

# PASAI Human Resources Guide



Pacific auditors working  
together

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## Abbreviations used in this Guide

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<b>CBC</b>	INTOSAI Capacity Building Committee
<b>GDI</b>	Gender equality, diversity and inclusion
<b>HR</b>	Human Resources
<b>HRM</b>	Human Resource Management
<b>IDI</b>	INTOSAI Development Initiative
<b>INTOSAI</b>	The International Organization of Supreme Audit Institutions
<b>ISSAI</b>	The International Standards of Supreme Audit Institutions
<b>KPI</b>	Key Performance Indicator
<b>MBO</b>	Management by Objectives
<b>PASAI</b>	Pacific Association of Supreme Audit Institutions
<b>PSC</b>	Public Service Commission
<b>SAI PMF</b>	Supreme Audit Institutions Performance Management Framework (assessment of maturity level of SAIs)
<b>SAI</b>	Supreme Audit Institution



# Foreword

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The purpose of this Guide is to provide guidance for Pacific Association of Supreme Audit Institutions (PASAI) members on Human Resource Management (HRM). The Guide is based on international standards and practices and is intended to enable SAIs to align their HR practices to best practice. People are the most important resource of a supreme audit institution (SAI). The quality of the SAI's performance depends on its staff. It is therefore essential that SAIs manage and develop staff efficiently and effectively so they can fulfil their responsibilities and add meaningful value to the lives of the people they serve.

This Guide provides a complete approach to managing human resources in all phases of the HRM cycle based on international practices and standards: from setting up an HR function and developing an HR strategy to managing competencies, recruitment, performance management, training and development, employee well-being including considering gender and diversity issues. The Guide recognises that there are different SAI contexts, mandates and levels of autonomy that underlie decisions on HR matters across the PASAI region and provides practical examples and tools for each phase of the HRM cycle to assist the SAIs with implementing the related HR processes, within their unique context. Therefore, SAIs are encouraged to adopt or adapt the best practices provided in the Guide as they consider applicable to their circumstances.

This Guide was developed as part of the collaboration between the Swedish National Audit Office (Swedish NAO) and PASAI. Swedish NAO experts in HR, Leadership and Management who were instrumental in updating the INTOSAI Capacity Building Committee HR Guide endorsed at the Brazil INCOSAI in 2022, led a working group to develop this Guide. Members of the working group are as follows.

- Swedish NAO – Carolina Bjerström, Ingela Ekblom, Janna Ekholm and Eva Tofvesson Redz
- PASAI Secretariat – Sinaroseta Palamo-Iosefo, Meresimani Vosawale-Katuba, Annie Subactagin-Matto and Luke Eaton

To ensure the Guide is relevant to the Pacific context, a blueprint of the Guide as well as the final draft of the Guide were reviewed by an advisory group comprising of the following.

1. Ms Imase Kaunatu, Auditor-General of Tuvalu (Polynesia)
2. Mr Haser Hainrick, Public Auditor of the Federated States of Micronesia (Micronesia)
3. Mr David Dennis, Auditor-General of Solomon Islands (Melanesia)

PASAI expresses its sincere gratitude to the working group and the advisory group for their efforts and input. Additionally, PASAI acknowledges the contributions of the INTOSAI Capacity Building Committee for sharing their materials.

PASAI hopes that its members will find this guide user-friendly and use it to enhance their HRM function.

## **John Ryan**

Secretary-General of PASAI and Controller and Auditor-General of New Zealand

# Introduction

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Supreme audit institutions (SAIs) play a critical role in ensuring transparency, accountability and integrity of government operations in a country. SAIs must be equipped with sufficient resources, including having a competent professional workforce to fulfil this role effectively.

This Guide is written to suit the context of SAIs in the Pacific, using templates and examples of HR practices from SAIs in the region. The geographical locations of PASAI's member SAIs spread across the Pacific along with small island populations, limited resources and different cultures that are heavily embedded in our way of life give rise to several unique challenges in the environments that our SAIs operate in. Most of our members are at a basic level of maturity as a SAI where choices about basic HRM issues have been made, with almost no interaction between HRM professionals and line managers. There would most likely be no analysis made as a foundation for HRM strategy.<sup>1</sup> Therefore SAIs are encouraged to use this Guide to help them determine what they need to have in place at each stage of the HR cycle, and prioritise their needs based on their mandate and available resources.

Like most organisations, people are the most important resource of a SAI. The quality and efficiency of a SAI's performance essentially depends on its staff, a resource that is usually challenging to maintain, in terms of both an adequate number and the appropriate level of knowledge, skills and experience. Auditing requires highly competent and motivated professionals who are skilled in performing audits in accordance with audit standards. This enables the SAI to meet stakeholders' expectations and contribute to credible results for a SAI, which in turn results in enhancing public trust in the SAI. Therefore, it is vital for any SAI to pay attention to the factors affecting the performance of its staff and it is essential to prioritise HRM.

HRM encompasses all the policies, plans and procedures that enable the SAI to attract, motivate and retain highly skilled professionals. Having a dedicated unit to develop and manage clear, strategic and well adopted HR procedures is essential for ensuring a professional, rewarding and safe environment that motivates SAI employees to achieve high quality and impactful audits that benefit government and society.

Due to limited resources, SAIs would most likely not be able to maintain a dedicated HRM professional to carry out the function. In addition, for SAIs that have not achieved full operational independence, an HRM function is not needed as they still come under the ambit of the Public Service Commission (PSC). However, as SAIs move towards attaining operational independence, developing HR capabilities is a necessary step to demonstrate the SAI's willingness to be equipped to implement HR processes effectively and its readiness for greater independence.

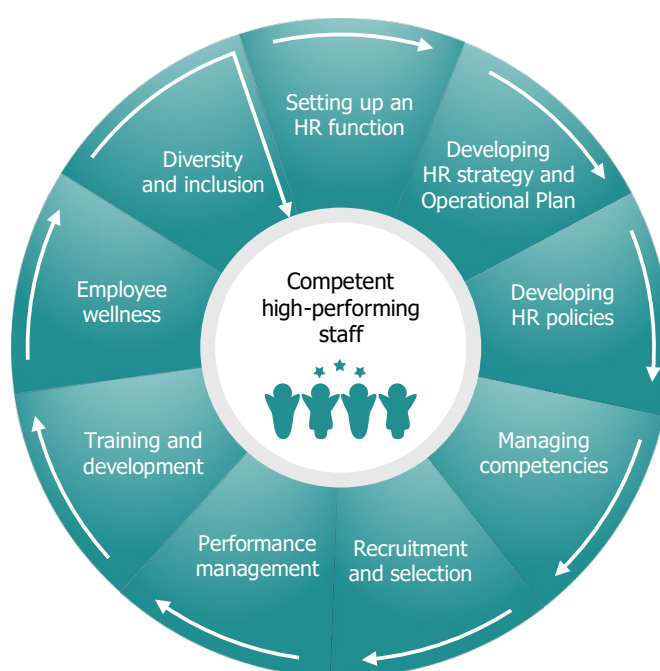
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<sup>1</sup> INTOSAI's *Human Resource Management – A Guide for SAIs*, p. 6.

## Purpose of this Guide

This Guide replaces PASAI's previous *Human Resources Management Manual* of 2011. It ensures alignment with new developments and requirements for SAI auditors, by incorporating new methods of managing people and considering emerging issues that impact the performance of employees. This Guide provides a holistic and strategic approach to managing human resources of the SAIs by establishing a good understanding of all phases of the HRM cycle (shown in the figure below) as described in INTOSAI's *Human Resource Management – A Guide for SAIs* and guiding SAIs on good practices to implement at each phase of the HRM cycle.

**Figure 1 Human Resource Management Cycle**



Since 2011, there have been significant developments relating to human resources in the INTOSAI community.

**These include the following new documents:**

- INTOSAI competency framework for public sector audit professionals at Supreme Audit Institutions (2019)
- ISSAI 150: Auditor Competence (2022)
- GUID 1950 Guidance on the development of competency frameworks for auditors (2022)
- GUID 1951 Guidance on the development of pathways for professional development of auditors (2022)
- INTOSAI's *Human Resource Management – A Guide for SAIs* (2022)

A new international auditing standard, *ISSAI 150: Auditor Competence*, requires SAIs to have appropriate HRM processes and practices to ensure that its auditors have the relevant competencies determined by the SAI. The PASAI HR Guide includes references to content and models presented in the HR support materials provided by INTOSAI. The PASAI HR Guide includes a consideration to the specific context under which SAIs in the Pacific operate. It provides further guidance adapted to the PASAI members, compared to INTOSAI's *Human Resource Management – A Guide for SAIs*, which has a global perspective regarding the key dimensions and activities of an HRM function. Therefore, the PASAI HR Guide is to be considered as a complement to the HR support material provided by INTOSAI to assist SAIs in establishing robust and coherent systems to manage and decide on human resource matters.

This Guide recognises that SAIs operate under different mandates and governance systems. Given the unique context within which each SAI operates, when using the Guide, SAIs need to consider and adapt to their mandates and country-specific legal requirements on labour relations, privacy, data protection and so forth. They should adapt the guidance provided in this Guide (and the various reference sources mentioned in the Guide) where necessary, to fit their local circumstances.

Essentially, the Guide aims to support SAIs to establish and improve their processes depending on which phase of the HRM cycle they need assistance on. The Guide is not a prescriptive document, providing detailed instructions on HRM, but serves as a resource for SAIs in the region to use as a foundation for improving HRM practices. This Guide can also serve as resource material for any future PASAI initiatives to strengthen SAIs' HRM capabilities.

## Overview

The structure of this Guide follows the HR management cycle, as shown in Figure 1, with a chapter dedicated to each phase of the HRM cycle. Each chapter explains the essential steps the SAI can take to implement that HR dimension. Useful templates are included where relevant, and examples are included as necessary in each chapter to assist the SAI to implement HR processes. The Guide provides guidance on how to develop HR policies. As each SAI's mandate and country context is unique, SAIs should determine the relevant policies needed and develop their own policies according to their processes. Where appropriate, examples of policies are included as a list of supportive material in the chapter. The complete supportive material (including templates and good practice guides) are available as separate compilations for each chapter.



## **This Guide will cover the following aspects of human resource management**

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### **Chapter 1 Setting up an HR function**

Setting up an HR function depends on the SAI's level of maturity and capacity to manage human resources. This chapter offers suggestions based on the level of autonomy the SAI has on managing its own human resources.

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### **Chapter 2 Developing an HR strategy and operational plan**

This chapter explains the importance of having a long-term plan to manage human resources and the necessary steps to develop the HR strategy. It provides an example of a SAI HR strategy and the considerations for a basic structure and content of the HR strategy. Additionally, guidance is provided on implementing the HR strategy.

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### **Chapter 3 Developing HR policies**

In this chapter, guidance is provided on how the SAI should approach the development and implementation of HR policies that are relevant to their current context while working towards having full autonomy to decide and manage all human resource matters.

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### **Chapter 4 Managing competencies**

This chapter defines competence and explains the importance of establishing a competency framework and maintaining procedures at the organisational level to manage competencies required across all areas of the SAI's operations.

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### **Chapter 5 Recruitment and selection**

This chapter explains the 8 stages of the recruitment and selection process and key activities to undertake at each stage. Ways to address practical challenges in attracting and recruiting skilled professionals are discussed.

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### **Chapter 6 Performance management**

The importance of establishing a performance management process is explained in this chapter, as well as how the SAI can develop its own process.

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### **Chapter 7 Training and development**

This chapter explains the importance of investing resources in training and development as a means for attracting and retaining skilled professional staff in the SAI.

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### **Chapter 8 Employee wellness**

The importance of employee wellness is explained in this chapter, as well as why SAIs should direct attention to the well-being of their employees. It is recognised that staff are a crucial asset of the SAI and SAI productivity, and performance is impacted by the well-being of staff and the SAI environment.

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### **Chapter 9 Diversity and inclusion**

Gender and inclusion are explained in this chapter, which offers a brief overview of various perspectives on the topic and why SAIs should consider these social aspects. Guidance is given on what constitutes a gender responsive and inclusive SAI.

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### **Chapter 10 Preparing for the HR of tomorrow**

This chapter provides examples of progress within the HR area that are likely to happen as a response to developments in our global society.

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## SAI independence and impact on HR

Besides size and human resource capacities, the degree of autonomy a SAI has in deciding on all human resource matters varies among SAIs. A SAI's legal framework, which generally includes the country's Constitution and Audit Act, prescribes the degree of autonomy of the SAI. Accordingly, the SAI's HR function and structure is developed to the extent necessary to execute human resource matters and processes that are within the full control of the SAI. A SAI with full autonomy has the final say on deciding and managing human and financial resources, developing job descriptions and HR policies and procedures, setting remuneration rates as well as managing performance appraisals.

Most SAIs in the PASAI region operate in the same manner as any government agency, where they are required to comply with human resource policies and processes administered by the PSC or a similar body. This means the SAI has limited autonomy to decide on some crucial aspects of HR such as the timing of recruitment processes and setting remuneration rates for its own employees.

It may take SAIs some time to fully implement the various phases of the HRM cycle and have a well-resourced HR unit to support SAI staff. However, this Guide aims to support SAIs to establish their own HR mechanisms and processes and hone capabilities so they can continue to deliver their mandates while still pursuing independence in managing their own human resources. Like all development, the process to drive HR forward is best done one step at a time. Why not embrace "small is beautiful"?

## The added value of human resources

Employees are, without doubt, a SAI's most important asset. Managing people in an organisation is a complex skill. In its work to comply with regulations or achieve its overall organisation goals, a SAI will face internal and external challenges. How does HR enter the picture? What value does HR add to help the SAI in its efforts to overcome challenges and reach its overall goals?

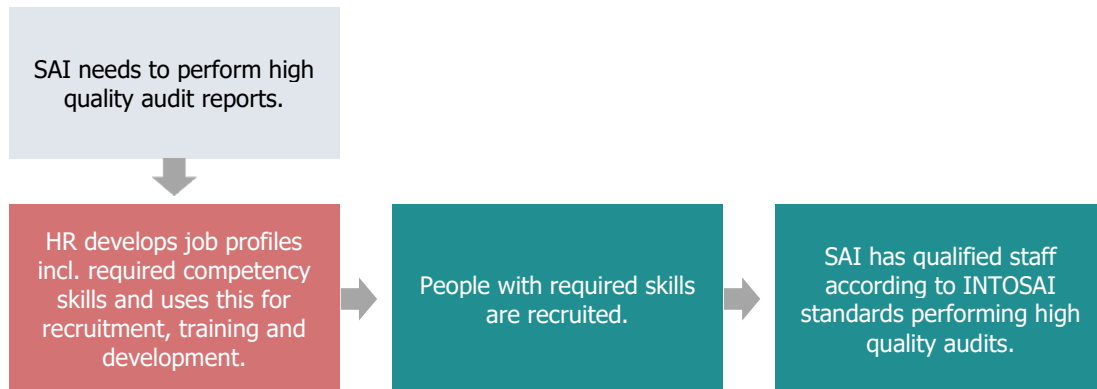
This HR Guide acknowledges that SAIs in the PASAI region operate in varying conditions, and many have in common a situation in which there are few or no staff appointed to HR. Nevertheless, there are ways to take small actions and enhance the possibility for the SAI to recruit, develop and retain staff.

### **Examples illustrating how HR expertise adds value to the SAI**

Below are 4 common examples illustrating how HR adds value to the SAI. The text below each illustration serves as guidance for SAIs with limited HR resources.

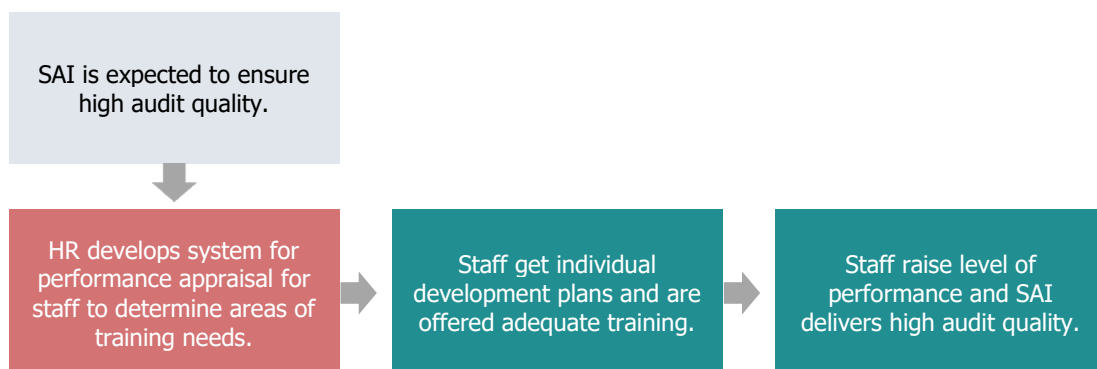
The first box (in grey) shows a need at a SAI. The second box (in red) shows how HR helps to address this need. The third and fourth boxes show the outcome for the SAI, thanks to HR support.

