



# **COMPETENCY FRAMEWORK FOR INTERNAL AUDITORS**

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## Introduction

### What is a competency framework?

A competency framework is a model that broadly describes performance excellence within an organization. Such a framework usually include a number of competencies that are applied to multiple occupational roles within the organization

### What are the core competencies and why are they important?

Competencies are skills that are essential to perform certain tasks. While all competencies are considered by some auditors as important, core competencies consists of the most important essential skills.

The IIA's Code of Ethics enquires competency for the services internal auditors provide. Code of Ethics rule 4.1 states "internal auditors shall engage only in those services for which they have the necessary knowledge, skills and experience. Code of Ethics Rule 4.3 stated "internal auditors shall continually improve their proficiency and the effectiveness and quality of their services. "Internal auditors may spend a significant amount of time annually on continuing professional education to improve their internal audit competencies. By identifying and prioritizing their core competencies and organizing their competency development process around them, internal auditors may improve their core competencies, benefit their organizations and increase their opportunities for career advancement

### About the framework

The competency framework was developed to answer a need in Maldives for well-trained internal auditors who understand the particular needs of organizations Operating within the context of the Maldivian regulatory and legal framework, and to enable the internal audit activity to meet the demands of the future as expectations on the profession grow as part of best Practice corporate governance.

The competencies outline the critical behaviors required for effective performance as an internal auditor and provide the basis for a broad range of practices including recruitment and selection, reviewing, performance, training and development, talent management and succession planning

The competency framework is organized around four key focus areas:

Standards	Technical skills	Interpersonal Skills	Knowledge Areas
➤ The International Professional Practice Framework (IPPF)	➤ Governance, risk and control ➤ Internal Audit delivery ➤ Computer Aided Audit Techniques (CAATs) ➤ Business Acumen ➤ Critical thinking	➤ Communication ➤ Improvement and Innovation ➤ Persuasion and collaboration	➤ Professional Ethics ➤ Internal Audit Management

In the following pages, each competency area above is described in terms of the behaviors required to perform effectively across four different job levels. These levels are:

- Chief Internal Auditor
- Audit Director
- Manager, Internal Audit
- Senior Auditors
- Auditors
- Assistant Auditors

These job level titles are indicative only and should be interpreted to align with those used within your organization.

The following are the minimum qualification and experience for those job levels mentioned above.

	<b>Minimum qualification and experience</b>
<b>Chief Internal Auditor</b>	<ul style="list-style-type: none"> <li>➤ professional qualification in internal audit or Accountancy, such as Certified/Chartered Internal Auditor qualification of IIA Inc. or its chapters around the world, or Association of Chartered Certified Accountants (ACCA), Certified Public Accountant (CPA) or any other equivalent professional accountancy qualification+ 5 year experience on a managerial role + experience in the field of audit &amp; assurance or Accounting + Minimum 3 years' experience in senior management positions OR</li> <li>➤ Bachelor's Degree in Accounting/Auditing or Equivalent (such as Completing ACCA skill level) + 9 year experience in the field of audit &amp; assurance or Accounting</li> </ul>
<b>Audit Director</b>	<ul style="list-style-type: none"> <li>➤ Professional qualification in internal audit or Accountancy OR</li> <li>➤ Master's Degree in Accounting/Auditing + 3 year experience in the field of audit &amp; assurance or Accounting</li> <li>➤ Bachelor's Degree in Accounting/Auditing or Equivalent (such as Completing ACCA skill level) + 5 year experience in the field of audit &amp; assurance or Accounting</li> </ul>
<b>Manager, Internal Audit</b>	<ul style="list-style-type: none"> <li>➤ Bachelor's Degree in Accounting/Auditing <b>or</b> Equivalent (such as Completing ACCA skill level) + 3 year experience in Accounting/Auditing</li> <li>➤ 10 to 15 years of experience in public administration with minimum 03 years of experience in public finance /auditing or accounting</li> </ul>
<b>Senior Internal Auditor</b>	<ul style="list-style-type: none"> <li>➤ Bachelor's Degree in Accounting/Auditing or Equivalent (such as Completing ACCA skill level) + 2 year experience in Accounting/Auditing</li> <li>➤ Advanced Diploma in Accounting/Auditing + 5 year experience in Accounting/Auditing OR</li> <li>➤ 5 to 10 years of experience in public administration with minimum 01 years of experience in public finance /auditing or accounting</li> </ul>

