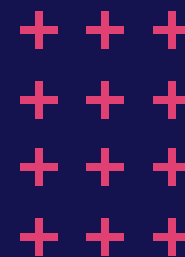


The future relevant

VALUE-ADDING AUDITOR

INTOSAI



The future^e is here.



Our world is constantly changing
– regional interconnectedness,
digital transformation, renewed
commitment to citizenry and
the pursuit of Sustainable
Development Goals.

This paper focuses on critical
competency areas required of a
public sector auditor in order to
remain relevant and value adding
in the future.

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THE FUTURE-RELEVANT, Value-adding Auditor **an Occasional Paper**

Our world is changing at a faster pace than ever – rapid ecological evolution, technology that is reshaping our world, the need to connect with our citizens – and we are standing in front of several unseen emerging challenges that are unavoidably shifting and changing the workforce.

In 2018, the World Economic Forum's "The Future of Jobs Report" stated that *"Across the industries surveyed, jobs expected to become increasingly redundant over the 2018–2022 period are routine-based, middle-skilled white-collar roles—such as Data Entry Clerks, Accounting and Payroll Clerks, Secretaries, Auditors, Bank Tellers and Cashiers – that are susceptible to advances in new technologies and process automation."* - similar sentiments were shared in the 2020 report.

Have we as SAls started to strategize on how to prepare our workforce for these emerging issues? Does the public sector audit profession possess the required skills to keep up with the changes so as to continue making a difference the lives of citizens now and the future? Have we started developing new competencies and strengthening the existing ones to become

more relevant and more value adding in the work we do? The emergence of Agenda 2030 has provided an opportunity for SAls to further demonstrate the value offered to our stakeholders as competent and independent assurance providers. By further increasing the relevance of our work, we can strengthen the work of SAls and assist in improving public sector performance for the benefit of global citizens, helping in the global effort to ensure that no one gets left behind and our organisations remain sustainable for the future.

A culmination of developments has prompted us to reconsider our capacities and make some strategic shifts, i.e. SDGs and a more acute focus on national development goals; the recent pandemic and more expected global emergencies; and the speed at which the digital revolution is moving. From this base, it is becoming increasingly evident that more is required to ensure that we develop a **Future relevant and value adding auditor** for an ever changing and unusual world.

This CBC occasional paper dives deeper into the topic, and tries to identify those critical competencies demanded from the public sector auditors in the future. The purpose of the paper is to contribute to the thinking of SAI leaders and individuals as we all grapple with identifying those

THE FUTURE-RELEVANT, Value-adding Auditor **an Occasional Paper**

competencies that are pivotal to maximising our value-add and relevance in a constantly changing world.

In researching the future competencies, one can easily pick up that the future of audit and auditor's profession are being widely discussed. However, even if the topic has been widely discussed, the articles rarely include in-depth discussions. Literature on the subject often discuss visionary thinking and there is a strong emphasis on the digitalization which will have a strong effect on the audit work. It is quite important to highlight that leaders play a pivotal role in laying the path of creating an ecosystem – an enabling environment, creating opportunities for reskilling or upskilling staff - where the future-relevant and value-adding auditor can emerge.

More critical, however, is that individuals must take a proactive approach to, and take ownership for, their own lifelong learning. In arriving to the 4 competency areas - Critical

Thinking, Resilience, Digital Literacy and Collaboration - we found that there is a lot of white noise, and that it is surprisingly difficult to pin down with certainty distinct competencies that the future-relevant and value-adding auditor should possess.

The future competencies are often discussed at a very general level, and the discussion seems to lack definitions to these competencies. This paper aims to clarify several definitions of the more important competencies an auditor requires to always be relevant and add maximum value.

This occasional paper is not meant to be a conclusive thesis on the topic of the future-relevant and value-adding auditor – our ambition is that it would be a catalyst to further dialogue within INTOSAI and within individual SAs so that the public sector auditor is future proof rather than to get caught out by whatever the future holds in store.