**Figure 2 HR provides recruitment support**



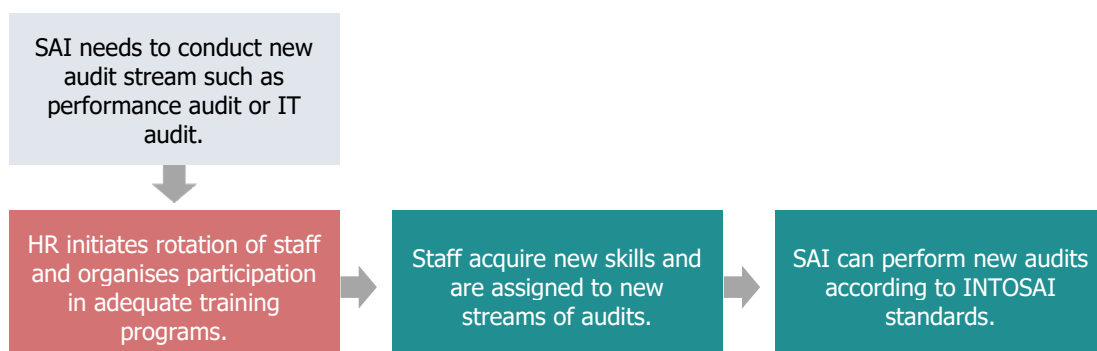
SAIs under the ambit of a PSC or equivalent body for their recruitment can develop job profiles, use them to clarify necessary competencies when drafting job adverts and ensure that interview panels evaluate required qualifications according to SAI needs.

**Figure 3 HR provides a system for identifying necessary training for staff**



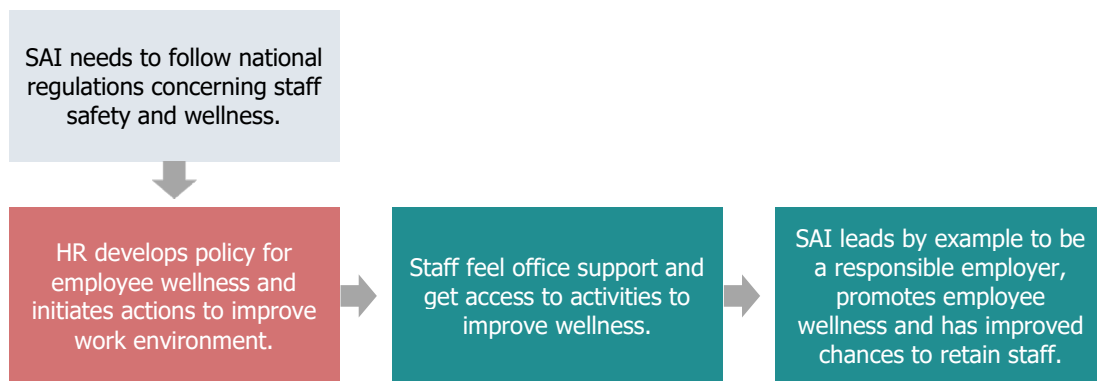
SAIs with limited HR resources and capability to train staff can nonetheless benefit from individual development plans. This enables a SAI to be pro-active and look for training opportunities with PASAI or other organisations based on identified training needs.

**Figure 4 HR provides support to SAI managing organisational change**



SAIs under the ambit of a PSC or equivalent body with regard to advancement and promotion of staff, may have a mandate to rotate staff to meet new needs. Rotating staff to new responsibilities may lead to a reason to regrade staff and may require increased financial resources for salaries.

**Figure 5 HR support improves employee wellness**



For SAIs under the ambit of a PSC or equivalent body, policies on matters such as employee wellness lie within the responsibility of the SAI, making it possible for the SAI to support employee wellness regardless of their level of autonomy.

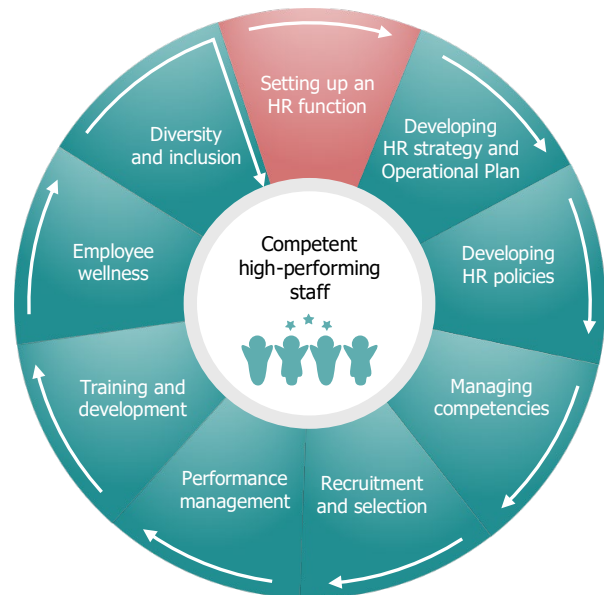
As shown in the examples above, HR provides value to the SAI in several areas. For each HR area, the SAI can develop a policy to clarify the process and describe which steps to take.

There are many ways for an HR function to support organisational change, even if the SAI does not have the mandate to fully control the whole process. This Guide offers guidance and support in several valuable HR areas, such as how to assess staff performance, identify required competencies, and how to determine what training is needed to develop staff.

# 1 Setting up an HR function

This Guide recognises that each SAI finds itself at a different level of maturity and with varying capacity to manage their human resources. SAIs under the ambit of a PSC or equivalent body are likely to face similar circumstances that need to be considered when organising their HR.

This Guide offers some suggestions on what a SAI can achieve with limited HR resources. A SAI with limited staff resources can add value to and support, if not all, then at least some of the office's HR needs. An essential factor of success is to set up an HR function to drive and develop HR issues in the SAI. If possible, in cooperation with the PSC or equivalent body. A SAI can thus improve the support to and management of its human resources.



## 1.1 The benefits of setting up an HR function

A few select focus areas within HR can make a key difference for the SAI's ability to recruit, develop and maintain staff. In the long term, an HR function enables the SAI to fulfil its mandate and conduct high-quality, effective audits. This will amount to several HR-related activities and an HR function plays a vital role in coordinating and ensuring robust implementation of HR processes to support growth and the development of the SAI. The next chapter about HR strategy and operational plan describes the important role of HR in supporting the SAI by working strategically and envisioning the SAI's future needs concerning staff-related matters.

In addition to being a driving force, an HR function is also a responsible body that ensures smooth adherence to national rules and regulations for governmental employers. An HR function is responsible for producing useful policies for the staff to follow.

### To consider when setting up an HR function:

- A SAI may not have the capacity for a full-fledged HR unit with resources and expertise. However, there are options available, depending on the SAI's circumstances. A SAI with limited resources can strive to set up a small HR function, that is, an organisational group assigned to coordinate the most essential HR processes.

- A first step for any SAI developing its HR is to produce a realistic plan defining the level of support that the staff working on HR will provide. It is better to “think small” first and succeed, rather than make big plans, devise ambitious activities and run the risk of failing. After starting small you can expand HR support gradually.

#### Examples of failures:

- HR informs the organisation that improvements will take place, circulates a list of upcoming activities for improving the work environment, raising expectations, but only succeeds with a few activities.
- HR develops policies describing the SAI as a responsible employer, but the policies are not implemented and thus do not lead to any change.
- HR announces a new improved procedure, such as monitoring job performance and appraising staff, but does not monitor whether the new procedures are applied.



Staff appointed to work on HR – a future HR unit – are better off “starting small”, succeeding with what they proclaim and earning a good reputation within the SAI as they meet expectations. It will help staff working on HR to gain confidence and further develop activities and their scope of support. The HR activities will thereby add value to the organisation and HR will gain a strong mandate.

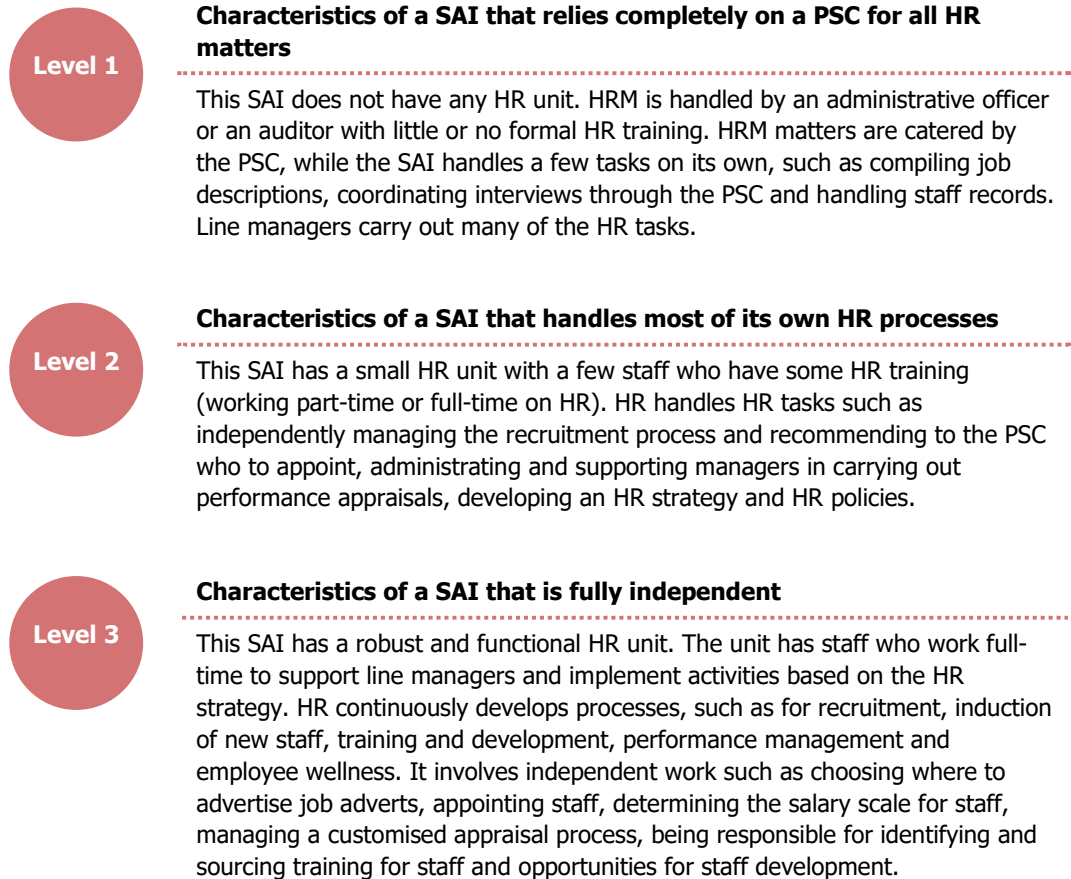
## 1.2 HR – main structure and roles

There are many ways to organise HR function structures depending on the level of independence from PSC or an equivalent governmental body. There will be both limitations and possibilities; acknowledging one’s own situation is an important basis for making realistic plans.

How HR work is arranged depends on the size and structure of the SAI. In general, an HR unit either consists of a centralised team of HR staff who all work for the organisation, or a decentralised HR unit where HR staff work on behalf of a specific part of the organisation. A centralised organisational structure for HR is preferable for a SAI with limited HR resources. It enables staff who work on HR issues to work closely together, support one another, learn and uniformly carry out HR support.

The figure below describes 3 levels of independence for a SAI and how its level of independence affects how the SAI manages its HR. By extension, HR units have different characteristics. This way of categorising HR aims to help the SAI define a “realistic” scope of support and the most suitable structure based on its circumstances and expectations.

**Figure 6 Characteristics of HR based on levels of independence for a SAI**



**HR – the most common roles**



**HR administrative officer**

A person who provides administrative support and coordinates HR matters such as compiling job descriptions, coordinating interviews and handling staff records.



**HR generalist**

A person who works in many capacities and covers a broad selection of HRM areas. The HRM generalist has broad experience of working in all fields of HRM. Because of their extensive knowledge, an HR generalist can be an asset for a small SAI that needs resourceful HRM practitioners.



**HR specialist**

A person who works as a senior HRM member. An HRM specialist often has broad experience but is specialised and has expertise in a specific area, such as recruitment, compensation management, training, or development. HRM specialists often advise HR generalists on how to implement processes and provide support related to their area of expertise.



**HR manager**

In general, an HR manager is responsible for how the HRM unit supports the growth, direction and culture of the organisation. Their responsibility varies depending on the size of the organisation and how the team and unit are organised.

## 1.3 Collaboration across the SAI on HR-related matters

The success and impact of the HR unit will depend on how well the staff working on HR and managers work together. It is essential for HR staff and managers to work side by side for the SAI to ultimately reach its HR-related goals. To provide relevant support, HR needs to have a good understanding of the needs and challenges within the organisation. Having a close collaboration with managers will enable HR to develop smooth processes that are well integrated with the SAI's core operations. Having HR present in management groups when information is shared and decisions are made is a benefit for everyone involved. It favours cross-organisational understanding and builds relationships that are important when working with HR-related matters, such as managing staff successfully.

The responsibility of the staff working on HR may be distinct from the managers in driving HR, but fulfilling the HR needs of the SAI cannot be developed with HR in isolation from managers or vice versa. Naturally, there is a difference between a SAI managing an extensive HR unit and one managing a few basic processes. However, regardless of the range of HR support and SAI needs, cooperation between HR and the rest of the organisation is equally important.

### Further guidance



See the supportive material for a matrix of roles and responsibilities of the most central HR matters in an organisation. Depending on a SAI's level of independence and what resources are available, as well as how mature the cooperation is with the PSC or equivalent, not all responsibilities in the matrix will apply to all SAIs. The matrix serves as an example to illustrate that the success and impact of human resources is a shared responsibility for the head of SAI, directors and HR staff.

## 1.4 Steps for establishing an HR function

Below are some basic steps for organising HR, depending on different circumstances for a SAI. This Guide recognises that a SAI that relies completely on the PSC in all HR matters will have a different strategy compared to a SAI with greater autonomy.

### ▶▶ **Step 1 Establish a working group**

Establish a working group tasked with driving the establishment and development of an HR function. The working group should preferably consist of one to 3 people who are a mix of management and the employee(s) who will likely continue working on HR issues.



## ▶▶ **Step 2 Identify HR needs**

Identify the main HR needs based on the SAI Performance Management Framework (SAI PMF) and discuss with management. Examples of HR needs could be professional development and a training plan for all staff, ensuring a performance appraisal is performed for all staff as required by policy, or developing a recruitment process.

For SAIs relying on PSC policies and procedures, a recommendation is to decide what HR needs the SAI can manage and operationalise within its own mandate and plan how to manage those needs within the SAI. Report to the head of the SAI and receive clearance.

## ▶▶ **Step 3 Decide on HR roles and responsibilities**

Based on SAI PMF analysis and conclusions of SAI HR needs, decide the necessary responsibilities for managing HR needs and activities. Appoint staff to manage promotion, development and implementation of the HR activities that the SAI can manage independently.

For SAIs relying on PSC policies and procedures, if a full-time position is not workable, a recommendation is to assign the administration of HR tasks to 2 staff members who can support each other and share responsibilities. Explore the possibility of receiving support from PASAI.

## ▶▶ **Step 4 Define the direction of the HR function**

Once HR needs have been defined and staff who will manage future HR work have been selected, the next step is to formulate the objectives and activities to be carried out by the HR function. A recommendation is to first draft an HR strategy aligned with the overall SAI office strategy and highlight the areas of HR that can be handled within the SAI mandate. Next, develop an operational plan with activities that the SAI can manage on its own or with support from partners (see Chapter 2 Developing an HR strategy and operational plan). The SAI management needs to be involved in this process. Once the strategic plan and activities have been decided, the next step is to officially appoint staff and assign the activities that they will manage. Communicate and implement the operational plan through management.

SAIs relying on PSC policies and procedures should also develop an HR strategy, since it is still relevant to formulate what the HR function should focus on. More consideration needs to be paid to what activities lie within the SAI mandate. The HR function may not be able to fully manage all HR processes but may be able to manage parts of them. By documenting needs related to HR, the SAI will be in a better position to argue for matters such as funding for training and development of staff, for the interview panel to consider that appointed staff meet INTOSAI's and/or PASAI's required competency requirements and to justify the need for more staff for new audit streams.

### Further guidance



Useful documents for planning and setting up an HRM unit include:

- ISSAI 150 standard on auditor competency and organisational requirements
- SAI PMF to assess HRM needs
- SAI's Audit Act to outline SAI's legal mandate in relation to PSC or equivalent government body managing HRM
- INTOSAI's *Human Resource Management – A Guide for SAIs, 2022*.

## 1.5 Practical challenges

### ➤ **There is no time to work on development**

One of the challenges for an HR unit is finding a balance between day-to-day activities, on the one hand, and investing time to develop its processes, on the other hand. Daily activities such as administration is time-consuming and tends to absorb all available resources. These activities also continuously lead to questions from managers and staff, which means that HR practitioners could be constantly occupied with these issues. Some of the activities suggested here may not be completely new and could be less time consuming than expected. SAIs just need to devote time to give structure and formalities around existing informal processes to add value to the way HR is managed.

Nevertheless, it is also crucial to invest in new activities, to develop new insights, to monitor external developments and learn from them.

### ➤ **There is little governmental interest for establishing your own HR unit**

Suppose there is both an interest and a need within the SAI to customise its HRM processes, but the mandate is lacking. An alternative to setting up an HR unit is to develop, under the SAI mandate, some activities internally that will add tangible value. Internal activities may include developing job profiles, developing a competency framework, or assessing training needs in accordance with the ISSAIs. Another option is to negotiate and cooperate with the PSC or equivalent. Note that there is sometimes a risk of self-censorship by the SAIs when the mandate may in fact allow more than is assumed. The SAI can influence PSC appointments by submitting supportive documentation about required competencies and training needs and can enhance the possibility to recruit new staff with competence in line with ISSAI standards.

➤ **The SAI is unable to provide HRM training to professionalise managers to take on HR tasks**

The SAI can seek support from PASAI and other training institutions for opportunities to develop and train SAI personnel on managing HR. There are options available through online self-study, written resources and training courses. Other sources of support and information are provided by the CBC and IDI. Please visit their websites for more information about HR processes.