<b>Internal Auditor</b>	<ul style="list-style-type: none"> <li>➤ Advanced Diploma in Accounting/Auditing + 1 year experience in Accounting/Auditing OR</li> <li>➤ Diploma in Accounting/Auditing + 4 year experience in Accounting/Auditing OR</li> <li>➤ 3 to 5 years of experience in public administration with minimum 01 years of experience in public finance /auditing or accounting</li> </ul>
<b>Asst. Internal Auditor</b>	<ul style="list-style-type: none"> <li>➤ A' Level or Diploma in Accounting/Auditing OR</li> <li>➤ Completed CAT OR</li> <li>➤ Completed part 1 of ACCA</li> </ul>

## The Core Competencies

The core competencies are structured as following:

1. Standards
  - a. The International Professional Practices Framework (IPPF)
2. Technical skills
  - a. Governance, risk and control
  - b. Internal audit delivery
  - c. Computer aided audit techniques
  - d. Business judgments
  - e. Critical thinking
3. Interpersonal skills
  - a. Communication
  - b. Improvement and innovation
  - c. Persuasion and collaboration
4. Knowledge areas
  - a. Professional ethics
  - b. Internal audit management

<b>Standards</b>			
<b>1. The International Professional Practices Framework (IPPF)</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Leads the implementation of the IPPF in the internal audit function			✓
2. Ensures internal audit has access to all systems, processes and people			✓
3. Leads on the development, implementation and review of the internal audit charter and receives approval from the board			✓
4. Establishes and maintains a quality assurance and improvement program			✓
5. Manages and supports a quality assurance and improvement program		✓	
6. Demonstrates appropriate use and interpretation of the IPPF, seeking consultation if applicability is unclear		✓	✓
7. Adopts a risk based approach in accordance with The IPPF for annual audit plan, makes adjustments when needed		✓	✓
8. Exemplifies and monitors due professional care of the internal audit team		✓	✓
9. Ensures the independence of the audit function		✓	✓

10. Adheres to the requirements of the IPPF when planning an internal audit engagement	✓	✓	
11. Exemplifies and monitors due professional case when conducting audit assignments	✓	✓	
12. Discloses nonconformance with the Code of Ethics and International Standards for Professional Practice of Internal Audit with senior management and board	✓	✓	✓
13. Maintains current knowledge of the IPPF	✓	✓	✓

<b>Technical Skills</b>			
<b>1. Governance, Risk And Control</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Educates senior management and board on best practices in governance, risk and control			✓
2. Contributes to the development of risk oriented culture within the organization			✓
3. Maintains a comprehensive insight into the organization's current and emerging risk profile			✓
4. Monitors future risk changes to the organization based on political, economic, social, environmental, legal or technological factors and their potential impact.			✓
5. Provides an explanation on the risk profile of the organization to board and senior management			✓
6. Assesses and accounts for the potential for fraud risk and identifies Common types of fraud associated with the organization		✓	
7. Evaluates the appropriateness of the organizations frameworks for governance, risk and control		✓	✓
8. Assesses IT governance		✓	✓
9. Ensures internal audit activities are aligned with and enhances the organization's enterprise risk management strategy and risk profile		✓	✓
10. Ensures that proposals for improvements to internal controls are balanced with organizational objectives and capabilities		✓	✓
11. Applies the concepts of controls during audit activities	✓	✓	
12. Creates audit engagement plans based on the risk and its Impact on the organization	✓	✓	
13. Provides an explanation on the risk profile of the internal audit engagement to relevant parties	✓	✓	
14. Assesses and accounts for the potential for fraud risk and identifies common types of fraud associated with the internal audit engagement	✓	✓	
15. Operates within the organization's frameworks for governance, risk and control	✓	✓	✓
16. Supports a culture of fraud risk awareness at all levels of the organization	✓	✓	✓
17. Maintains an understanding of the processes used to support fraud investigations	✓	✓	✓