THROUGH OUR RESEARCH, WE IDENTIFIED
4 essential broad competency areas:

Critical thinking

importance of **critical thinking**
and a questioning mind



Resilience

qualities that ensure
resilience so as to effectively
embrace change



Collaboration

ability to function openly and
collaboratively with our teams
and other stakeholders



Digital literacy

the need to increase
our **digital literacy** so to
remain relevant





critical thinking

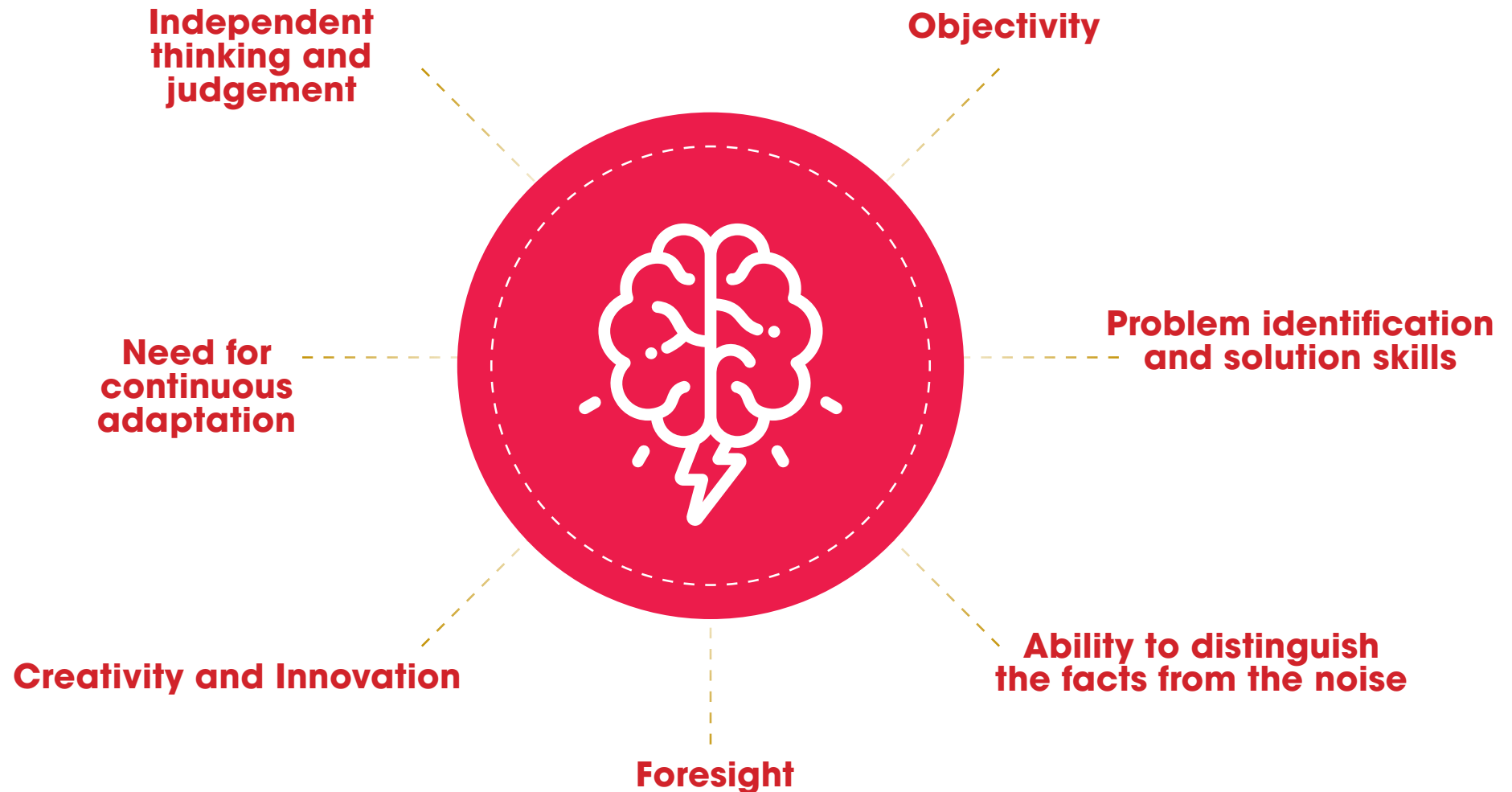
As the world is fast becoming more complex, the capability of understanding complexities and other unstructured problems while maintaining critical judgement and professional skepticism, will be one of the most essential competencies.