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**Supportive material**

Good practice: Framework of human resources responsibilities

## 2 Developing an HR strategy and operational plan

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Why is it important to have a human resource strategy and operational plan in place? SAIs that want to develop their human resources need to plan and strategise the human resources processes and practices. With a strategic approach and planning it is more likely that HR practices will be linked to relevant needs that can increase staff efficiency and productivity, positively impact staff learning and improve the SAI's overall performance.

An HR strategy will guide the SAI and focus its resources. This is especially important for SAIs with limited resources.



### 2.1 What is a human resource strategy?

A **human resource strategy** consists of a long-term plan, normally running 3 to 5 years. The plan should capture areas for development and amendment, using overall HR goals to describe the impact of the change you would like to see when the plan is implemented.

Without a strategic approach, HR will be developed much more haphazardly. Furthermore, if there is no strategic approach, it is difficult for management to allocate suitable resources and to follow up on progress and results. For SAIs with limited resources, it may seem that strategic planning takes too much time in relation to gains, but the reverse is also true. Having limited resources is an important reason to develop a strategy and a plan to ensure that SAIs with scarce resources and capability will only engage in impactful change and activities. They cannot afford not to.

#### **Key concepts**

Developing an HR strategy and operational plan for the first time can be confusing since it contains concepts that may seem abstract and complicated. This chapter will unpack the steps for how to create a strategy and operational plan as well as describe and demystify concepts such as those listed below.

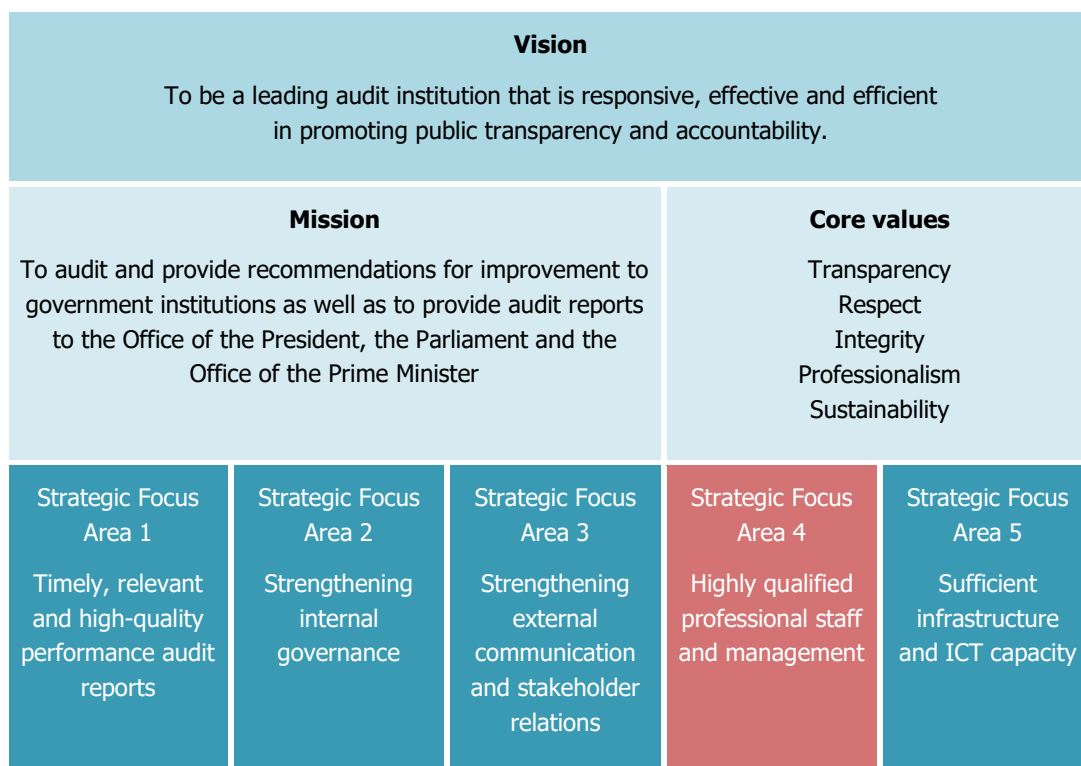
<b>SAI vision and mission</b>	The end state that the SAI aspires toward and the purpose it serves.
<b>Core value</b>	A cultural cornerstone and guiding principle for the SAI as an organisation and for employees.
<b>Focus area</b>	An area or issue to be prioritised.
<b>SAI strategic goal</b>	The impact at the strategic level, describing the change at the societal level that the SAI may contribute to by the end of the strategic period.
<b>HR goal</b>	The impact at the strategic level, describing the change within the SAI that helps achieve the SAI's overall goal after implementation and/or by the end of the strategic period.
<b>HR objective</b>	Long-term (3 to 5 years) result(s) specific to each HR goal, which jointly should achieve the HR goal.
<b>Key Performance Indicator (KPI)</b>	A quantifiable measure to evaluate achievements and success.
<b>Activities</b>	Actions to reach KPI, for example, describing the steps in developing a policy or how to amend the appraisal process.
<b>Impact</b>	A result often to be measured outside the control of the SAI
<b>Input</b>	Resources that are made available (staff hours, support from partners and peers, financial means).
<b>Output</b>	Tangible result(s) achieved by an activity.

## 2.2 Aligning HR strategy with the SAI strategy

SAIs commonly have a multitude of documents aimed at supporting the SAI to execute its mandate. There is always a risk of overlapping processes and steering principles. Apart from the remit related to the SAI's mandate, the SAI strategic plan is probably the most important steering document. Therefore, the HR strategy needs to be aligned with relevant goals in the SAI strategy. Figure 7 shows the essence of an example SAI strategy which specifies its vision and mission together with core values. It also describes focus areas, formulated as goals, to be reached by the SAI by the end of the strategic period.

In Figure 7, Strategic Focus Area 4 directly refers to HR. Although all focus areas contain an HR element, the SAI may develop other plans or strategies specifically for these other focus areas, such as an audit plan and communication strategy. Human Resource Management and its life cycle (Figure 1) is holistic and impacts all areas of the SAI's operations.

**Figure 7 Fitting into a SAI strategy**



## 2.3 HR strategy structure

Before developing an HR strategy, it is important to understand what the final document will look like and what aspects need to be covered. If the SAI already has templates and structures for strategies and operational plans (sometimes referred to as an activity plan or implementation plan), it can use them to secure coherence and alignment.

### HR strategy – proposed structure and design

If the SAI does not have any preferred approach, the structure and design proposed below can be helpful. Here, good practice is combined with INTOSAI recommendations on how to strategise and plan.

- Preamble and introduction explaining why the strategy is needed – preferably signed by the Head of SAI (including the date of approval).
- Assessment process, including linkage to the SAI strategy (identifying HR needs, for example, based on the SAI PMF assessment and/or other relevant input).
- Goals, objectives and Key Performance Indicators (including tables describing what is to be achieved and how).
- Risk analyses and risk mitigation.
- Reporting and measuring progress and success.
- Communicating the HR strategy and operational plan.

## 2.4 Developing the HR strategy and operational plan – from start to finish

### ▶▶ Step 1 Appoint a working group

Developing strategies and plans requires multiple competencies. One needs to understand the basics of the HR processes that the SAI would like to improve or develop. Furthermore, some experience in developing plans and determining goals and performance indicators is needed. This means a person from management, or the planning and development function needs to be involved.

A group of no more than 3 people makes an efficient team; a larger group might slow down the process and create a risk of overlapping work. Commitment and time management throughout the development process are crucial for a successful result. Finally, to achieve a successful result, top management must engage in feedback, support and decision-making. It takes time to strategise and make sound plans. Therefore, sufficient time must be set aside for this type of work, and it cannot be left to one person alone. This Guide provides the SAI with an overview and basic understanding of the HR processes and practices and thus will be a good reference when strategising. SAIs may also seek guidance from peers in the region who have successfully developed an HR strategy and operational plan.

### ▶▶ Step 2 Assessment process – identify the SAI's HR status and issues

The working group tasked with developing the strategy needs to understand the status of the SAI's HR function and processes to be able to identify areas that require development or improvement. This understanding is obtained by reading and analysing key documents and talking to various parties as suggested below.

#### Documents to analyse

- SAI Strategic Plan.
- SAI PMF and the results concerning HR and Training and Development [Domain E].
- Useful guidance may be found in a SAI SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis; if no SWOT analysis is available, conducting one could be part of this assessment process (template provided).
- Regional and global reports on trends in HR that may be useful to know about.

#### Meetings to hold

- Discuss the SAI priorities with top management.
- Dialogue with SAI key staff and, if applicable, external parties such as the PSC or similar.
- Draw on the experience of peers in the region.
- Consult with the PASAI Secretariat for advice.

The assessment needs to be documented since it will be a source of information to return to. Together with the management, the working group can now make informed decisions on the areas and focus for the HR strategy.

### ▶▶ Step 3 Describing a desired future – Goals, Objectives and Key Performance Indicators

The essence of strategising is to create impact by focusing on a few impactful issues. To enable implementation of the strategy, you need to break down the SAI strategic goal relating to HR to an implementable level. For instance, to achieve the SAI's strategic focus area 4 shown in Figure 7, you need to define the relevant HR goals and objectives as well as key performance indicators to measure the progress toward achieving the overall goal. These objectives will then form the basis for determining activities, resources and time needed to implement the strategy. These elements should be described in the operational plan, which provides a clear link to the HR strategy.

To visualise and describe the desired impact that results from improving HR processes and practices is challenging and time consuming. There are plenty of pitfalls at this stage. Two of the most common pitfalls and advice on how to avoid them follow below.

#### Pitfall 1

The assessment shows a huge need to develop almost all HR processes. The SAI is considering developing all HR processes, which would result in extensive strategy and planning that is completely unrealistic in terms of implementation, given the resources and capabilities.



**Keep it simple** – One successful implementation is better than 10 objectives that are never achieved. It is important to be practical and strategic at the same time and identify a small number of key issues that the SAI can invest most resources on for greater impact. It is better to plan for success from the start than to set yourself up for failure.

**Be smart** – Starting small might not be what the management wants, since there is pressure on the top management to achieve results that can be assessed by others. In such a situation, show the implications in terms of costs; time, staff hours, tools (software and similar) and the HR competencies needed to implement the plan. There is a saying that "numbers talk". Top management is likely to settle for "less and smart" when they understand the cost of the alternative.

#### Pitfall 2

The strategy is not strategic enough – it only describes a document produced or a process decided. There is no focus on what that document or process should impact.

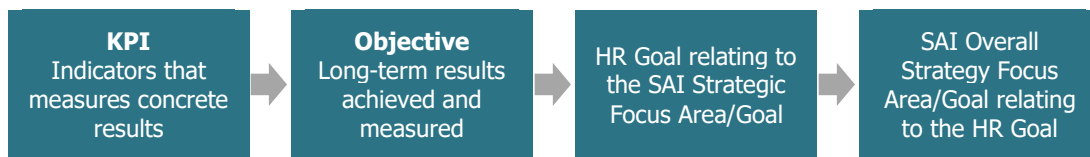


**Start at the end** – There is a wisdom to visualising what should be in place in terms of how things will be done once the HR process or practice has been implemented. "Looking into the future" puts things into perspective and makes it easier to answer the question "What must we develop and/or amend to get there?" It minimises the risk of producing documents or processes that do not really fulfil the needs.

Figure 8 shows the elements of the HR strategy. Formulating the content of the key elements in the HR strategy and aligning the strategy with the SAI's overall strategic documents can take some time. Therefore, it is important that time is allowed, and that the management agrees to the goals, objectives and targets included in the strategy.



**Figure 8 The elements of the HR strategy**



To define the elements of the HR strategy, it is important to think of the strategy as a logical flow of sequenced actions and results that lead to the desired impact. All elements should have a logical link to one another to achieve the desired result. If there is no direct and logical link between the elements, the intended results will not be achieved.

Using the results of the assessment and the analysis carried out in Step 2, the working group should consider the following matters to help them define the HR goals, objectives and KPIs.

- Try to identify what the SAI's need to change or improve means in terms of HR to achieve the SAI's Strategic Goals/Focus areas by the end of the strategic period.
- Prioritise HR areas (such as Recruitment, Training, Performance Appraisal) that can achieve the required change.
- Formulate goals/objectives/indicators using the SMART method (Specific, Measurable, Achievable, Realistic and Timely).
- Keep it functional and tangible. Depending on SAI resources and capacity, it is recommended to have a maximum of 3 goals. Each goal will generate a number of objectives; each objective will require a number of activities and thus resources (capital, financing, staff, time) to implement the activities to achieve the goals.
- Objectives should be measurable. Think in terms of changes that can be achieved through activities measured in results (outputs). HR goals are broken down into Objectives, preferably not more than 3 for each goal.
- KPI measures are milestones where measurement takes place, and the SAI can monitor progress and determine whether the SAI is on track to achieve HR objectives and to what extent.

Templates are provided in the Supplementary document. The tables can be used as an input to the dialogue within the working group and with the management.

### **What is an HR operational plan?**

The **operational plan** relates to annual or bi-annual planning, providing a description of how to translate the HR strategy into actions and practice. The plan ensures that the SAI has the capacity and resources needed for execution and implementation.

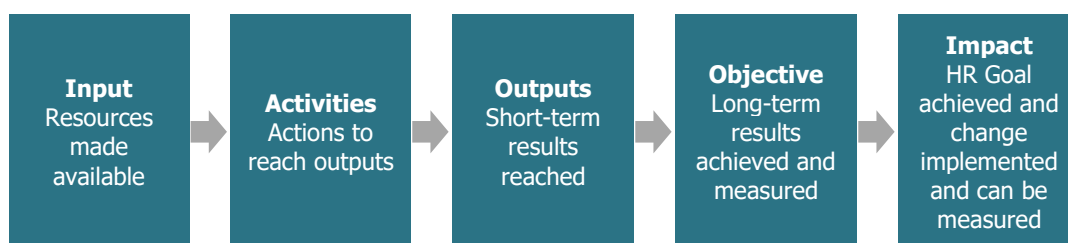
When developing an operational plan, make sure that all activities are included and clearly defined in desired outputs. For example, if the objective is "To produce a Leave Policy" then the operational plan should describe all activities required to produce a Leave Policy, which covers the whole process (see policy examples in Chapter 4). An objective that is worded as "A policy developed" will not be helpful to the group/person who will develop the policy. A poorly worded objective will also make it difficult to measure and determine whether

anything needs to be altered in the plan to reach a good result. At this stage, the challenge is to not underestimate the details required to ensure a good result.

The operational plan will describe all activities for each objective defined in the HR strategy. Each activity will need a measurable result – an output. The other elements of the operational plan are:

- **Time** – when to start and complete an activity.
- **Responsibility** – staff responsible for ensuring that the specific activity is completed.
- **Cost and funding** – staff hours, estimated cost and any external funding required, especially if external experts are engaged to implement the activity.
- **Status** – this document is a work in progress – should include remarks on status and tick off activities when completed. For ongoing monitoring, it is advisable to keep the digital version open for the working group and management.

**Figure 9 The elements of the operational plan**



#### ▶▶ **Step 4 Risk and risk mitigation – checking the validity**

When developing the HR strategy and related operational plan, it is essential to identify and analyse risks to avoid mistakes and failure of implementation. In mapping the risks, the SAI also needs to identify mitigation actions. Risk analysis helps in decision making and prioritisation. If the risks are too high to carry out an activity, then it is appropriate to reconsider. A matrix to support setting up risk analyses is available in the supportive material in this chapter.

##### **The matrix covers:**

- the type of risk (for each objective)
- the level of risk (related to how likely the risk is to happen)
- risk mitigation procedures (what can be done to prevent the risk from occurring or to lower the impact of risks).

#### ▶▶ **Step 5 Reporting and measuring progress on the HR strategy**

The HR strategy and operational plan should describe, in brief, how to measure progress and the results of implementing the HR strategy. Normally, the SAI has some sort of reporting or performance management system to monitor other plans as well as finances. It is important to link the reporting to existing systems to give the HR strategy and operational plan the same status as other areas. Here, the KPIs will be helpful since they are formulated in a quantifiable way. They can be seen as milestones to be reached.

The monitoring and measuring process is also helpful to identify whether there are obstacles to reaching results, meaning that parts of the plan need to be altered.

The whole procedure of setting goals, objectives, key performance indicators and outputs is related to this part. It will help the SAI to be on track and to steer towards the long-term goal and impact. For example, it is at this point that the SAI can assess whether its Strategic Focus Area 4 “Highly qualified and Professional Staff and Management” (Figure 7) has been fully achieved and if not, to what extent the goal has been achieved.

### ▶▶ **Step 6 Anchor and approval**

The HR strategy is a strategic document that supports the SAI in reaching its overall goals and will have a large impact on the SAI. This is why SAI management needs to be involved throughout the process, to review draft versions and take decisions with the working group. A strategy or operational plan is not in effect until it has been approved and signed by the Head of SAI. Achieving this final step can take time, but if the steps described in this Guide are followed assiduously, there is a good chance that the plans will be approved by the Head of SAI and SAI management.

#### **Checklist for approval:**

- The assessment of HR needs/issues is sound and can be verified in a short documentation.
- The HR strategy aligns with the SAI overall strategy.
- The areas addressed in the HR strategy are prioritised and are possible to achieve given the available resources and capabilities.
- The operational plan is realistic in terms of the time and resources needed for the chosen activities.
- The risks have been identified and there are ways to either avoid the risk or mitigate the impact.
- Working group and key staff believe in the way forward as described in the HR strategy and operational plan.