<b>Technical Skills</b>			
<b>2. Internal Audit Delivery</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Identifies resources needed and addresses limitations for audit engagement			✓
2. Identifies and escalates the strategic implications to the organization from audit engagement findings			✓
3. Establishes a follow-up process to monitor management actions			✓
4. Supervises the execution of audit engagements to ensure that objectives are met and quality is assured		✓	
5. Develops, implements and monitors project plans to ensure delivery in accordance with agreed timelines		✓	
6. Ensures that the scope of work is appropriate for the audit assignment		✓	
7. Demonstrates efficiency and persistence, managing own time and ensuring engagement deadlines and objectives are met	✓		
8. Ensures the quality of planning and delivery of audit engagements		✓	✓
9. Provides assurance and advisory services to senior management and the board		✓	✓
10. Applies the organization's audit methodology and carries out the audit procedures to meet the specific audit engagement objectives	✓	✓	
11. Selects and applies the appropriate tools and techniques to data gathering, analysis and interpretation, and reporting.	✓	✓	
12. Plans and conducts audit engagements to identify key risks and controls	✓	✓	
13. Manages all resources efficiently to ensure the engagement objectives are met	✓	✓	
14. Obtains reliable, relevant and sufficient evidence and evaluates critically	✓	✓	
15. Presents findings and proposes recommendations that deal with root cause of issues and impact to the organization	✓	✓	
16. Follows up with management to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action	✓	✓	
17. Maintains objectivity throughout the audit engagements	✓	✓	✓

18. Develops and ensures that working papers are a true reflection of all activities performed during the audit engagement	✓	✓	✓
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<b>Technical Skills</b>			
<b>3. Computer Aided Audit Techniques (Caats)</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Employs CAATs in the audit process		✓	
2. Practice the use of CAATs in the audit process	✓		
3. Formulates CAATs to support efficient delivery of internal audit projects		✓	✓
4. Effectively uses Microsoft office suite or equivalent (word processing, spreadsheet, presentation)	✓	✓	
5. Has a basic level of competence in the use of automated working paper software, where appropriate	✓	✓	
6. Effectively uses data extraction software	✓	✓	
7. Effectively uses automated working paper software	✓	✓	✓
8. Effectively uses statistical package where appropriate	✓	✓	✓

<b>Technical Skills</b>			
<b>4. Business Judgments</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA
1. Evaluates the quality control frameworks operated by the organization			✓
2. Maintains a current understanding of the latest global developments, regulatory and legal requirements and assesses the relevance to the audit engagements	✓		
3. Maintains knowledge of the organization and its risks		✓	✓
4. Maintains industry specific knowledge appropriate to the organization		✓	✓
5. Assesses and takes account of macroeconomic and microeconomic factors and the impact on the organization		✓	✓
6. Maintains a current understanding of the latest global developments and regulatory and legal framework within which the organization operates		✓	✓
7. Assesses and takes account of the technical aspects of financial, managerial and cost accounting concepts, standards, systems and reporting processes appropriate to the organization		✓	✓

8. Maintains industry specific knowledge appropriate to the audit engagements	✓	✓	
9. Assesses and takes account of basic macroeconomic and microeconomic factors and relevance to the audit engagements	✓	✓	
10. Maintains knowledge of the technical aspects of financial, managerial and cost accounting concepts, standards, systems and reporting processes appropriate to the audit engagements	✓	✓	
11. Assesses and takes account of how IT contributes to organizational objectives, risks associated with IT, and relevance to the audit engagements	✓	✓	
12. Demonstrates sound working knowledge of the quality control frameworks relevant to the audit engagements	✓	✓	
13. Takes account of cultural aspects of the organization	✓	✓	✓
14. Takes account of the mission, strategic objectives and business nature of the organization	✓	✓	✓

<b>Technical Skills</b>			
<b>5. Critical Thinking</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Utilizes benchmark research to Support decisions and key messages			✓
2. Ensures that the relevant tools and techniques are used during the business process analysis		✓	
3. Assists management in finding practical solutions to address issues identified through audit activity		✓	
4. Applies problem solving techniques for routine situations	✓		
5. Selects and uses appropriate research, business intelligence and problem solving techniques to analyze and solve complex situations		✓	✓
6. Selects and uses a variety of manual and automated tools and techniques to obtain data and other information on business process	✓	✓	
7. Analyzes and appraises the efficiency and effectiveness of business processes	✓	✓	
8. Uses critical thinking to identify and propose tactics for business process improvement	✓	✓	
9. Applies data collection, data mining, data analysis and statistical techniques	✓	✓	
10. Maintains curiosity and exercises professional skepticism	✓	✓	✓
11. Ensures that information in decision making is relevant, accurate and sufficient.	✓	✓	✓