Critical thinking is the analysis of information to form a judgement - the ability to identify, analyse and evaluate evidence in order to formulate a response without being undesirably influenced. This generally includes the rational, objectivity, sceptical, unbiased analysis, or evaluation of audit evidence

Critical thinking is not a new skill in our profession, but we need to further enhance this skill to enable us to apply creative and innovative ways of addressing complex problems – often this will require thinking outside the box for a solution. Thinking forward and having the capability of innovating solutions for future challenges will be one of the most relevant competency areas. This type of thinking requires an astute awareness and understanding of the likelihood of possible actions and possible outcomes.

critical thinking

“the objective analysis and evaluation of an issue in order to form a judgement”





Critical thinking

MORE DETAIL ON THE COMPETENCY AREA

COMPETENCY	BRIEF DEFINITION
Creativity and innovation	New ideas and lateral thinking need to be embraced as the world is changing. Some will need to unlearn professionalism and organisational conventions in order to find new solutions to new problems. Visionary thinking requires open-mindedness, creativity and opportunism. Seeing things differently.
Objectivity	Objectivity enables the auditor to have an unbiased mental attitude, which allows them to perform engagements in such a manner that they have an honest belief in their work product. Objectivity requires the auditor not to subordinate their judgement on audit matters to others.
Ability to distinguish the facts from the noise	As the amount of data and information is increasing, auditors should possess the ability to distinguish from the noise, what is right and relevant.
Foresight skills	Ability to identify long-term challenges and risks proactively and make use of this information. Forward thinking can affect SAI's strategy, selection of audit topics, and development of the right future capacity and knowledge, including methodology. Foresight skills also helps with being responsive to changing environments and emerging risks, one of the principles of ISSAI P-12.)
Problem identification and solution skills	Ability to figure stuff out, and includes conceptual and analytical thinking. Active learning strengthens problem solving abilities.
Independent thinking and judgement	In today's world with high risk of 'Fake News', there is a great need for independent and evidence-based thinking and analysis.
Need for continuous adaptation	Innovation demands of the auditor the ability to continuously adapt in a future-oriented manner, consider multifaceted solutions, and in a team context be able quickly form new teams, reconfigure and/or dissolve teams. Keeping up to date has been seen as one of the most important competencies.