### ▶▶ **Step 7 Plan the communication**

An HR strategy and operational plan are primarily internal documents, not to be published on the website. It can contain sensitive information concerning SAI maturity levels and gaps regarding skills and experiences. Having said that, there may be close cooperation partners or donors with whom the SAI would have an interest in sharing these documents in order to secure funding or technical support.

However, the main focus should be to communicate to internal stakeholders at the SAI. Communication of approved strategies and plans will make everyone at the SAI aware of what is happening and why. It will also pave the way for new HR processes to be accepted and understood once they are implemented.

### **Examples of internal communication include:**

- Circulation to managers and key staff.
- News or notification on the internal website (intranet).
- Article in printed newsletter circulated to all staff.
- Short presentations at staff meetings.

Human Resource matters concern every employee and often generate interest. Be prepared to address questions or worries about these changes by formulating what you think could be frequently asked questions (FAQ) in advance.

## **2.5 Practical challenges**

### **➤ Other activities need to be prioritised**

A very common challenge, especially for SAIs with no one responsible for HR matters. The pitfall is lack of time and focus that will result in a poor process with incomplete analysis, failure to choose relevant objectives related to real needs. The HR responsibility becomes an added task on top of an already full schedule.

### **➤ Lack of collaboration within the SAI**

Top management must realise the need for cooperation between different roles when setting up the working group. There is a need for a management perspective, basic HR knowledge and, if possible, experience of developing strategies and plans. Top management needs to be involved from the start and to have regular follow up with the working group to offer support and feedback.

### **➤ Jumping to conclusions**

It is very common to start the process with a clear idea of what needs to be fixed, before making a proper assessment. Such an attitude leads to tunnel vision and will overshadow the broader picture. There is a risk that the “real pain” and possible solutions will be missed. Remain as open-minded as possible and aim to find common ground with others. As the saying goes: “Alone you go faster, together you go further.”

### **➤ Don't fix what isn't broken**

Don't change or amend just for the sake of it. There are probably other more pertinent needs to attend to.

### **➤ Copy-paste method**

Every organisation is unique, so it is neither possible and nor smart to skip conducting your own analysis and simply copying another SAI's HR strategy and operational plan. This is not to say that one can't be inspired by good ideas and solutions!

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### **Supportive material**

Template: Strategy and operational plan with risk analyses table

Template: HR strategy

Template and Guide: SWOT Analysis

## 3 Developing HR policies

SAIs in the Pacific, like most public sector agencies, generally depend on PSCs for administrative and technical support on human resource matters. However, the nature of the SAIs' operations is different from other public sector agencies and sometimes blanket public HR policies applied by the PSCs generally across the public sector may not be applicable or relevant to some areas of the SAI's operations. SAIs are going through development changes in terms of pursuing independence through the legal status as an institution, financial independence from the executive government as well as autonomy to recruit and manage their own human resources.



The transition from being dependent on the PSC to having full autonomy requires resources and appropriate competencies if the SAI is to effectively assume the HR responsibilities. Each SAI is unique in terms of its mandate, country context and independence status regarding managing personnel. As SAIs move towards attaining operational independence, developing HR capabilities is a necessary step to demonstrate the SAI's willingness to be ready to implement HR processes effectively and its readiness for greater independence. This chapter is a guide to best practices that PASAI member SAIs can adopt or adapt if they choose to develop their own policies that are specific to their jurisdiction. It seeks to assist SAIs by looking at the basic stages of developing policies within smaller SAIs such as those in the Pacific.

### 3.1 Process for developing HR policies

#### 1. Identify areas requiring a policy

It is the responsibility of the executive management or the Head of SAI to identify areas of the SAI's operations that require a policy. A new policy may be needed due to new government regulations, policies and laws that the SAI must implement in its operations. The need for a new policy may also be the result of a review, such as the SAI PMF assessment, of the SAI's operations and performance. SAIs may also develop new policies based on new knowledge acquired as a result of training or published resource materials, such as this HR Guide.

SAIs may also require a policy due to events that affected the way they conduct their normal business. For instance, a global event such as the COVID-19 pandemic galvanised SAIs to quickly develop and implement policies on remote work and for subsequent COVID-19 protocols once offices re-opened. An important lesson highlighted by the pandemic is that Pacific SAIs need to keep abreast of global developments that may impact their operations and put in place measures to address changes where changes are foreseen or promptly establish measures when unexpected changes emerge.

## **2. Identify responsibilities**

Once the executive management had identified an area requiring a policy, the next stage is to identify the responsible persons and which tasks to assign to whom (who will do what and who should be involved in the development work). SAIs can consider appointing a small committee tasked with developing policies, providing guidance and the implementation of these policies. If a committee is not a viable option, then one or 2 staff can be appointed to carry out these tasks. It is advisable to carry out ample research of available information and resources to assist the staff responsible for drafting the policy.

## **3. Develop the policy**

When developing the policy, staff members or the committee must consider the economic, social and political environment in which the SAI operates. It is advisable to refer to existing government policies on the matter identified by the executive management (where relevant) to ensure compliance and consistency. It is also important to consider laws and regulations and to have policies in place to comply with them.

Developing effective HR policies requires careful planning, research and communication. By following the steps below, a policy can be developed that supports the organisation and its employees.

### **▶▶ Step 1 Conduct research**

It is useful to do some research on what other more developed or matured SAIs have done in the area identified. A scan of resources available on SAIs' websites, the INTOSAI website and the PASAI website can provide some insight. Drawing on best practice examples is also a good way to seek guidance on what is appropriate for the policy.

### **▶▶ Step 2 Determine the goals of the HR policy**

An important consideration is to identify the main goals and objectives of the HR policy. What should be achieved with the policy? Consider the needs of the SAI and refer to the SAI's current vision, mission, values and strategic goals.

### **▶▶ Step 3 Draft the policy**

Once the framework is in place, the next step is to draft the policy. To facilitate the implementation of the policy, the language used in the policy must be simple, clear and easy to understand by all staff. As mentioned earlier, the policy should also be consistent with any legal requirements.

#### ▶▶ **Step 4 Conduct consultations**

Once a draft policy has been developed, review the draft carefully to ensure that the policy is aligned with the SAI goals and objectives. Feedback should be obtained from those who will be impacted (management and relevant staff) to ensure that the policy is effective. This consultation can be done in meetings with staff, discussions with individuals, or simply through email requesting feedback. The committee or staff should consider what policy statements are crucial and if there are different opinions, or who needs to fully understand the consequences when implementing the policy. Once feedback is received, the staff or committee should incorporate the feedback in the draft policy.

#### ▶▶ **Step 5 Get approval and implement the policy**

Once the final draft policy is ready, it should be submitted to the SAI executive management for approval. For the policy to be effectively implemented, support from the Head of SAI and the executive management is essential. It is advisable to prepare an action plan on how to implement the policy once it is approved, which can be presented to the executive management for review.

Another consideration for successful implementation is that responsible staff for the policy need to have adequate time and budget to support its implementation. It is important to make staff aware of the reason for the policy, and where and how to access it. Regular enforcement of the policy is also essential for its successful implementation. Ensure that all staff and management understand their responsibilities with regard to implementing the policy, take ownership of and are accountable for the effective implementation of the policy.

A positive “tone at the top” set by the executive management and the Head of SAI for the implementation of HRM policies developed by staff will help ensure the effectiveness of these policies.

### 3.2 Create awareness of the policy

Promotion of policies developed by the SAI should be done regularly. This can be done through staff meetings, or by email, and during the induction training of new staff to the SAI. The SAI can also create a specific, easy-to-find section for all its policies on its website and office shared drive. This will help staff when they need to refer to them quickly in and outside of the office. Moreover, by uploading its policies onto its website, a SAI is also assisting its stakeholders and other SAIs who may need to refer to them in the future for guidance on their policy development.

### 3.3 Review and evaluate the policy

All policies that are developed by the SAI need to be reviewed and updated regularly. This is an important phase that is usually done on an annual basis. In line with this, a policy should include the date it was implemented or became effective and the date on which it is due for review. It is also considered best practice to have the upcoming review and evaluation dates for each policy included in the annual work/operational plan of the SAI.



### Policy evaluation usually consists of 3 basic activities:

1. Examining the basis of the policy (is the rationale still sound, is it still relevant, is it still best practice, does it reflect the current social climate and expectations, does it take account of new or changed laws and government policy).
2. Comparing expected changes and behaviours with actual outcome (what has worked, what hasn't worked, what other/unexpected changes occurred).
3. Taking corrective action if required (for example, revise policy, allocate more resources or rescind the policy).<sup>2</sup>

### Suggested policy template

A suggested template for a policy is shown below. This template covers the most common sections of a policy. There may be other sections that are specific to the SAI and can be added as needed by the SAI.

### Suggested sections

<b>Section I</b>	Purpose of the policy.
<b>Section II</b>	Scope of the policy: who and what it applies to. This section can be further divided into sub-headings where applicable.
<b>Section III</b>	Effective date: when the policy comes into effect.
<b>Section IV</b>	Review date: when the policy is due for review, which can be done every year, or every 2 years.
<b>Section V</b>	Issuer, example: the issuer of this policy is the Head of SAI.
<b>Section VI</b>	Contact: who to contact concerning questions on the policy.
<b>Access</b>	Indicates where the policy can be accessed.

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<sup>2</sup> The Victorian Health Promotion Foundation, "Resource 11: Policy development", [https://www.vichealth.vic.gov.au/~/\\_/media/ResourceCentre/PublicationsandResources/Physical%20activity/EveryoneWins-ssa/11%20-%20Policy%20development.ashx](https://www.vichealth.vic.gov.au/~/_/media/ResourceCentre/PublicationsandResources/Physical%20activity/EveryoneWins-ssa/11%20-%20Policy%20development.ashx).

## Recommendation



There are several examples of good practices developing HR policies among the PASAI SAIs. A recommendation is to turn to each other and share good examples. Some essential policies that SAIs can consider adapting, which are developed by SAI Fiji, are listed below:

- Recruitment and Selection policy
- Leave Policy
- Sexual Harassment Policy
- Continuing Professional Education (CPE) Policy
- Uniform Policy
- Conflict of Interest Policy
- Travel Policy
- Registry Policy
- Grievance Policy
- Code of Conduct and Ethics Policy
- Work from Home Policy
- Flexible Work Arrangement Policy

## 3.4 Practical challenges

### ➤ **An event prompts the need for a policy, but there is no policy in place**

An example of a practical dilemma is when an event prompts the need for a policy, where there is none in place. A reason for this absence could be that the need has not been assessed or identified. For instance, audits were conducted mainly at the client's premises until the pandemic hit and most SAI staff needed to work from home.

Working arrangements have evolved since then, exposing the SAIs to new issues such as working from home and staff wellness. These new issues prompted the SAIs to develop new policies. It is important that SAIs stay informed about what is going on in their community, in their internal and external environment, so they can identify issues that may warrant the development of a new policy and take actions accordingly.

### ➤ **No staff or competent person available to develop the appropriate policy**

SAIs can connect with other SAIs in the region if they have a policy on the issue concerned, so they do not need to start from scratch. If no one has a policy in place, SAIs can contact PASAI for support.

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**Supportive material**

Good example: Dress Code Policy (OAG Fiji)

Good example: Policy for project positions (OAG Fiji)

Good practice: Policies presentation (OAG Fiji)

## 4 Managing competencies

The ability of a SAI to fulfil its mandate and conduct high-quality, effective audits depends to a large extent on its staff. Each SAI should establish and maintain procedures at an organisational level for competency management.

Managing competency is an ongoing process in the SAI and covers different areas of HR. The procedures to manage competency are interlinked with a variety of other HR procedures, such as:

- recruiting people with required professional skills;
- introducing new staff through professional on-the-job training;
- developing staff competency through continuous professional training and learning;
- retaining skilled staff through desirable career paths;
- succession planning and preparing selected staff for promotion through professional development;
- determining compensation and benefits.

These different procedures that provide competency development for staff are examples of ways for the SAI to assure that staff have the necessary quality, integrity and competence to fulfil their functions. It is the responsibility of the HR function to support the management to apply these procedures, but it is the responsibility of top management to give HR and managers the conditions needed to succeed.



### 4.1 The benefits of competency management

An important benefit of management being mindful of competency is that it leads to an outline of the competency the SAI needs to recruit, develop and assess. A conscious and structured competency management process will enable the SAI to enhance its opportunities to take actions on how to develop and maintain skilled staff. In addition, efficient competency management will ensure that the staff's relevant competencies are monitored and assessed. This will enhance the quality of performance management and have a positive impact on staff retention.

The organisational requirements for competence management are described in the INTOSAI standard ISSAI 150 on Auditor Competence. The ISSAI 150 lists 4 organisational requirements that the SAI has a responsibility to meet to ensure that the SAI has auditors with appropriate sets of competencies. A conscious competency management will facilitate meeting the requirements of ISSAI 150. The standard is supported by GUID 1950 and GUID 1951, which guide SAIs on how to determine and manage appropriate competencies. One of the pillars in describing how to manage competency, is through the methodology of developing a competency framework (GUID 1950). Furthermore, PASAI's Competency Framework will help the SAIs with developing or improving their own competency framework that aligns with its mandate.

#### Further guidance



- ISSAI 150 – Auditor Competence
- How to develop a competency Framework for auditors, GUID 1950
- How to develop pathway for auditors, GUID 1951
- PASAI's Competency Framework

## 4.2 What is competence?

The term 'competence' is often used in HR. Many HR processes include the term 'competence'. It can be found when describing compilation of job profiles, when evaluating an applicant during a recruitment process, when defining a purpose for training and learning, when assessing job performance and when planning an appraisal. We use the term 'competence' frequently, while in fact, it is fairly complex and needs further explanation. Competence, as described in INTOSAI's *Human Resource Management – A Guide for SAIs*, can be divided into 3 categories: knowledge, professional skills and personal attributes.

Competence is the **knowledge, professional skills** and **personal attributes** that are critical to successful job performance. A person is considered to be competent when knowledge, professional skills and personal attributes are all demonstrated.



**Knowledge:** the theoretical or practical understanding of a topic and the work environment. This is acquired through experience, learning or formal education. An example: knowledge of accounting principles that are applicable in the budgetary sector. This knowledge was most likely acquired through a university degree in accountancy, or similar – or previous work experience from working within institutions in the public sector or other professional accountancy or auditing practices.



**Professional skills:** the abilities to accomplish specific tasks; developed through learning or experience. An example is gathering and evaluating sufficient appropriate audit evidence.



**Personal attributes:** the mindset, qualities, characteristics and traits of a person. An example is being goal-oriented, that is, working towards results and knowing how to prioritise and plan the work.

A common mistake is to focus only on one competence, such as knowledge. People often stress the importance of a certain academic degree, or some type of higher academic education. Of course, it is tremendously helpful to learn the job as an auditor when having a degree in auditing.

However, other skills, such as personal attributes, are equally important. Let's use the example of motivation for the job. Without the motivation, knowledge is not sufficient to perform successfully. Personal attributes are important complements to knowledge. It is also important to know how to apply the knowledge that has been learned. Having the knowledge, but not the skill to use it makes the knowledge seemingly useless. Both personal attributes and skills not acquired through studies are essential for being a competent employee.

Personal attributes often play a more important role than we think when determining competence. Their relevance should not be overlooked when selecting applicants nor when appraising performance. A rule of thumb is that knowledge can be learned on the job, but not personal attributes.

#### Further guidance



- Chapter 10 Preparing for the HR of tomorrow covers examples of the growing significance of hiring employees based on potential and personal attributes.
- INTOSAI's *Human Resource Management – A Guide for SAIs, 2022*.

### 4.3 The value of developing an overview of required competencies

An overview of all required competencies is of great value for managing competence at the SAI. Having an outline of necessary competencies will serve as a valuable tool. Some examples of procedures that greatly benefit from having a full overview of necessary competencies in the SAI are shown here below.

**Planning SAI resources:** identifying knowledge, skills and personal attributes required to perform according to standards will allow managers to determine what competencies need to be acquired or developed to meet future resource demands.

**Recruitment:** a full overview of necessary competencies will allow managers to select the right candidates based on the required competencies for the specific job. When personal attributes and competencies are included in recruitment, managers and/or panels can select candidates who display behaviours that are important for success in a particular role.

**Monitoring performance:** having a full overview of necessary competencies will help managers to improve performance since they will know which competencies are essential for a specific role. This will allow managers to tailor their performance management and development discussions accordingly.

**Training and development:** a full overview of necessary competencies will help identify needed training and development activities provided by the PSC or equivalent body.

**Employee wellness:** having a complete understanding of competencies such as personal attributes will help when defining workplace behaviour aimed at building and maintaining a healthy organisational culture in the SAI.

## 4.4 Defining competences

### **Alternative 1: Develop a competency framework**

Many SAIs use a competency framework as their primary tool for determining and documenting relevant competencies. It enables them to detail and define the competencies expected of an individual auditor, a group or a team for a specific task and a specific position within an organisation. Each role in the SAI has its own set of competencies that are needed to perform a job effectively. A competency framework offers a way to provide a detailed description of the desired knowledge, skills and personal attributes for each role.

SAIs may consider adopting PASAI's competency framework or tailor it to meet its specific context and mandate. This approach will significantly save resources and time.

As outlined in INTOSAI's *Human Resource Management – A Guide for SAIs*, defining competencies in a framework is useful for:

- Providing a structure for requirements for audit professionals.
- Describing the competencies required for audit professionals to perform their roles effectively.
- Providing a common language for identifying skills and competency gaps more efficiently.
- Improving performance and the development of the profession.