<b>Interpersonal Skills</b>			
<b>1. Communication</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Secures the trust of others through positive use of communication	✓	✓	✓
2. Fosters open communication	✓	✓	✓
3. Demonstrates respect for others, and customizes messages to reflect the needs of the target audience	✓	✓	✓
4. Organizes and expresses ideas clearly and with confidence in order to influence others	✓	✓	✓
5. Extracts key information from a variety of sources to support communication	✓	✓	✓
6. Selects appropriate communication forms (verbal, non-verbal visual, written) and media (face to face, electronic, paper-based)	✓	✓	✓
7. Employs the technical conventions of language (spelling, punctuation, grammar, etc) correctly	✓	✓	✓
8. Listens actively, asking questions as required to check own understanding	✓	✓	✓
9. Solicits feedback from audience to gauge the effectiveness of the Communication	✓	✓	✓
10. Anticipates reactions to communication and plans responses in advance	✓	✓	✓
11. Discusses audit findings and their impacts professionally and confidently with appropriate levels of the organization	✓	✓	✓
12. Interprets and uses body language to reinforce communication	✓	✓	✓
13. Uses graphical methods to communicate processes and other complex information.	✓	✓	✓
14. Delivers information in a structured fashion to foster learning and development among members of the audience	✓	✓	✓
15. Applies appropriate communication skills in interviews	✓	✓	✓

Note: the skills required to support the core competency are common across all staff levels. However the demands of those skills increases with seniority as

- The information being handled becomes more complex
- The information sources being accessed become more numerous
- The strategic significance of messages being communicated becomes greater
- The audiences being delivered to are larger, more diverse and more senior
- The audiences being delivered to are more challenging and demanding
- The degree of thinking on one's feet with shorter preparation time becomes greater

<b>Interpersonal Skills</b>			
<b>2. Improvement And Innovation</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Champions change, continuous improvement and innovation and supports others in the pursuit of these			✓
2. Provides a vision for how change is implemented in the organization			✓
3. Makes a significant contribution to organizational change strategy			✓
4. Encourages others to propose innovative ideas and provides positive feedback to ensure new ideas are progressed		✓	✓
5. Contributes to insight and proposals for change and improvement		✓	✓
6. Investigates and analyzes the reasons for change in the organization		✓	✓
7. Implements change programs across the audit function and team		✓	✓
8. Adjusts team priorities to new and changing priorities of the organization		✓	✓
9. Seeks and justifies opportunities for continuous improvement	✓	✓	
10. Initiates and manages change within sphere of responsibility	✓	✓	✓
11. Encourages others to embrace change by explaining the intended benefits	✓	✓	✓
12. Identifies the risks associated with change and adapts audit activity to manage the risks	✓	✓	✓
13. Assesses the potential barriers and resources for change initiatives	✓	✓	✓
14. Maintains personal performance and effectiveness in changing and ambiguous environments	✓	✓	✓
15. Accommodates new priorities and implements positive changes in area of work	✓	✓	✓
16. Anticipates reactions to change and adapts own style to support others	✓	✓	✓

<b>Interpersonal Skills</b>			
<b>3. Persuasion And Collaboration</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Upholds service orientated attitude	✓	✓	✓
2. Anticipates and makes allowances for the impact of own interpersonal style on others when communicating and building relationships	✓	✓	✓
3. Manages conflict by negotiating and resolving disagreements	✓	✓	✓
4. Takes account of an organization's politics and acts accordingly	✓	✓	✓
5. Balances diplomacy with assertiveness	✓	✓	✓
6. Puts people at ease and builds open, constructive relationships with all parties	✓	✓	✓
7. Nurtures and builds effective partnerships with audit engagement clients to achieve results	✓	✓	✓
8. Nurtures and builds effective strategic partnerships with key internal and external stakeholder individuals and groups to achieve results	✓	✓	✓
9. Identifies and manages the needs and expectations of the stakeholders	✓	✓	✓
10. Collaborates with others and encourages others to work collaboratively	✓	✓	✓
11. Shows resilience in difficult situations to push through resistance and then work with people in a constructive manner	✓	✓	✓
12. Leads by example with regard to respect, helpfulness and cooperation	✓	✓	✓
13. Leads through influence, personal conviction and sensitivity rather than position	✓	✓	✓
14. Maintains independence and objectivity in all situations	✓	✓	✓
15. Makes a positive impact on others, demonstrates credibility and secures respect and cooperation	✓	✓	✓
16. Recognizes own limitations and seeks advice and support where required	✓	✓	✓
17. Respects confidentiality and secures the trust of other parties	✓	✓	✓
18. Uses a range of strategies to build active consensus and support	✓	✓	✓
19. Participates fully as a team player	✓	✓	✓
20. Works to remove organizational barriers and identifies resources to assist the internal audit team	✓	✓	✓
21. Applies a knowledge of motivation theory and group dynamics when encouraging others	✓	✓	✓