resilience

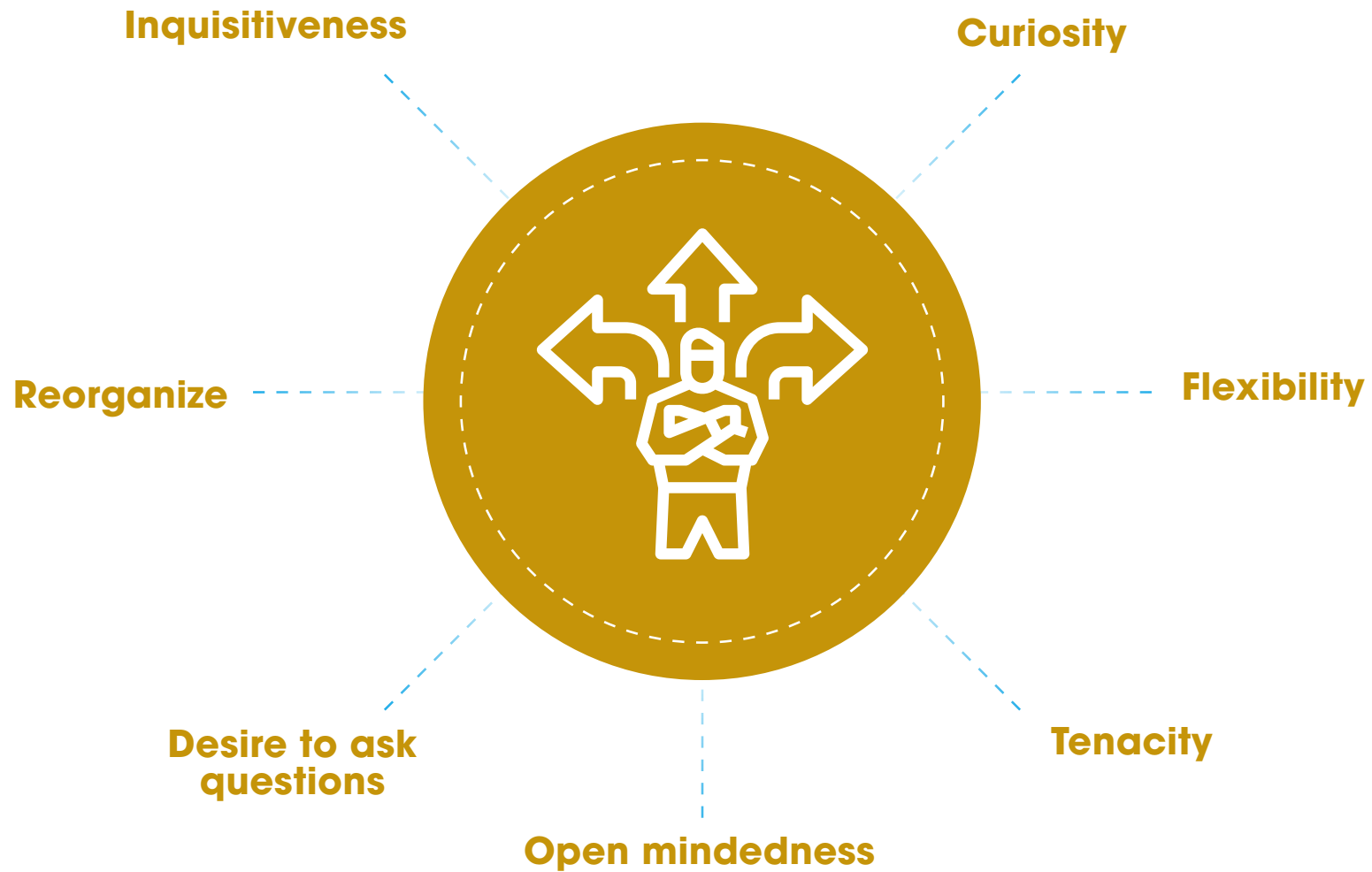
Resilience is an overarching and critical quality that overlaps in ensuring that the other 3 competency areas are effective. With all the uncertainties of the future, we need to be mindful of the unknown so that when the change happens we aren't resistant but rather are able to transform and adapt to the new normal.

A key aspect of resilience is that people with this quality are those who are able to land on their feet. They seem to be generalists in that they know something about nearly everything. Their constant curiosity allows them to be resilient in their quest to fit in the new norm and be able to be fluent in whichever role. Their tenacity enables them not to give up but continue until they succeed.

Similar to resilience, adaptability and agility are also words often used in future auditor discussions but we noted there is limited definition especially from an auditor perspective. As an auditor, we found that it means we are required to understand that the way things have always been done may have best suited a certain era and so we need to deviate from those things and open our self and our mind to new ways of doing things - differently, better and faster., i.e. using data analytics tool to assess data sets as opposed to having staff manually performing similar task.

resilience

“the capacity to recover quickly from difficulties; toughness.”