### Further guidance



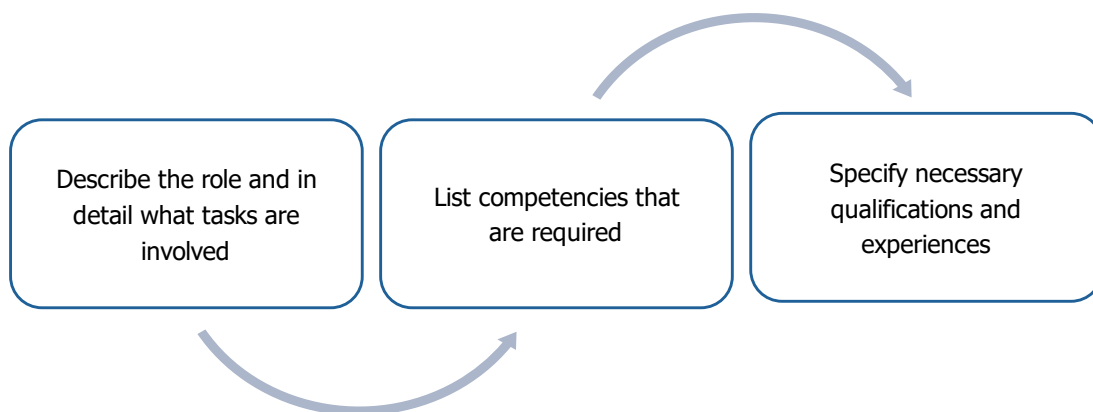
Extra reference material

- How to develop a competency framework, INTOSAI GUID 1950
- INTOSAI's *Human Resource Management – A Guide for SAIs*, 2022.

## Alternative 2: Compile job profiles

Although a competency framework is very useful, producing one can be a complex task. SAIs with limited HR resources are recommended to apply an alternative procedure: compile job profiles per role in the SAI.

**Figure 10 Using job profiles to define competencies**



### ▶▶ Step 1 Describe the role and in detail what tasks are involved

What does a person in this role actually do in terms of work and assignments? Describe the scope of work and make it easy to understand.

### ▶▶ Step 2 List competencies that are required

What knowledge is needed? What skills are required to be able to apply the knowledge? What personal characteristics should a person have to perform well?

### ▶▶ Step 3 Specify necessary qualifications and experiences

What formal education or training should someone need to have the required competency (according to step 2)? What kind of previous experience would provide the skills needed to know how to apply this knowledge? Add personal attributes necessary to deliver results.



### Recommendation



The major benefit of documenting the competencies that the SAI needs is that they can then be submitted to the PSC or equivalent body. It serves as a valuable presentation of what the SAI needs in terms of number of staff, acquired skills, necessary training. Furthermore, it will demonstrate the SAI's professionalism in the HR area.

### Further guidance



- For how to develop a job profile, see Chapter 5 Recruitment and selection.
- For job profile templates, see Chapter 5 Recruitment and selection.

## 4.5 Practical challenges

### ➤ How can SAIs with limited HR resources find support for compiling job profiles?

Best practices suggest that small SAIs or SAIs with limited capacity can find job profiles compiled and adapt them to their own context. SAIs may seek assistance from other peer SAIs in the region who have similar job profiles or contact PASAI for support.

### ➤ How can the competencies in the competency framework be of use to a SAI serving under a PSC or equivalent body?

When recruiting new employees, the people responsible for the recruitment process will need to consider the provisions of the competency framework. The SAI could try to negotiate with the PSC or an equivalent body to ensure that the recruits meet at least 50% of the core competencies and 20% of the specific competencies for the relevant audit stream.

### **Supportive material**

Good practice: Developing a competency framework

Guide: How to get your competency framework right

Example: Competency Framework (PASAI)

Presentation: Competency Framework (OAG New Zealand)

## 5 Recruitment and selection

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Recruitment and selection are key processes in HR for ensuring that the SAI has a sufficient number of competent staff. The ability of a SAI to fulfil its mandate and conduct high-quality, effective audits and other core services fully depends on the quality, integrity and competence of its staff and management.

This HR Guide recognises that SAIs have different levels of autonomy and varying possibilities to control the appointment of staff. However, SAIs should strive to influence their recruitment process and staff appointments as much as possible. The more effort the SAI makes to influence the PSC and to develop its recruitment and selection process, the greater the possibility of meeting its staffing requirements.

Regardless of the level of authority the SAI has in relation to managing its recruitment process, it is possible to influence and conduct parts of the recruitment procedures, perhaps even greater opportunities than expected. Some SAIs have found ways to collaborate with the PSC or other external bodies and to play a role in and have an impact on recruitment.

### **Experiences from SAIs who have successfully cooperated with their PSC:**

- A SAI has a policy within the purview of the public services of shared responsibility to recruit to the SAI. There is a quota of staff who are to be recruited directly from the PSC and a quota to be staffed by the SAI (recruited or promoted through internal ranks).
- A SAI develops its job profiles to align with INTOSAI standards and submits them to the PSC.
- SAIs have candidates assessed according to competency requirements set by INTOSAI or standards adopted by the SAI, before the appointment and/or publication of adverts on the SAI website.
- A SAI broadens the range of advertisement beyond centralised government to cover wider professional fields and attract skilled candidates who meet the SAI's needs.



## 5.1 What is recruitment and selection?

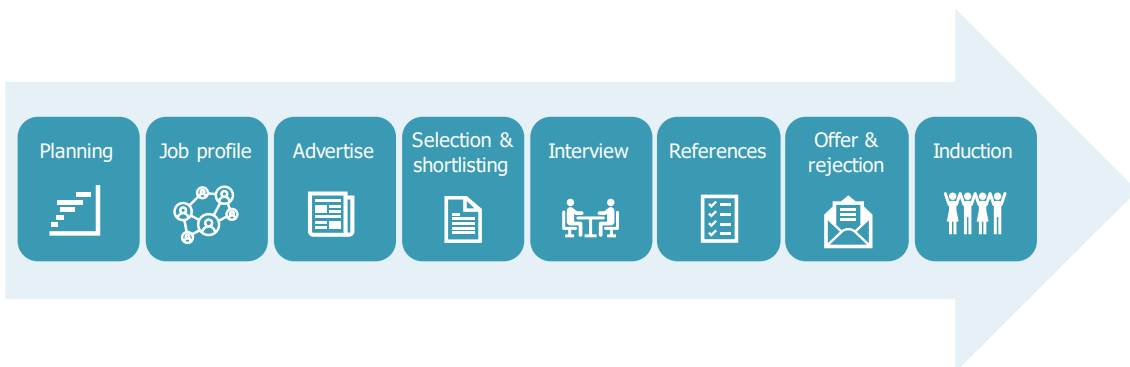
Recruitment and selection of new employees are key processes that feed into the SAI's goal to deliver high-quality audits. These are processes that need to be carried out in close collaboration with the management. When a decision is made to recruit, a series of steps are followed to bring a new staff member "on board", namely attracting candidates through job posts; screening and shortlisting applicants; interviewing and selecting top applicants; and finally, introduction through an induction. The most difficult part of the process is forecasting an applicant's potential and future performance. This requires gathering and evaluating relevant and accurate information about the applicant to assess their suitability for the role. A well-prepared work process is required to evaluate a person's competencies and references and to compare them with those of other applicants.

## 5.2 Steps to develop a recruitment process

A recruitment process consists of several actions that are carried out in a specific order, such as shortlisting applicants, conducting interviews and evaluating the applicants. Having well-developed procedures like this makes a significant difference to the success of a recruitment. These actions provide a structure, facilitate a systematic selection of candidates and ensure a transparent process with decisions that are merit-based, quality-assured and objective.

A SAI relying on a PSC or equivalent body can, in practice, assume the initiative to develop recruitment procedures that can then be conducted within the SAI mandate and according to the PSC's guidelines. The full process of recruitment is outlined in the figure below and serves as a guidance on steps in the process.

**Figure 11 The process to select and recruit new staff**



### **Recruitment planning**

Recruitment planning (also called HR planning) is an important step to forecast the SAI's HR needs for the future. A common mistake is moving forward with recruitment without taking the time to analyse and map out current and future competency needs. Instead of focusing on the number of people it is important to look at what needs to be accomplished, now and in the future. We might want to downsize in

certain areas and upgrade and increase in other areas. Recruitment might not always be the answer. That is the first important assessment to make. Decisions on how to staff the SAI should be part of the approved SAI organisational structure, which states the number of staff and different positions required to deliver on the SAI's mandate.

The HR function should take the lead in planning and managing the recruitment process. This includes mapping out a timeline with managers on activities that lie ahead, such as advice on the appropriate time to start advertising and/or communicating staffing needs to the PSC or equivalent.

Steps to consider when planning recruitment:

### ▶▶ **Step 1**

When managers express a need for more resources or replacements, first assess this need in relation to the organisational structure and future needs. Refer to the SAI organisational plan or, if relevant, objectives expressed in the HR operational plan. Include references to the SAI competency framework (if applicable) and the INTOSAI Standard ISSAI 150 to ensure that required qualifications are included in the analysis. A recommendation is for the HR function to do this in close collaboration with first-line managers who know what the projected audit outputs are, the number of staff needed to be successful over the next 12 to 24 months and the required staff competencies.

#### **Helpful questions to ask:**

- Can the need be solved with internal recruitment/shifts or is outsourcing desirable?
- Number to recruit: how many staff members will be required to achieve the goals?
- Roles to prioritise: what vacancies will need to be filled?
- Competence to be required: are there new INTOSAI standards or other factors that affect the skills that need to be acquired?
- External factors to consider: how does the current economic/political arena affect our work and our ability to attract new staff members?
- Future needs: how do current technological or cultural shifts impact the way we work and the skilled staff we require?

### ▶▶ **Step 2**

Once an analysis has clarified roles and competencies, the next question is how to fill the vacancy. A common mistake is to automatically reach for external recruitment as the solution to fill vacancies. Vacancies can also be filled using promotion, in-house recruitment and/ or staff training and even outsourcing.

A competency framework is a valuable tool to determine what is required for internal rotation to fill a vacancy. The framework will indicate which competencies are required for the role and help to determine whether additional training is necessary for a staff member to meet the requirements for the vacant role (for further reading, see Chapter 4, Managing competencies).

## Recommendation



This step of HR planning can be carried out by the SAI, regardless of the independent management of the recruitment process or not. This is a valuable step in the independent strategic planning of SAI human resources.

### Job profile



## Create a job profile

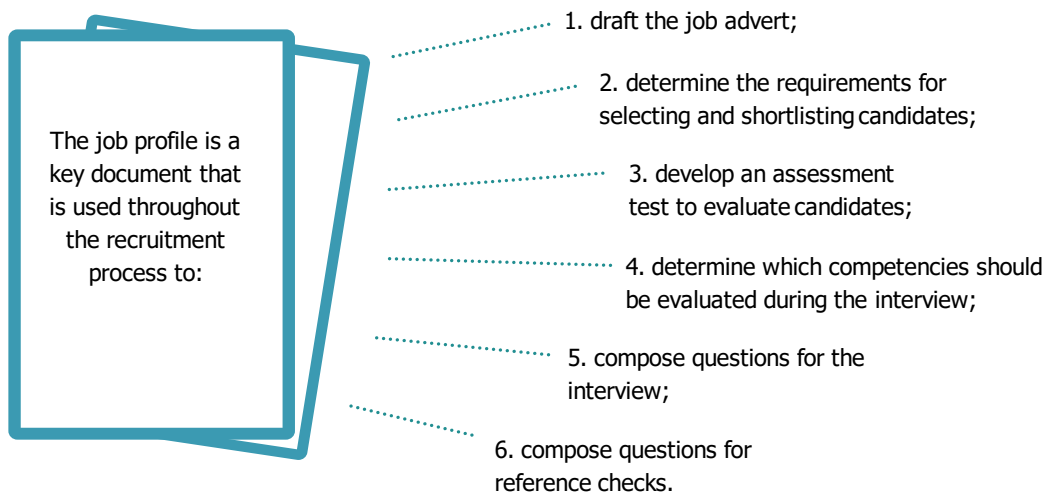
A job profile describes the role, its responsibilities and the competencies that are required and linked to the job. With a robust and proper competency framework in place, the requirements for a position are more easily identified.

Having a competency framework for a specific role and its required competencies adds structure, objectivity and quality to the recruitment process (see Chapter 4 Managing competencies on how to determine necessary competencies).

A well-developed job profile is a foundation for conducting a competency-based recruitment process. This means that selection of an applicant is based on an evaluation of relevant competencies. There is a shared understanding by everyone involved of what the pre-determined and required competencies are. This helps to evaluate the applicant on relevant requirements and hence supports an objective and non-bias selection. A process of developing a job profile that is poorly prepared will increase the risk of recruiting the wrong person, which may lead to severe consequences for the SAI.

The first-line managers must be closely involved in the job-profiling process since they know best what is needed for the role. Close collaboration also helps to ensure an accurate description of the job and helps gain a shared understanding of the competencies that are required and why. At the end of the day, this will save money since recruiting poorly will lead to poor production at the SAI.

## Figure 12 The job profile is a key document throughout the recruitment process



Steps for creating a job profile:

▶▶ **Step 1 Job responsibilities and tasks**

Begin by writing down the responsibilities and tasks within the role. Describe both critical and common situations that a person may face in the role.

▶▶ **Step 2 Personal attributes**

Describe personal attributes that are needed to handle the job situations listed in Step 1. A good way to prioritise is to choose the personal attributes that will have the greatest impact for successful performance. Having too many examples of personal attributes will look more like a wish list and may be too unrealistic for an applicant to match. A recommendation is to include 3 to 5 personal attributes.

▶▶ **Step 3 Skills and knowledge**

What skills and knowledge are necessary? What training and work experience does the applicant need to have to perform successfully? Make a clear distinction between *requirements* and *merits*. Do not list requirements that unnecessarily risk excluding groups (for more information, see Chapter 9 Diversity and inclusion).

▶▶ **Step 4 Agreement on the job profile**

Make sure that the job profile is accepted and decided on the appropriate levels.

Creating job profiles is beneficial for all SAIs, including the ones that recruit through the PSC or equivalent. Sending job profiles and guiding requirement issues, and thus ensuring that the PSC selects candidates who meet the SAI requirements and INTOSAI standards is a way of assuming the initiative. SAIs can also negotiate or suggest a joint process with the PSC to assess candidates before their appointment.

**When creating a job profile, remember to:**

- set aside enough time to do necessary work of preparation developing the job profile;
- involve managers;
- don't simply replace a person, look ahead and think what the SAI needs in the long run;
- Ask what are the most important tasks;
- determine what competencies are required and what is additional and nice to have;
- pay just as much attention to determining personal attributes as to skills and knowledge.



**Write a job advertisement**

When a job profile is created, all the necessary information needed is available to create a job advertisement. A job advertisement should be clear, concise and informative, providing potential candidates with a comprehensive understanding of the job and, if applicable, the job culture.

### **The job advertisement should contain the following information:**

- **Job title:** Clearly state the job title for the position that is to be hired for.
- **Presentation:** Provide information about the SAI and its mandate.
- **Job description:** Provide a brief description of the role such as job duties and responsibilities. This will help potential applicants understand what they will be doing if they are hired.
- **Qualifications:** List the minimum qualifications required for the job, including educational background, work experience and any necessary certifications.
- **Skills:** Highlight the necessary skills required for the job, such as technical or soft skills, and any specific industry knowledge.
- **Salary and benefits (if applicable):** Clearly state the compensation package and any benefits that come with the job, such as health insurance, retirement plans, or paid time off.
- **SAI as a desirable employer:** Provide information on what makes work at the SAI desirable. This may include messages on audit work, values, work environment and possibilities for a career path and professional development. This can help attract applicants who share similar values and goals.
- **Application instructions:** Clearly state the application process and any necessary documents required for the job application, such as resumes or cover letters.

Be aware that there might be a standard template provided by the recruiting body like PSC or equivalent that needs to be considered as well as national legal requirements.

As attracting candidates to apply is becoming more difficult, there needs to be more care placed on how to write the job adverts and where to publish them to get maximum attention from applicants. Remember that this specific job advert is one of many and needs to stand out. Include a section in the job advert with messages promoting working for the SAI. This is likely to create interest with applicants. Have bullet points that list what makes working at the SAI desirable, such as contributing to accountability and transparency of the country and ensuring taxpayers' money is correctly applied based on government policy. Remember to include non-audit perspectives that can attract applicants, such as interest in working with international relations through work within the INTOSAI family. Discuss and formulate reasons why working for a SAI should be attractive. These reasons can be different depending on the role, and there are reasons that will attract under any circumstances. Thinking this through will make a difference.

Job adverts should also be circulated as widely as possible to reach as many skilled candidates as possible. Selecting the most efficient publication channel will depend on the SAI context, the vacant role and the work experience that is required. Remember to publish the job advert where you are likely to find your applicants. A combination of publication channels is usually recommended. For example, publication through the governmental body/PSC, Facebook and other social media, print media and on the SAI website. A recommendation is to use LinkedIn as a professional social media platform, where many professionals keep themselves updated. You might hang posters at university campuses. Why not publish job adverts at the airport to reach potential applicants?



## Recommendation



All SAIs should use their website or other channels for publishing adverts and refer to their PSC. SAIs may also choose to advertise on regional websites such as PASAI or with development partners. This ensures wider coverage and enables other auditors to apply to vacancies in other SAIs in the region.

## Selection & shortlisting



### Selection and shortlisting

Selection and shortlisting are the steps in the process in which applicants' skills and knowledge are evaluated. By evaluating the information about their skills and knowledge (listed in their resumé and application form), the most suitable candidates are selected for an in-person interview.

Steps for selecting candidates:

#### ▶▶ Step 1 Review written information

By reviewing written information (their resumé and application form) submitted by all job applicants, the HR professionals, in cooperation with managers, then determine which applicants meet the minimum qualifications as stated in the job advert.