<b>Knowledge Areas</b>			
<b>1. Professional Ethics</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Speaks with authority on the organization's key policies, practices and procedures			✓
2. Advocates the use of ethical principles and values to the activities being audited			✓
3. Discusses significant ethical conflicts with the senior management			✓
4. Explains the remit of internal audit with respect to the ethical climate of the organization	✓		
5. Assesses and fosters the ethical climate of the board and management		✓	✓
6. Takes account of the public interest when deciding upon a course of action		✓	✓
7. Discusses ethical conflicts with the chief audit executive	✓	✓	
8. Applies ethical principles and values to the activities being audited	✓	✓	
9. Upholds and promotes The IIA's code of Ethics	✓	✓	✓
10. Adheres to the organization's key policies, practices and procedures	✓	✓	✓
11. Treats other fairly without discrimination	✓	✓	✓
12. Maintains objectivity in appearance and fact	✓	✓	✓
13. Investigates ethical issues and proposes measures for resolution	✓	✓	✓
14. Acts with due sensitivity where ethical principles are being abused	✓	✓	✓
15. Exercises due professional care	✓	✓	✓

<b>Knowledge Areas</b>			
<b>2. Internal Audit Management</b>			
	AUDITOR / ASST.AUDITOR	MANAGER / S.AUDITOR	CIA/ AUDIT DIRECTOR
1. Advocates the internal audit function and its value throughout the organization			✓
2. Sets clear performance standards for internal auditors and the internal audit function			✓
3. Adjusts the internal audit team skill mix and diversity according to organizations objectives and risks			✓
4. Establishes recruitment systems that consistently result in competent performers being hired			✓
5. Maintains a regularly updated succession planning strategy			✓
6. Acts as a role model by exemplifying high performance for team members		✓	✓
7. Anticipates and responds sensitively to staff problems, concerns and questions		✓	✓
8. Articulates clear expectations and business goals and links these to organizational strategy		✓	✓
9. Delegates tasks in a constructive and supportive fashion		✓	✓
10. Monitors staff performance and workload and provides constructive and timely feedback to help others achieve their goals		✓	✓
11. Coaches others to enhance their competence and professional development		✓	✓
12. Develops and implements a plan for professional development for members of the internal audit function		✓	✓
13. Provides opportunities and proactive input in the development and career needs of others		✓	✓
14. Uses a variety of assessment tools and tests to assess a candidate's capability and competence		✓	✓
15. Supports and contributes to the recruitment process within the internal audit function	✓	✓	
16. Analyzes own strengths and weaknesses to maximize personal contribution to the organization	✓	✓	✓
17. Strives for quality and excellence and encourages others to do the same	✓	✓	✓
18. Takes personal accountability for results delivered in areas of responsibility	✓	✓	✓

19. Continues professional development and utilizes relevant learning opportunities	✓	✓	✓
20. Assesses self-development and career needs and takes advantage of new challenges as opportunities for personal and professional growth	✓	✓	✓
21. Maintains up-to-date competencies required for effective internal audit delivery	✓	✓	✓
22. values and promotes diverse viewpoints and cultural sensitivity	✓	✓	✓
23. Applies a knowledge of human resource processes and leadership styles to supporting and directing others	✓	✓	✓

### **Application**

This competency framework may be used as a guide to develop similar ones for internal audit functions in public institutions in the Maldives.

Internal audit staff members should possess these competencies. Superiors in the function should assess staff members on them. Additionally, competencies in this framework should also form part of the annual performance appraisal of the internal audit staff members and their future training needs.

This competency framework is approved by the State Audit Committee on 18<sup>th</sup> June 2019.

Ahmed Shareef

Chair of State Audit Committee