Resilience

MORE DETAIL ON THE COMPETENCY AREA

COMPETENCY	BRIEF DEFINITION
Tenacity	Demonstrating positivism throughout, being solution orientated in the face of difficult circumstances, refusing to give up, finding solutions, and being able to cope with stress and pressure.
Curiosity	Staying abreast of the changing business landscape remains critical. The skill is closely connected with visionary thinking and ability to look into future and think forward. Ability and desire to ask questions and to demonstrate open-mindedness and inquisitiveness.
Inquisitiveness	
Desire to ask questions	
Flexibility	Having the world changing and being uncertain of the changes, an auditor needs to be able to deviate from plans while remaining open to change so to achieve the desired result.
Open mindedness	
Reorganise	



digital literacy

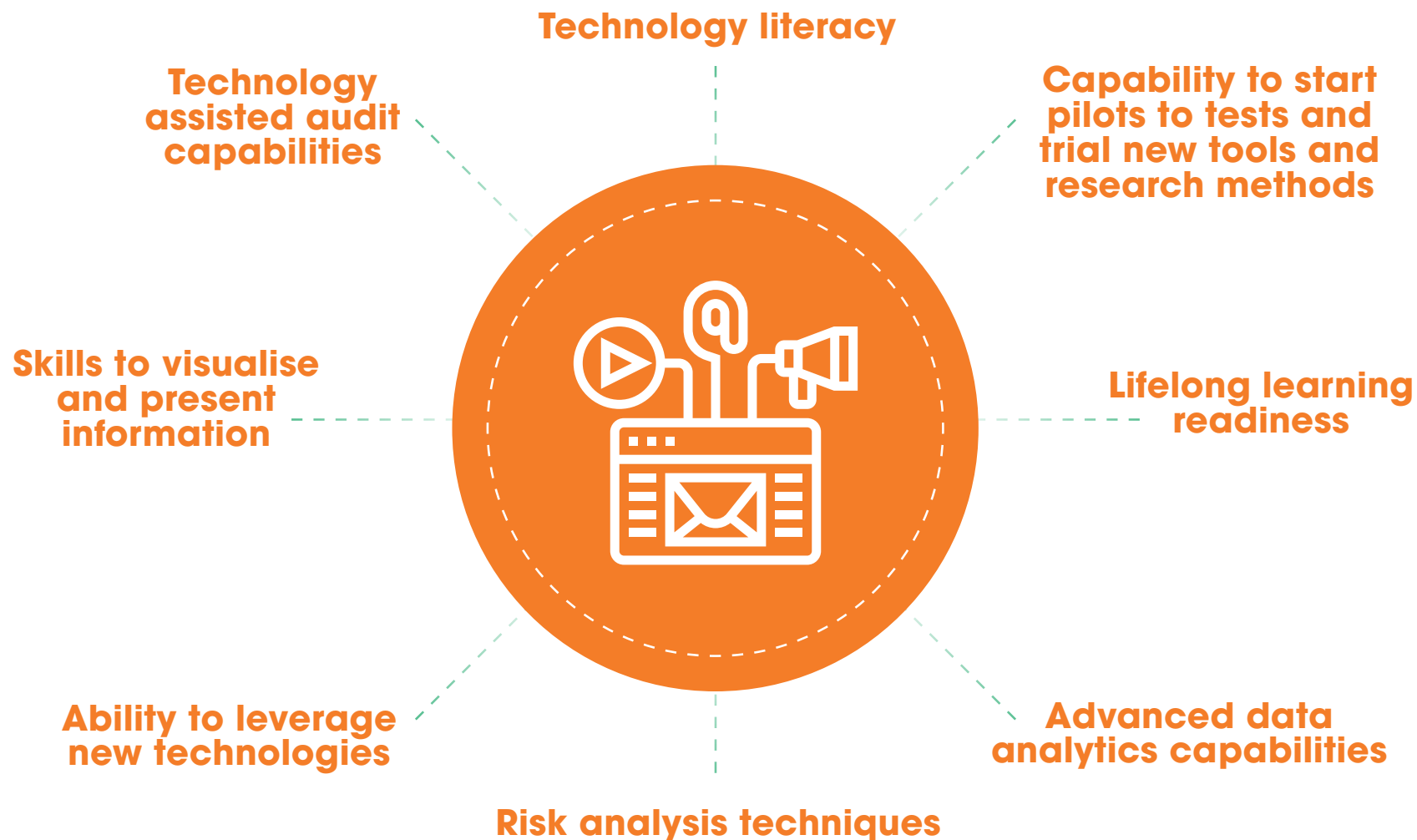
Although technological evolution has always been a factor that auditors had to contend with, advances in technology seem to be constantly speeding up. Digitalization is changing our world, changing our governments and effectively our audit profession. It has become ever so critical that an auditor be someone who is comfortable to continue embracing new technologies to do the job we are entrusted to perform by citizens, even if these technologies seem daunting.