#### ▶▶ Step 2 Shortlisting

The applicants who meet or exceed the minimum job qualifications are then assessed, to determine which ones will be short-listed for a job interview.

#### ▶▶ Step 3 Applicants not shortlisted

The applicants who do not meet the minimum qualifications will be on hold until the process is finalised, when rejection letters will be sent.

Competencies on an applicant's resumé that are not listed in the job advert should not be considered when selecting candidates. Irrespective of how interesting such merits are, they should not be included as an additional advantage. All applicants must be selected based on the same predetermined requirements listed in the job advert. This is what is meant by "competency-based recruitment" or "recruitment based on merit" – the selection is based solely on the requirements listed in the job profile and job advert.

## Recommendation



SAIs that rely on a PSC or equivalent can be involved in the process of selecting candidates by participating via panels at various stages, such as drafting the job profile to ensure that final selected candidate's skills meet the SAI's requirements.

Regarding the selection process and determining candidates' merits, it is recommended that close attention be paid to diversity/constitutional and legal guidelines that may be in place in the SAI country (the legal guidelines differ greatly between each country and cannot be covered in this HR Guide).

## Further guidance



- For guidance on how to document selection and shortlisting, see the supportive material for this chapter.
- For more guidance on diversity and inclusion, see Chapter 9 Diversity and inclusion.
- Reference material, see INTOSAI's *Human Resource Management – A Guide for SAIs, 2022*.

### Interview



## Interviews

Even the most basic method of selection for any position includes an interview. Interviews are one of the best ways of getting information from a person that cannot be obtained through, for example, resumés or work samples. To gather information that is accurate and closely related to the job requirements, the interviewer needs to prepare accordingly.

The interview needs to be carefully prepared. Below are some helpful recommendations regarding preparing for the interview.

- Ideally an interview panel of 3 members conducts the interview. Ensure that the panel consists of those with appropriate expertise and experience in the position to be filled. The panel should have equal representation, where possible, of men and women to minimise the risk of gender bias. The HR expert in consultation with the Head of SAI should confirm the composition of the interview panel given the position to be filled.
- Before the interview, the candidates should be asked to send in research work they have carried out: examinations, an academic thesis, or other kinds of work carried out. As part of the preparation, a select group should assess/review these documents.
- Before the interview, each member of the panel has received a brief CV/description of the applicant: name, age, education, work experience and so forth.
- Use templates for every interview to ensure that the interview is well-structured. The template should include the competencies that should be assessed.
- Draft an interview questionnaire and use the same questionnaire for all candidates to avoid bias.
- About 2 hours should be scheduled for each candidate. A standard interview takes 60 to 90 minutes to conduct. Between interviews, the interview panel needs about 30 minutes for joint evaluation and respite.

Remember to prepare a brief description of the position and allow time for answering questions about the job and about the SAI as an employer. The interview is the situation in which the applicant forms an impression about the SAI as an employer and decides whether their expectations are likely to be met.

A recommendation for SAIs that are not involved in the selection process of shortlisting or interviews, in which the PSC or equivalent body appoint staff, is to consider whether there is a way to participate through panels to ensure that the final selected candidate's skills meet SAI requirements by submitting job profiles that describe the required qualifications.

#### Further guidance



- For useful and more detailed support and guidance on conducting an interview, see the supportive material for this chapter.

#### References



### Reference checks

Reference checks are a complement to the interview and enable some verification of the information that the applicant has provided. They are valuable for validating the applicant's personal suitability and exploring any areas of concern. It may seem easier to accept letters of recommendation than personally contacting someone to address a candidate's abilities and experience. However, references provided by talking to people will allow one to probe issues deeply enough to get a fuller sense of the candidate's value system, characteristics, approach to work and how they interact with others.

There are challenges with references, as some candidates might provide you only with friendly referees. The more you ask about how the applicant handled concrete job situations the more likely it is that you get closer to a true description. At least two reference checks need to be conducted with current or previous managers. In exceptional circumstances you could consider one reference check from a previous manager and one from someone else who is able to talk to the candidate's skills, experience and attitudes.

#### Further guidance



For useful competency-based reference questions, see the supportive material for this chapter.

#### Offer & rejection



### Regret letter and offer of employment

As the recruitment process concludes, it is important to give feedback to all applicants. A rule of thumb is to give feedback as soon as possible – preferably within a month – and not to make applicants wait. The applicants who did not meet the minimum requirements and will not be considered for an interview could be sent a preliminary rejection letter early in the process. A regret letter is a way of keeping the applicant up to date with the status during the process. Despite being rejected, feedback is often appreciated compared to not knowing.

Feedback can be standardised and brief, but individual feedback becomes increasingly important the further an applicant has progressed in the recruitment process.

To safeguard the SAI's reputation, it is recommended that candidates should be rejected in such a manner that they keep a positive impression of the SAI as an employer. The applicant is then less likely to speak ill of the SAI as a potential employer in their professional network.

The selected applicant will receive an offer of employment. Employment procedures vary greatly depending on the legal aspects in your SAI country and will therefore not be covered in this HR Guide.

### Recommendation



HR is often the custodian of all records relating to the selection process, although this may vary depending on the specific legal guidelines in place in the SAI country. Such records must be retained after the recruitment process has been finalised.



### Staff induction

An induction program includes a workplace introduction and a presentation of job duties and responsibilities. It must also cover any legal and compliance requirements for working at the SAI and pay attention to the health and safety of the new employee.

A formal induction program serves as an opportunity for new staff to be introduced to their new work environment. The aim is to enable the recruited person to become a useful, integrated member of the team as quickly as possible, rather than being "thrown in at the deep end" without understanding how to do their job, or how their role fits in with the rest of the SAI.

#### Typical areas covered during an induction program include:

- workplace introduction
- SAI overview (vision, mission, values, strategic goals, structures and more)
- employee benefits and hours of work
- job duties and responsibilities
- performance management
- HR and administrative procedures
- training and professional development opportunities
- career paths
- health and safety
- communication procedures.

### Recommendation



Assign the new staff member a mentor or "guide" who can act as the first line of support during the first months on the job.

## 5.3 Equal opportunity issues to be considered

Fair recruitment procedures should be the foundation of a professional, gender-balanced and incorruptible SAI. Tools for recruitment should be designed to ensure that entry into the SAI is fair and transparent, and that selection is based on merit and objective criteria. It is vital that equal opportunities be considered to ensure that the SAI recruits from a broad pool of talent.

In some cases, in its job advertisements, a SAI may refer specifically to groups that are under-represented at the SAI; for example, women and members of ethnic minorities could be encouraged to apply. These considerations need to be reflected throughout the recruitment and selection process, for example by featuring ethnic minority staff in promotional material for the SAI or ensuring that women are represented in the staff selection panel.

## 5.4 Practical challenges

### ➤ How to attract skilled professionals?

A challenge that many face is how to create interest among skilled professionals whom the SAI wants to employ. Job advertisements often go unnoticed for several reasons. A limited pool of candidates may be the consequence of tough competition on the labour market, a scarce number of skilled professionals, low pay and low visibility of the SAI. This means that the SAI must have a mindful strategy when advertising the jobs. Successfully attracting candidates requires adapting the SAI communication and routines for publishing job adverts.

#### **Recommendations on how to attract candidates:**

- Make the job advert and your communication relevant to those you want to recruit – look for surveys that identify values and personal needs for different groups of professionals and assess how the SAI meets these expectations.
- Reach a wide group of candidates – turn to different groups of professionals, include those who do not have all qualifications yet but the motivation to be trained for the job.
- Circulate the job advert widely – find places where applicants can be found domestically and even search in geographical areas outside the SAI country. Use a combination of ways and channels to reach and communicate with the candidates. Meet up and be available at student career fairs for relevant university programs, post posters at campus and hold information sessions at the SAI office and make extensive use of relevant and available media (including social media).
- Brand work on auditing at the SAI – use the SAI website, if possible, to publish job adverts and articles that portray staff sharing their experience working at the SAI.

### ➤ **SAI lacks autonomy with no influence on appointment of staff**

Every SAI would most likely prefer to have a say in what staff is appointed and to ensure that the right competence is acquired to perform high-quality auditing. It is less realistic to manage the full recruitment process in a situation where the SAI complies with PSC policies and procedures. This Guide has presented different steps of the recruitment and by managing one or 2 procedures, the SAI might prove its capability to increase cooperation with the PSC. This could include:

- The SAI planning resource needs and improving its position to argue for additional number of staff or new roles.
- The SAI developing job profiles with required competences according to INTOSAI standards and submitting them to the PSC.
- The SAI participating in circulating and publishing job adverts and influencing communication of vacancies at the SAI.
- The SAI participating in shortlisting applicants and selecting applicants.
- The SAI submitting an interview questionnaire to the PSC as support to the interview panel for evaluating interviewed applicants (and at the same time meeting SAI needs in terms of acquiring necessary competency).

#### **Supportive material**

Good practice: Interview questionnaire

Good practice: Reference checks

Guide: Competency-based recruitment and interviewing

Guide: Definition of competences

Template: Job profile

Advanced assessment guide of candidates

## 6 Performance management

It is essential that a SAI manages and improves the performance of its employees to maximise everyone's contribution towards achieving the SAI's goals. For any SAI to succeed, it needs competent and engaged staff. This is just as important for a limited-resource SAI, especially if the SAI is striving for greater independence. A competence-driven effective performance management process supports individual staff members as well as teams to deliver at a high level. Thus, it strengthens the trust in, and reputation of, the SAI.

Performance management is often perceived as one of the more difficult aspects of HRM. It certainly has a strategic impact on the success of a SAI and setting up the process can be complicated. However, it does not need to be complex; small steps can do wonders and provide value internally as well as externally.



### 6.1 The performance management process

Performance management is a process by which a SAI sets goals, plans, monitors and reviews employees' work objectives and overall contribution to the SAI. It is a continuous process of setting objectives, assessing progress and providing on-going coaching and feedback to ensure that staff are meeting their objectives and career goals.

The process of performance management needs to be structured and well-integrated in every-day work for line managers, but the steps in performance management and conducting appraisals can differ from institution to institution. To be successful, the process should be formulated within the context of the SAI.

The HR function is responsible for driving the performance management process, that is, the planning and organising, and is then carried out by the managers.

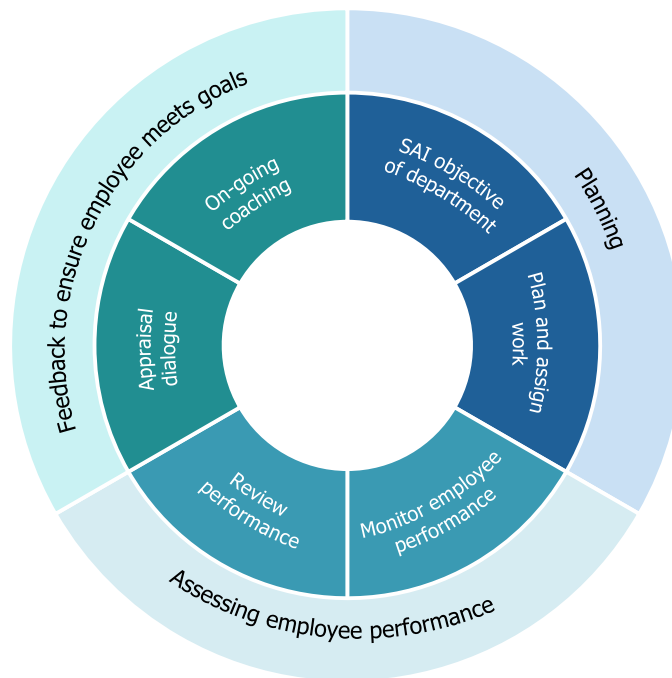
#### **In short, the performance management process involves:**

- establishing clear, shared expectations and understanding about the role of the employee;
- describing how performance contributes to the overall SAI's goals;
- agreements on clear deliverables to the desired quality level;
- monitoring progress;

- providing employees with continuous feedback and support on individual performance.

The figure below illustrates the general and most common steps in performance management.

**Figure 13 Annual performance management process**



### **Benefits of a well-developed performance management process**

Performance management enables institutions to work more effectively when goals and objectives of the institution, teams and individuals are linked. A successful performance management process considers that everyone understands how their own performance contributes to the success of the institution and this, in turn, is likely to improve morale and productivity.

### **Expected results of a well-developed performance management process are:**

- Job responsibilities and expectations are clear to all members of staff.
- Individual and group productivity is enhanced.
- Capabilities are enhanced by means of performance feedback.
- A basis for identifying training and development needs and determining an appropriate response to meet those needs.
- Personal development is linked to and enhanced by performance management.
- Employee behaviour is aligned with the SAI's mission, vision and values.
- HR decisions are informed by performance management data.
- Employee-manager communication is functioning well.
- Top management sets the tone from the top with regular communication about performance management.



## 6.2 How to develop a performance management process

### ▶▶ Step 1 Planning

Planning	
SAI objective of department	Plan and assign work

Performance management can be used both on a strategic and overall level, and individually and on a team level. For SAIs with limited resources, the recommendation is to focus on the individual level of performance management since that is a prerequisite for the other levels.

Start by identifying tasks for the individual employees. The objectives for the employee and assigned work are based on the employee's job profile together with the SAI's objective of the department or team. It is recommended to identify 3 to 5 areas that will be monitored through key performance objectives during the year. These are objectives that are critical to the overall success of the position, and they are documented in a performance plan.

#### **A performance plan outlines the following:**

- Tasks to be completed.
- Expected results.
- Measures or standards that will be used to evaluate performance.
- Training objectives that will help the staff member improve or develop competencies related to work.
- Identify career development objectives.

Both the staff member and the manager should agree on the proposed performance plan, preferably by signing a personal agreement (see Template: Employee Performance Agreement in the supportive material). This plan and agreement will be the documentation that clarifies expectations on the employee and links their performance to the SAI overall goal.

### ▶▶ Step 2 Assessing employee performance

Assessing employee performance	
Monitor employee performance	Review performance

During this phase, the performance of the staff member is monitored. Monitoring the employee's performance enables the manager to review progress. This gives the manager solid and correct information with which to assess the employee. This is a regular ongoing process throughout the year.

Ideally, a formal evaluation and assessment session between the manager and the staff member takes place bi-annually. This is an opportunity for the manager to communicate what has been monitored. Performance and development plans are reviewed, and steps are agreed upon to be accomplished in the next quarter. It is also important to identify if there are blocks or barriers that prevent staff from performing.

The assessment described above is a process that the SAI can manage on its own. It can be combined with, or carried out separately from, the mandatory appraisal review that all governmental agencies need to comply with (guided by regulations and laws regarding the PSC or other equivalent body).

Recommendations from the PASAI community:

- Assessment is especially important in the case where the employee is new. New employees can be put on a 'probationary status' for up to one year. A performance appraisal is required before the new employee can receive a permanent employment status. If the result of the appraisal is not favourable, then the probationary status can be extended.
- Where a staff member has been promoted or newly appointed and has held the position for less than 3 months, they do not need to be formally assessed.
- All assessments must be based on performance during the actual time worked.
- When a staff member is transferred (and/or moves laterally) during the year, an interim assessment could be completed to enable the new manager to make a proper assessment at the end of the period.
- It is important that the assessment is dual; that the staff member has their say and that both parties agree or decide to disagree.
- It is helpful if the SAI has a process for resolving disagreement in cases where a consensus cannot be reached.

▶▶ **Step 3 Feedback to ensure that the employee meets goals (appraisal)**

Feedback to ensure the employee meets goals	
Appraisal dialogue	On-going coaching

For SAI employees, continuous performance appraisals are most likely the primary source of information and feedback from a manager. This is an important communication process where managers can inform, and staff give their opinion, about progress and discuss areas in which additional training/development may be beneficial and outline future development plans.

Given the importance, feedback and coaching is well invested time for managers to support the employees. It needs to be an integral part of every manager's day-to-day task. Employees and managers should continuously have a dialogue about progress, successes, or shortcomings. Only when the 2 parties understand how performance is perceived will they be aware of possible problems that need to be rectified or will be able to build on successes achieved.

Although the criteria and formats may vary, there are 3 important key objectives for this interaction between employee and line manager. These key objectives are identifying strengths and areas that require further development, assessing the achievement of goals agreed during the previous appraisal period, and setting goals for the coming appraisal period, as illustrated in Figure 14.

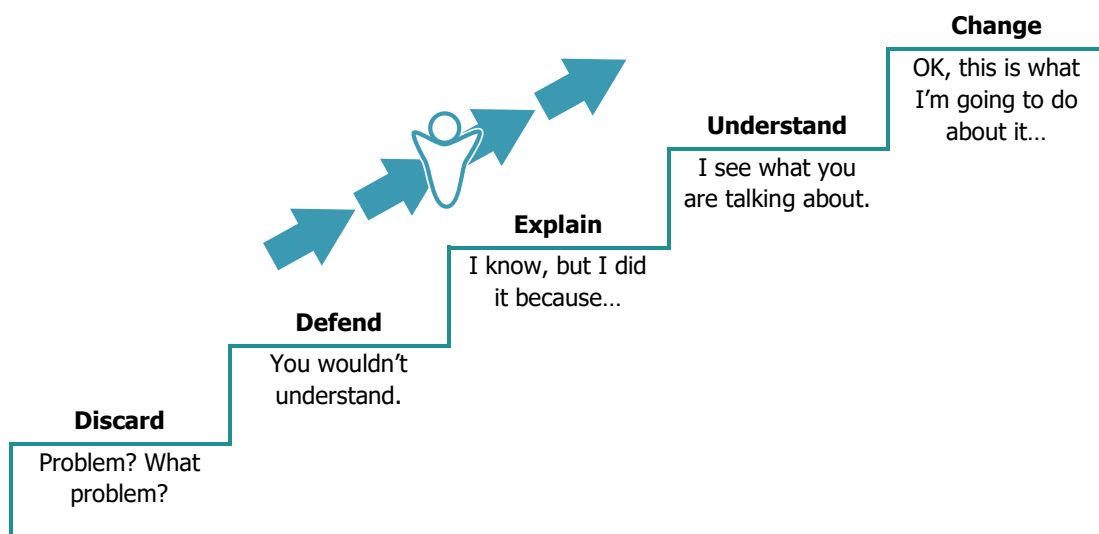
**Figure 14 Key objectives for interaction between employee and line manager**



In general, this method of feedback offers many valuable benefits, such as:

- Recognition of individual performance is a powerful motivational tool when used effectively.
- It enables goal setting for a next performance period in the context of institutional goals/needs.
- It is an opportunity to reinforce and document key decisions, assignments or delegations.
- Demonstrates institutional fairness to all employees.
- Supports an individual's needs, including development needs.
- Reinforces continuous open communication and strengthen relationships.
- Allows employees to take ownership for their work.
- Contributes to institutional effectiveness.
- Discovers untapped potential.

