internal auditors remain agile, future-ready, and equipped to drive value in a rapidly changing landscape.

> **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**.

The **Public Sector Internal Audit Competency Framework** is a key addition to the collection of **PEMPAL knowledge products**, designed to strengthen the capacity and professionalism of internal audit functions across public sector institutions. By addressing the unique challenges of public administration, it ensures that internal auditors possess the skills, knowledge, and ethical principles necessary to support transparency, accountability, and the effective use of public resources. Effective internal auditing requires more than just mastering legislation and standards; it demands a well-rounded skill set that includes critical thinking, communication, and professional judgment to provide real value.

This framework builds on and complements existing **PEMPAL resources**, such as guidelines, methodologies, and benchmarking studies, creating a cohesive and practical toolkit for internal audit development. Together, these interconnected knowledge products provide member countries with actionable tools to advance internal audit practices, foster good governance, and reinforce trust in public sector institutions.

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