Digital literacy is not about investing in massive technological platforms or even becoming technology experts. It is about getting an auditor to understand data and information required for an audit while using the latest technology tools to be faster and better. It is about understanding that the future will not be fully about machines and robots but that it will be an auditor that is augmented with technology tools. This understanding removes the intimidating feeling that technology tends to have.

Data Analytics, Big Data, and Artificial Intelligence are everywhere but not yet always fully understood. The more we come to understand these technologies, the more we demystify them to realize that what they do is not new – they are merely better tools, e.g. to capture, verify and track transactions. They are familiar concepts but these high-powered tools have now made it possible to use on large data sets, lightning fast pace, lower cost (in some instances) and with limited human intervention. Blockchain and quantum computing are concepts not yet fully matured and should remain in line of sight of audit institutions.

digital literacy

“the knowledge and ability to use computers and related technology efficiently”





Digital literacy

MORE DETAIL ON THE COMPETENCY AREA

COMPETENCY	BRIEF DEFINITION
Ability to leverage new technologies	<p>Future auditors should be fluent in emerging technology and comfortable using technology to analyse and present high volumes of data. The capability of navigating in the digital world and recognizing how and when to leverage new technologies to improve the quality and value of the audit.</p> <p>Despite the advantages brought by emerging tech, human judgement will still remain important.</p>
Technology literacy	<p>Technology literacy provides basic information in understanding what technological tools perform which tasks and so keeping up with new technologies and being able to develop new skills remains crucially important.</p>
Advanced data analytics capabilities (e.g. -extraction of the data, performing analytics on the data, investigation of exceptions)	<p>Developing talent with more advanced data analytics capabilities is critical. The auditing institutions have to be able to serve advanced data analytics to their clients to stay relevant.</p> <p>Advanced data analytics consist of variety of skills from data exploration to data visualization while data science, emerging critical skill, is the discipline of combining business intelligence, statistical modelling and technology.</p> <p>Skill to turn raw data into actionable insights for stakeholders to consider.</p>
Capability of starting pilots to test and trial new tools and research methods	<p>Scientific and technological advances are fast, and these trends are affecting our audit work (Beckström 2020), and SAs need to be prepared to react to changes in external and internal events and deliver outputs that reflect the changing needs (YES 2019).</p> <p>This requires creativity, some technical skills, audit and quantitative method knowledge, and freedom to explore from the management. (Beckström 2020)</p>
Technology assisted audit capability	<p>Being able to audit in a more cost-efficient manner by using technology assisted methods, for instance Geospatial Information Systems (GIS) or drones.</p>



Digital literacy

MORE DETAIL ON THE COMPETENCY AREA

COMPETENCY	BRIEF DEFINITION
Risk analysis and control assessment techniques	As the world is becoming more digitalized, and the processes will be automated, understanding the internal, external, and digital controls is important. Control assessments include understanding the processes and determining the degree of reliance on controls.
Skill to visualize and present information	<p>Information overload is a common problem of today; information should also be offered via visualizations, or visual stories. Best visual stories consist of discovering and telling, and they should make the information in audits understandable and engaging.</p> <p>Using infographics, interactive reporting tools and new visualisation techniques to present audit reports, and understanding the methods and outlets in which information is published / presented - Media literacy.</p>
Lifelong learning readiness	Auditors have to stay curious, and be willing to learn as the new technologies and methods develop. Auditor has to be prepared to build one's own capacity, and also promote learning and knowledge sharing within the SAI.



collaboration

It's essential for auditors to collaborate with and influence those around them for mutual benefit, whether it be working together in audit teams or influencing or cooperating with all external stakeholders in the interest of effective governance and having an impact.