**Figure 15 The feedback staircase**



### Further guidance



For guidance on how to give and receive feedback, see the supportive material for this chapter.

### More on performance agreement

A common approach to performance appraisals is to base the appraisal on targets that have been individually negotiated with the employee. In Step 1, during planning at the beginning of a new performance year, the manager and employee meet and agree on objectives, targets and standards. As mentioned earlier, this results in a performance plan and a personal agreement. This approach is also described as Management by Objectives (MBO).

The approach of using objectives as a basis for the appraisal and agreeing on targets means that the employee has a performance-based agreement which is to be signed before the new performance year. Goal-setting is at the heart of this approach.

The individual goals are specified into activities with desired short-term results named outputs that each employee agrees to perform and be measured on. To apply this process to a SAI, a performance appraisal can take place after the completion of each assigned project for an auditor or investigator (audit/inspection/investigation). The performance appraisal for the support staff will be on an annual basis and based on their signed performance agreement (contract).

Working on objectives at a department level is a way of breaking down the SAI goals. This means that strategic SAI goals are operationalised and made into relevant individual goals for employees. With joint efforts and performance, all employees contribute to reach the SAI overall goal.

### Benefits of conducting appraisal based on agreed targets include:

- Both the employee and the line manager participate.
- Focus lies on specific results, objectives and outputs.
- Objectives and outputs are determined before the appraisal process begins.

### Recommendation



For the approach of using objectives as a basis for the appraisal and personal agreement, use SMART goals – goals that are Specific, Measurable, Achievable, Realistic and Timely. This will be helpful since MBO concentrates on setting measurable goals, that is, a description of specifically what is to be accomplished and how the accomplishment of the goal will be measured.

### Further guidance



Template personal agreement, see the supportive material for this chapter.

## 6.3 The importance of performance documentation

HR practitioners recognise that written documentation is critical in performance management. Informal indications to HR about low performance are not helpful when trying to improve the situation. For the SAI to be able to take action, documentation of how the staff member does not perform at the agreed level needs to be documented. Performance documentation must recount what has happened and be based on facts. Good documentation provides credibility to the performance management process. Common documentation mistakes include the following:

- Vague, unclear statements about what the employee should improve – it is important to document critical incidents (what was the date, place and context; describe the specific action/behaviour observed; describe the impact – negative or positive, and then provide the next steps: what needs to continue or change).
- Adding subjective comments or even personal criticisms.
- Providing little or no evidence to support decisions to discipline or terminate an employee.
- Action taken too late – to try to act on inadequate performance years after it happened is not to comply with good performance management.

### Managing poor performance

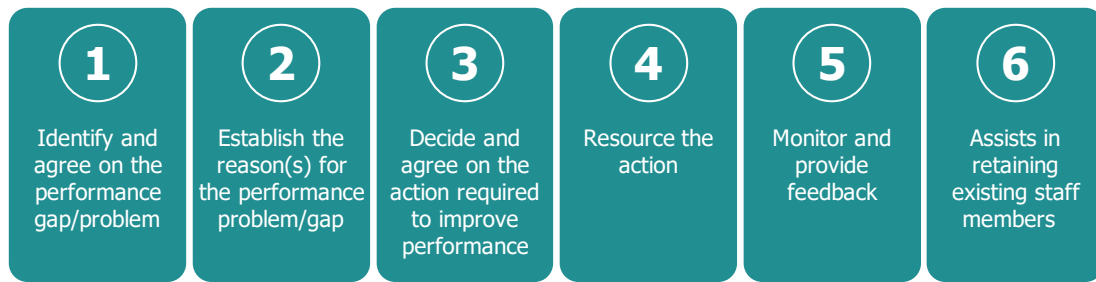
Managing poor performance is an essential part of the continuous performance management process/system at both an organisational and individual level. The aim is to deal with poor performers and to improve individual performance using regulated standards or procedures in accordance with the specific country's legislation or law.

Managing poor performance does not mean looking at the behaviour of the employee, but rather at whether the job that the employee is being paid to do is being done properly as per set and agreed performance standards.

Poor performance can be due to many things, such as lack of skills and competencies, or poor training and support for individuals. It may also be because of inadequate leadership, poor management, or defective systems of work, all of which are probably the result of the line manager's failure to establish well-defined expectations for performance.

The process of managing poor performance should be positive, with the aim to improve, based on positive continuous feedback, support and active actions. The 5 generally accepted standards in managing poor performers are shown in Figure 16.

**Figure 16 Standards in managing poor performers**



### **1. Identify and agree on the performance gap/problem**

It should be a two-way consultation process based on the agreed individual performance criteria that are usually set at the beginning of the performance year. Individual employees should be aware of the standard and must agree on the shortfall or gap for successful process of management of poor performance. Feedback on poor performance should be provided by managers. This takes place when individuals are aware of their targets and standards, know what performance measures will be used and receive feedback in both instances.

### **2. Establish the reason(s) for the performance problem/gap**

The aim should be for the manager and employee jointly to identify the issues or factors that have contributed to the performance gaps. Based on this factual analysis, decisions can be made on how it should be dealt with by the individual or the manager, or by both working together. Firstly, it is necessary to identify any causes that are external to the job and beyond the control of either the manager or the employee. If the root cause is external, improving performance can be complicated and lengthy, depending on the actual cause.

### **3. Decide and agree on the action required to improve performance**

Commitment should come from both parties, and the employee should list the gaps and the type of support required to improve performance. Action agreed upon can include taking steps to improve the individual's skills or change his or her behaviour or attitude, or jointly clarifying expectations or abilities and skills.

### **4. Resource the action**

This refers to the coaching, training, guidance and mentoring required to enable agreed actions to take place.

### **5. Monitor and provide feedback**

Both the line manager and individual employee must monitor performance, ensure that feedback is provided or obtained and analysed, and agree on any further actions that may be necessary.

If a situation with poor performance or unacceptable behaviour occurs over time, HR and management need to take actions. The employee needs to be made aware that expectations are not met. Feedback on poor performance should be provided by managers. Negative feedback should never be given in public.

If an employee gets repeated feedback from management and agrees to improve, yet no improvement is made, it may have come to a point when the SAI no longer can provide solutions. The process for terminating an employment needs to adhere to local employment legislation, rules and regulations.

#### Further guidance



- For guidelines dealing with unacceptable behaviour, see the supportive material for this chapter.
- Reference material: INTOSAI's *Human Resource Management – A Guide for SAIs*, 2022.

## 6.4 Practical challenges

### ➤ No incentive to carry out performance appraisal due to no salary increments

One of the major challenges for the public service sector compared to the private sector is the lack of monetary incentives. Challenges such as rewarding the best performances, serving as good examples, with bonuses or other financial gratitude are often not possible. It must be acknowledged that salary levels are very important to employees. That being said, there are non-monetary factors that can be used.

The context of every SAI differs and hence it is difficult to state recommendations for non-financial rewards. However, SAIs with less autonomy and possibility to make monetary decisions need to be more creative in identifying a reward system that consists of inter-related processes and activities which, in combination, enable the organisations to pay their employees and provide them with other types of reward.

#### Examples that illustrate non-monetary on the job rewards

- Support staff and motivate them through good management.
- Secondments.
- Awards such as 'Employee of the year' and 'Achievements of the month'.
- Attending conferences and forums.
- Recognition of high achievements.
- Increased responsibilities and mandate (could lead to higher pay).
- Participating in international context/projects.
- Appointment to training programs.

Benchmark with other SAIs in the region to find well-functioning non-financial rewards. Choose a SAI partner that shares a similar situation.

### **Supportive material**

Template: Individual Development Plan (PASAI)

Template: Employee Performance Agreement Review (PASAI)

Template: Employee Performance Agreement Correction (PASAI)

Template: Written warning letter (PASAI)

Template: Self-assessment and manager evaluation

Guide: Monitoring and managing unacceptable performance (PASAI)

Template: Performance Improvement Plan (PIP)

Template: Written decision letter

Good practice: Staff performance evaluation (SAI Guam)

Good Practice: Staff performance evaluation (SAI Kiribati)

Understanding the appraisal system



## 7 Training and development

Many organisations today share the understanding and experience, that retaining employees is a key factor for success in reaching organisational goals. Training, development and career plans play an important role in retaining staff and thereby reducing the rate of staff turnover.

Training and development are a particularly important area for SAIs in the region since it is difficult to recruit people with appropriate auditing competencies. Sometimes due to lack of higher education locally, fierce competition among talented and highly qualified professionals, limited compensation and benefits. Training is therefore an important solution to building necessary auditing capacity.

This HR Guide acknowledges the different contexts of SAIs and aims to be relevant to the SAIs in the PASAI region. For this reason, this chapter will present general guiding principles for how a training and development process can look like while being governed by a PSC or equivalent body.



### 7.1 What is training and development?

Training and development initiatives are activities within an organisation that are designed to improve the job performance of an individual or group. Employee training and development initiatives are driven by an HR function, either as part of an independent SAI or in cooperation with another governmental body providing training programs.

#### **ISSAI 150 – INTOSAI standard on auditor competence**

INTOSAI formally acknowledged the importance of competency-based HRM when it endorsed ISSAI 150 – Auditor Competence. This is a standard that underlines how auditor competence is of fundamental importance to a SAI. The ISSAI 150 – Auditor Competence is an example of how INTOSAI underpins the responsibilities of a SAI in terms of developing and maintaining auditor competence. The standard states that a SAI, "shall determine and document relevant competencies required for all auditors to fulfil the SAI mandate."

It often proves to be a challenge for SAIs to possess their own capacity for training and development. It means having established mechanisms and processes in place.

If SAIs do not have the capacity to provide their own training, the ISSAI 150 stresses the importance of at least having a structured plan of which competences to maintain in order to perform high quality audit.

However, all SAIs, regardless of their level of autonomy, should be proactive in identifying training and professional development needs. This will place the SAI in a good position when looking for training opportunities and avoid just accepting what is offered that may not be aligned to the SAI's overarching strategy and HR strategy. Relevant training can often be found with PASAI or other INTOSAI bodies. A goal that many SAIs in the region share is having the autonomy for necessary budget allocation and ensuring the continuity and sustainability of SAIs' professional development and training programs.

**The INTOSAI standard on auditor competence is a useful guide and includes benefits such as:**

- The standard prescribes the organisational requirements that the SAI should meet in determining auditor competencies including recruitment, development and performance management.
- The standard clarifies for the SAI community the importance of determining the competencies required to deliver their mandate.
- It emphasises the importance of having competent staff to achieve quality audits.

#### Further guidance



ISSAI 150 on Auditor Competence and its supportive GUID 1950 and GUID 1951.

## 7.2 The benefits of training and development

Having competent and productive auditors is essential to the SAI in delivering on its mandate. Training and development positively affect staff morale, job satisfaction and the extent to which staff apply their skills and abilities on the job – all key contributors to improved productivity and performance in the SAI. Therefore, continuous training and professional development of all staff (not just auditors) will ensure that the SAI delivers quality and timely service.

The advantages of training and development can be broken down into the following benefits:

- **Increased productivity**  
When employees stay current with new procedures and methodologies, they can increase their overall output.
- **Increased job satisfaction and staff retention**  
Well-trained employees gain confidence in their abilities, leading to greater job satisfaction, reduced absenteeism and overall employee retention.

- **Reduced micromanagement**  
If staff feel empowered to perform a task, they typically require less oversight and work more independently.
- **Attract highly skilled employees**  
Top recruits are attracted to employers with an identifiable career path based on consistent training and development.
- **Increased consistency**  
Well-organised training ensures tasks are performed uniformly, resulting in tight quality control that stakeholders and citizens can trust.
- **Increased camaraderie**  
Training and development helps create a sense of teamwork and collaboration.
- **Ability to participate in peer-assisted learning**  
Providing consistent training creates a knowledgeable team overall where employees can help train or assist each other as needed.

## **Concepts in professional training and development**

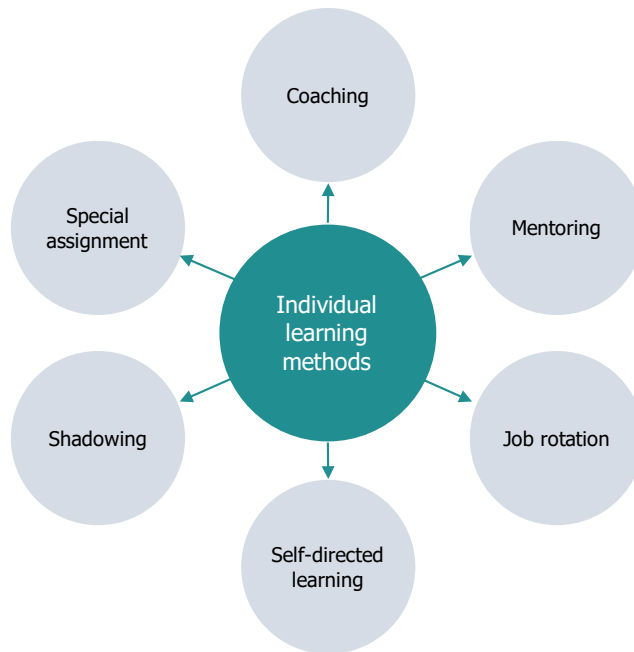
Individual and organisational learning are 2 important concepts when it comes to enhancing professional training and development in an organisation.

### **Individual learning**

Individual learning is focused on the learning needs and goals of the individual employee. This type of learning is driven by the employee's desire and need to improve their knowledge, skills and abilities to enhance their job performance. The individual training and development activities should be aligned with the objectives of the SAI. Individual learning can take many forms, such as self-directed learning, attending conferences or workshops, or pursuing further education.

There is a variety of methods that a SAI can use to support professional training and development in the office. This variety is especially relevant for a SAI with limited resources for employees to attend external training. Figure 17 shows different learning methods that can provide individual training and development in the office and require few resources.

**Figure 17 Examples of individual learning methods**



*Source: INTOSAI's Human Resource Management – A Guide for SAIs, 2022.*

### **Organisational learning methods**

Organisational learning is focused on the learning needs and goals of the organisation as a whole. This type of learning is driven by the SAI's desire to meet its overall objectives such as fulfilling its mandate, improving its performance and performing high quality audits. Professional training and development are one way to meet the organisational needs for enhanced knowledge, skills and the abilities of its employees. Organisational learning can also take other forms, such as participating in peer reviews, receiving expert support, or participating in secondment opportunities. Figure 18 shows some of these examples.

**Figure 18 Examples of learning methods at the organisational level**



The success of a SAI's organisational learning initiatives largely depends on the motivation of individual employees. The employee's individual learning is often a key driver for an organisation to develop and reach its goals. Investing in individual learning and having employees bring new skills and knowledge back to the workplace will have a positive impact on the SAI.

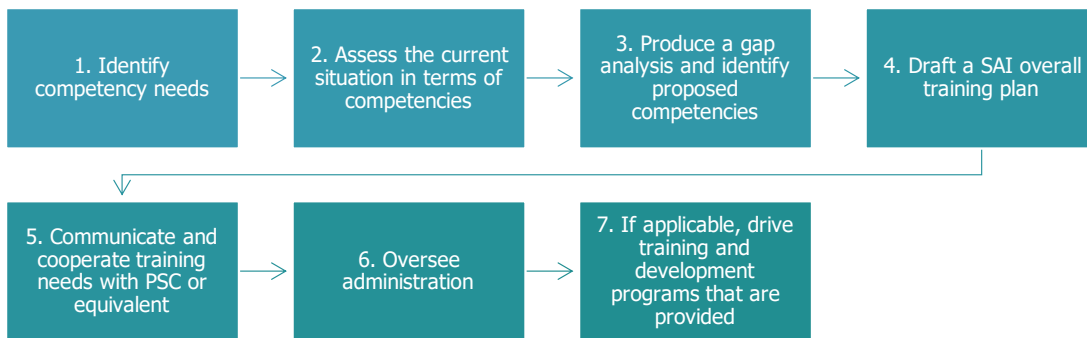
### 7.3 How to develop a SAI overall training and development plan

The process of producing an overall plan for training and development is one example of why it is important for the SAI to set up an HR function. The ambition level should be realistic in terms of the required capacity and budget. The task of the HR function is to coordinate and drive the development of this process.

As pointed out in the introduction to this chapter, training opportunities have a high impact on job satisfaction and is one of the top reasons for staff to remain at the SAI. The presence of an HR function that gives priority to the development of training will benefit everyone involved and greatly enhance the SAI's prospects of retaining staff and delivering high-quality reports. In other words, devoting time to developing this process is very valuable.