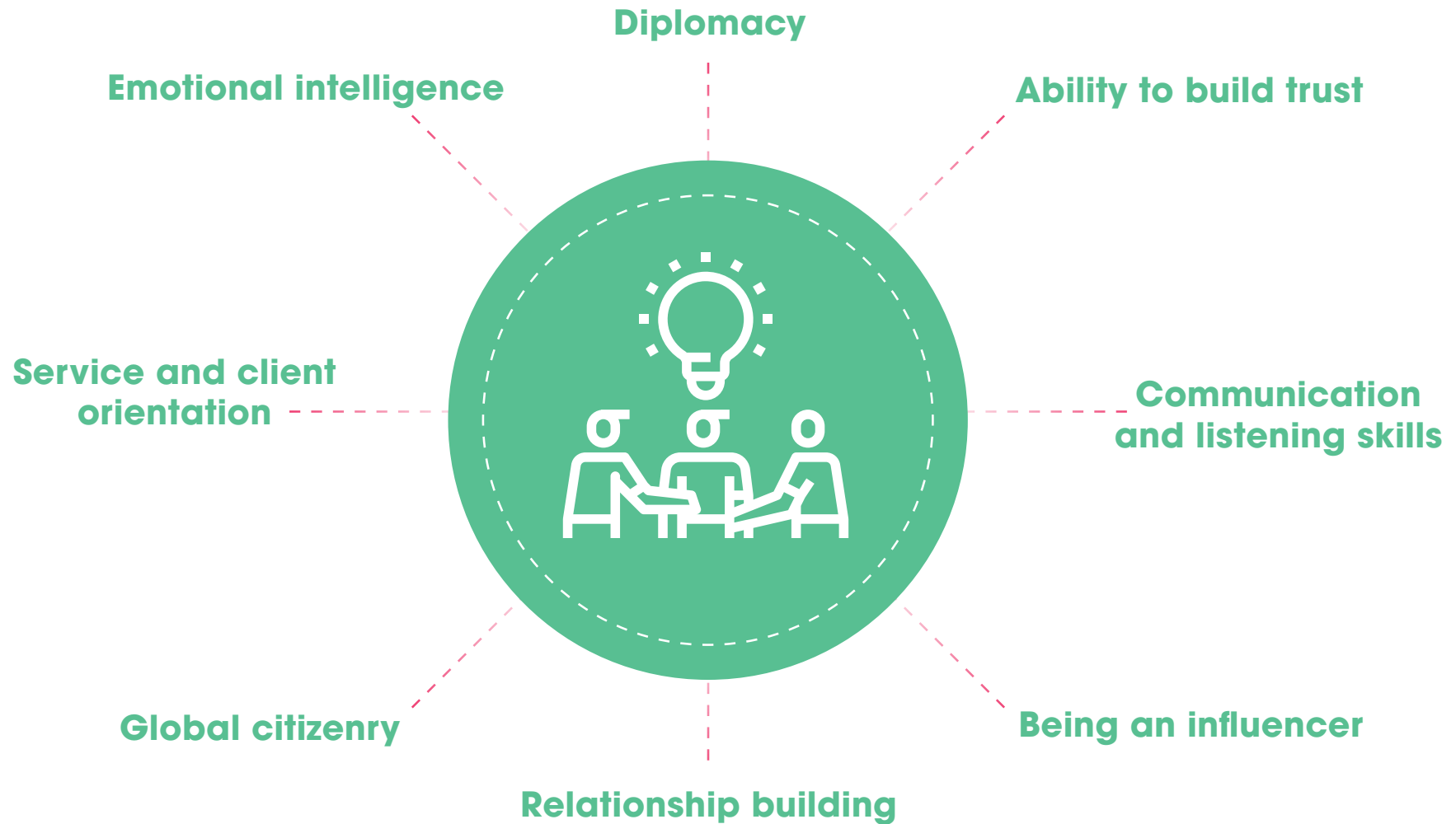
With the constantly changing world, the audit environment is equally changing meaning that engagements are more complex and they would require the work and collaboration of multi-disciplinary teams to tackle the challenge. This means that future audit teams will not only include accountants, legal practitioners, forensic auditors, or investigators but will include more staff with background in sociology, education, medicine, data science, engineering or environmental management so they can cover the complex issues, bring in different perspectives and engagement on varied projects.

It is important for an auditor to be able to connect with all their external stakeholders to build credibility and relevance so to maintain their trust. This could mean tailoring our messages to be focused on citizens and it could also be bringing in our citizens closer to our audits whether it be through collaborating with CSOs or even consultation with the public to solicit issues/topics to include in the SAI's audit program.

The key success of collaboration is willingness. All participants have to be willing to sacrifice parts of their own ideas and adopt others in order to respond appropriately to audit risks. That means understanding the idea of a "greater good".

collaboration

“the action of working with someone to produce something”





Collaboration

MORE DETAIL ON THE COMPETENCY AREA

COMPETENCY	BRIEF DEFINITION
Relationship building	<p>Skill to build authentic and sustainable relationships with a diverse range of actors.</p> <p>Relationships should be based on trust and mutual respect, and they should feel personal.</p> <p>Besides managing relationships, the future auditor should also be able and willing to support team members, as the future audit will become more collaborative both with internal but also external stakeholders.</p>
Communication and listening skills	<p>Ability to listen, filter, and translate information across parties not used to working together. Communicating openly, clearly and constructively about points of tension or difference, including oral, written, report writing and presentation.</p> <p>Ability to present findings in a credible way is important to get the right balance of volume, technical content and types of product to engender trust and ensuring it is understandable and accessible to the public. (YES 2019)</p> <p>For the work we undertake as SAls, we need to ensure that we do not take a one size fits all approach to our output but instead tailor our outputs to the intended audiences to ensure our messages resonate and are trustworthy. This can include using different medium to engage audiences. (YES 2019)</p> <p>Auditors need to be up to date with new developments and skills required to perform their task better. Sharing knowledge and practices among colleagues and stakeholders will improve the quality of audit work, and it will help SAls to remain relevant.</p>
Diplomacy	<p>In future, auditors will increasingly need skills to mediate between different stakeholders; master negotiating skills. They need to be comfortable managing negotiations and conflicts, and managing and harnessing the “constructive friction” that emerges when actors from different sectors collaborate. Diplomacy skills will enable the auditor to be seen as a neutral and objective actor in any situation.</p>



Collaboration

MORE DETAIL ON THE COMPETENCY AREA

COMPETENCY	BRIEF DEFINITION
Ability to build trust	<p>SAIs only deserve trust if they themselves are objectively judged as being credible, competent and independent and can be held accountable for their operations. In order to make this possible, they need to be model institutions, setting an example from which others in the public sector and the auditing profession at large can learn. (ISSAI P-12)</p> <p>Ability to successfully engage, communicate, listen and build trust.</p>
Global citizenry	<p>Public audit must address long-term global priorities, such as climate change and our ageing population, and other scientific realities that connect human activity and natural world. Auditors have a critical contribution to make to achieving the UN's sustainable development goals and the need to understand the concept of sustainability (social, economic and environment)</p>
Being an influencer	<p>Capability of not being overwhelmed by outside influence. Focus on objectivity and independent critical thinking, emphasize to the public and media that auditing and audit reports are carried out according to internal procedures. Focusing on the quality of reports and channels of communication helps to be an influencer, rather than being influenced.</p>
Service and client orientation	<p>In performing our audits, our responsibility is to serve the public and there is a responsibility to actively look for ways to help citizens. We have a responsibility to users of audit reports – this creates an ethical responsibility.</p>
Emotional Intelligence	<p>Capability of understanding the feelings of others, understanding different viewpoints, and helping others involved to do the same. Those who have the skill to empathise are more likely to succeed in navigating point of difference or disagreement.</p>



We want to sincerely thank AG Kimi Makwetu, chair of CBC, for his splendid leadership and reminding us to always be future ready while ensuring that relevance is the bottom line of success.

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