The process of producing a SAI overall training plan gives the HR function the opportunity to determine the current level of competency of SAI staff and the desired level. An awareness of the current situation will enable the SAI to identify the need for training to help close that gap. The result will be an office training plan that will direct everybody involved to identify what kind of training is necessary to maintain the required competence and meet INTOSAI standards as well as train for future needs. This will be helpful when approaching the PSC or equivalent body in matters of budget and need for customised training to comply with INTOSAI standards.

**Figure 19 Steps to develop a process for training and professional development**



### ▶▶ **Step 1 Identify competency needs**

In this initial step, it is important to identify the competency needs of the SAI and its staff to achieve the SAI objectives. The HR function needs to collaborate with management and analyse the needs for training and development. The performance management process and conclusions documented in the personal development plan based on performance appraisal needs should provide valuable information on needs regarding training and development.

#### **Helpful questions for assessing SAI training needs**

- Are there new competencies required by a new mandate?
- Are there new methodologies that need to be introduced?
- Is the SAI venturing into new areas of auditing?
- Are there any other attempts to stay relevant, given the SAI's changing environment, that involve training?

#### **Further guidance**



When assessing the SAI's training and development needs, consult the following documentation:

- SAI strategy and operational plan
- SAI Competency Framework
- Conclusion from SAI PMF results
- Job profiles
- Individual needs based on performance reviews
- Training and development policy
- Individual training evaluations (as available).

## ▶▶ **Step 2 Assess the current situation in terms of competencies**

As a next consideration, it is important to understand whether staff currently meet the standards for the main duties and skills levels of their job. The ISSAI 150 is an important standard and the GUID 1950 is a helpful tool for determining what competencies are required for the performance of high-quality audits.

### **Further guidance**



For how to compile job profiles and identify competencies, see Chapter 4 Managing competencies.

## ▶▶ **Step 3 Produce a gap analysis and identify proposed competencies**

As a next consideration, it is important to understand the gap between the current situation in terms of competencies in the SAI and what the SAI needs in terms of competencies. This gap analysis is based on a comparison of which competencies are needed (Step 1) and which competencies the staff currently have (Step 2). This will lead to a conclusion concerning which competencies need to be added at the SAI. The proposed competencies should be divided into 2 categories:

- Competencies that need to be acquired (recruited)
- Competencies that need to be developed (through training)

### **Recommendation**



Comply with SAI PMF and categorise the competencies for each audit stream: compliance, financial and performance.

## ▶▶ **Step 4 Draft a SAI overall training plan**

Now that the proposed competencies have been identified, the next step is to close gaps and draft a training and development plan for the SAI. This may include recruiting for the necessary competencies or investing in the development of these competencies. These competencies could perhaps be developed through a combination of education and practical training.

The above decisions may be influenced by factors such as:

- the extent of SAI independence and the level of authority to manage training and development;
- the results of a cost-benefit analysis to test the affordability of developing the competencies;
- the availability of partners to assist the SAI in developing and implementing the training and development programs.

An important consideration in this decision may be the possibility to partner with other role players.

Partners can be selected from within the PASAI community or outside the community (the INTOSAI community, professional accountancy organisations, other professional bodies, education and training providers, and others). When selecting such partners, matters such as the credibility of the partners and alignment to the strategies of the SAI will be key considerations.

SAIs should recognise the value of training and professional development of staff and prepare/plan to invest in this process by including provisions in its annual budget proposal for training and professional development of staff. SAIs should have their own training budget to complement any support they can receive/source from external partners.

#### ▶▶ **Step 5 Communicate and cooperate with PSC or equivalent**

A SAI may have a long-term goal to independently make decisions on training and development initiatives. Many SAIs in the Pacific have a PSC or equivalent body that provides training initiatives. However, it is still relevant for a SAI to develop a training and development plan. A plan provides a well-defined analysis and structure that describes the training and development needs of the SAI. Having a plan is useful when communicating with the PSC or equivalent body. When communicating with the PSC or equivalent body, it is also important to point out that the SAI is expected to meet the competence requirements specified in ISSAI 150. This is a valuable argument for the SAI to have its training and development needs taken into account.

#### ▶▶ **Step 6 Oversee administration**

The next step in producing a plan for training and development is to organise the necessary administration. An administrative procedure for selecting employees to training initiatives needs to be put in place. If training is to take place abroad, this will also require administration such as creating Training Bond Forms. A recommendation is to turn to peer SAIs to find support for best practice on how to manage administration efficiently.

#### ▶▶ **Step 7 Drive training and development programs that are provided**

How training and development programs should be conducted largely depends on the type of activity. Activities could include having an employee take part in an online course provided by PASAI or organising a series of inhouse workshops for auditors learning methodology for a new audit stream. This type of guidance is beyond the scope of this HR Guide.

## 7.4 Practical challenges

### 👉 **No budget for training and professional development**

Most SAIs in the region do not have a budget for training and professional development of staff and rely heavily on training funded by PASAI and IDI. A recommendation is to strive for a proactive approach by having a budget for training to recognise the importance of training and that it is a valid and normal SAI activity.



It is useful to remember that not all training requires a budget. Use staff creativity in the SAI and consider ways of providing training and development that are less demanding of budget and resources. There are many opportunities to hold in-house programs on a regular basis. These could be held, for example, one hour a week or half a day monthly. It is a great development opportunity for more experienced staff to be tasked with running training programs for less experienced staff. Sending these staff on a train-the-trainer course is a good way to equip them to deliver training at home.

Another recommendation is to set up a sound process for staff to pass on what they have learned when they return from training activities, for example with PASAI or IDI. This will enhance the effect of the training initiatives and highlight how a participating SAI values the training that has been provided. Sharing the new knowledge within the SAI is also a way to ensure that training has an enduring benefit for the SAI.

### ➤ **A need for learning in the SAI but limited budget for necessary training**

To plan training needs in a structured and pro-active way is of value for all SAIs, regardless of its resources. However, the path to providing training needs to be different for a SAI with limited resources compared to a SAI with autonomy for its budget. Consider options for training, such as secondment from one SAI to another. Taking in a consultant for a shorter period would mean transfer of skills and for the SAI to learn as an alternative to training elsewhere. It is important to make clear from the start that the consultant not only is accomplishing an assignment, but also has a duty to transfer knowledge to SAI employees.

### ➤ **Ideas for cost-effective training**

As noted in the CBC Handbook, there are ways to conduct cost-effective training. Perhaps the examples below can inspire new ideas.

- **Webinars:** SAIs may use training or participation in webinars. Online training removes the need for travel and venue costs and often facilitation costs as well.
- **Group training:** It will make a difference for how far your budget can stretch when you are training several employees instead of individuals at separate times. High-performing group training is cost-effective.
- **Peer-to-peer support:** using staff members who have already undergone training and learning. With facilitation training they can play an important role as internal experts/champions.

### ➤ **Training participation must be cancelled due to audit deadlines**

A good practice might be to only allow staff to cancel their training after agreement with their line management.

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### **Supportive material**

Template: Training and development plan

Template: Course sponsorship form – Letter of undertaking

Template: Training bond form

Good practice: Individual development plan (SAI Guam)

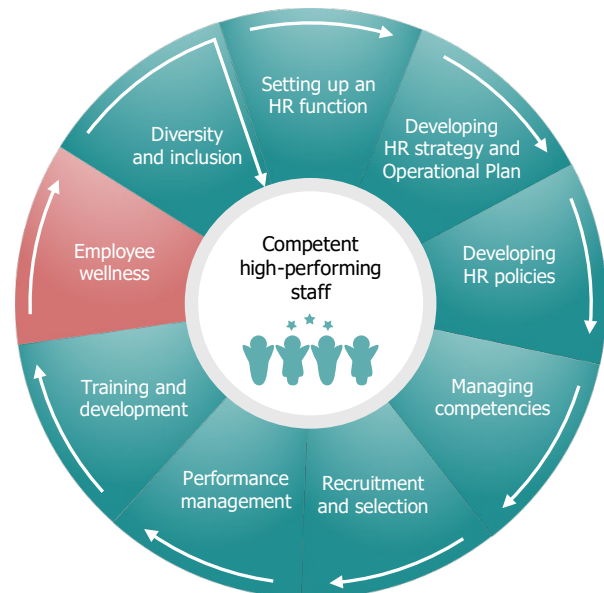
## 8 Employee wellness

Staff are a crucial asset of the SAI and ensuring their well-being is important. It lies in the interest of a SAI to contribute to employee and workplace wellness since it has a direct effect on productivity and performance. A SAI cannot perform and achieve its institutional objectives if the staff are not healthy and their well-being is impacted negatively. Ineffective management of these risks could undermine the sustainability of the SAI.

As an employer, a SAI has a duty of care regarding employee health, provision of reasonable office accommodations and adjustments for employees with disabilities and work–life balance. Occupational wellness is regulated by law and the SAI is expected to comply with the specific country’s occupational health and safety legislation.

Employee wellness programs play an important part today, as we find the need to adjust to new working arrangements (such as working from home, virtual online meetings and learning online). We also need to adjust to dealing with the psychological effects of these new working practices, the extensive use of technology, and to learning new skills so we can adapt quickly and effectively. Many people are strongly swayed by the presence of health offerings and other benefits when they choose an employer. Having a desirable wellness program is likely to influence the SAI’s possibility to retain staff and uphold its capability to perform well.

Examples of desirable health offerings that improve and sustain employee wellness include flexible working arrangements (for example, working from home), special leave (for example, study leave, family crisis and responsibilities) and equal training opportunities that cater to all genders and people with disabilities.

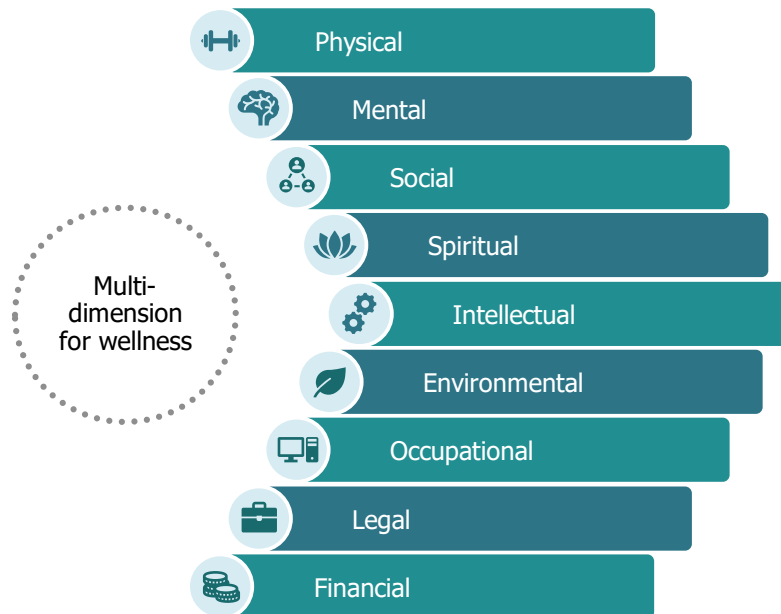


### 8.1 What is employee wellness?

Some SAIs refer to “employee wellness”, “employee health”, “staff welfare” or “employee assistance”, but however it is described, the idea is that this aspect of HR deals with various aspects of employee wellness as encapsulated in Figure 20: Categories of employee wellness. Given the nature of a SAI’s work, which involves staff providing a service to legislature, government and citizens, and the amount of time spent by staff members at their jobs, the challenges they face may not be limited to performing job tasks but can include dealing with people issues.

A holistic view means that employee wellness includes several different dimensions of what “health” is. Regardless of which dimension of health that is causing complications, it may pose risks that hinder the staff’s performance and the effectiveness of the organisation, and therefore health must be managed.

**Figure 20 Categories of employee wellness**



*Source: INTOSAI's Human Resource Management – A Guide for SAIs, 2022.*

## 8.2 Why is employee wellness important?

Taking care of employee wellness and providing them with a good work environment is important since it is a key factor for retaining employees and ensuring high quality work. Wellness programs often lead to more enthusiastic employees at work. Employees are happier when they feel appreciated and valued by their employers. It might also reduce sick leave. Therefore, one of the focus areas for an HR unit is to promote positive organisational behaviour and improve the health and wellness of its staff by various appropriate means.

The advantages of an employee wellness program are likely to show more clearly in the long-term and may be hard to discern at first. Good health is not quickly achieved, but gradual actions will provide results. There are benefits regardless of how actively a staff member participates in the wellness program. Common benefits are captured in Figure 21 Common benefits – why employee wellness is important.

**Figure 21 Common benefits – why employee wellness is important**



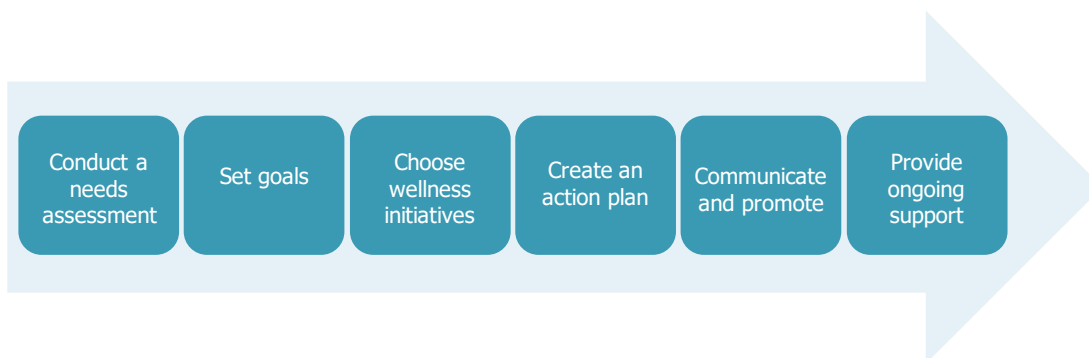
Source: AFROSAI-E's Human Resource Management (HRM) Framework and Handbook for SAIs.

### 8.3 How to develop an employee wellness plan

There are many ways for a SAI to contribute to staff wellness. Developing an employee wellness plan adds value since it provides a structure and ensures that all necessary components are included. Follow these steps to develop an employee wellness plan that will address the needs of the SAI and contribute to a healthier workplace. Having a plan in place will have the positive effect of creating a sense of security and will lead to a more sustainable SAI.

To develop a basic employee wellness plan, the SAI may consider the following steps described in Figure 22.

**Figure 22 Steps to develop an employee wellness plan**



#### ▶▶ **Step 1 Conduct a needs assessment**

The first step is to assess the health and wellness needs of the employees. This can be done through surveys or focus groups. Ask employees about their health concerns, what wellness initiatives they would be interested in, and what barriers they face when it comes to adopting healthy habits. The different categories of employee wellness described in Figure 20 can be of support in identifying the most pressing and relevant issues related to the context and the staff.

## ▶▶ **Step 2 Set goals**

Once you have a good understanding of employees' needs and preferences, set specific and measurable goals for the initiatives. Examples of goals might be to increase job satisfaction or to reduce absenteeism.

## ▶▶ **Step 3 Choose wellness initiatives**

Based on the needs assessment and goals, choose wellness initiatives that will best meet the needs of the employees. Consider initiatives such as healthy eating options, encouragement to be involved in exercise classes or activities during office hours or rescheduling work hours to support individuals. Perhaps the employees are inspired by competition, such as the highest monthly step count, a bike to work month, the highest number of squats per team and so on, to motivate exercise at no cost.

## ▶▶ **Step 4 Create an action plan**

Develop an action plan that outlines how each wellness initiative will be implemented and who will be responsible for overseeing it. Consider timelines, budgets and necessary resources.

Prioritise the activities with a focus on what is possible to implement based on the available resources. For a SAI with limited resources, consider developing links with relevant external resources for referrals, trainings, information and support. Non-profit organisations or various governmental departments could be contacted to assist in providing some form of support to staff.

## ▶▶ **Step 5 Communicate and promote**

Once the action plan is in place, communicate and promote it to employees. Use a variety of channels such as emails, newsletters and posters to keep employees informed and engaged.

## ▶▶ **Step 6 Provide ongoing support**

Once the SAI has started with activities, continue to promote and assess the outcomes. Do employees participate? Is there an effect, like better teamwork? Increased productivity? Or perhaps the most wanted effect, reduced sick leave?

### **Examples of activities related to health needs:**

- Have a doctor visit the office and do regular medical check-ups (blood pressure, support visceral fat loss, tests to monitor signs of diabetes).
- Invite guest speakers to speak on health issues such as the importance of giving up smoking, preventing chronic stress, healthy eating, or good sleeping habits.
- Provide a fruit bowl for free fruit.
- Encourage more physical exercise. Create and fund an employee sports team. Have a daily 10-minute office break to do exercises.

### **Important reminder**

Normally, SAIs are obligated by their country's regulations to address occupational health and safety issues. Occupational health and safety legislation regulates the standards of workplace safety with the aim of preventing workplace accidents and injury and outlines the consequences of breaches in those standards. It details responsibilities of employers, supervisors and staff. Generally, this legislation requires that the employer do everything they can reasonably do to protect the health and safety of their staff. A strong recommendation is that each SAI familiarise itself with such regulatory frameworks and ensure the employee wellness plan addresses the requirements of these frameworks. It is the responsibility of the Head of SAI to be updated and comply with these regulations. HR is an important partner for ensuring that this is done and an action plan can be developed for improvements as needed.

## 8.4 Safety and ergonomics

Another SAI responsibility is to provide a safe and well-functioning work environment for staff. This means paying continuous attention to various aspects that could imply a risk to the safety of staff. HR is the unit responsible for looking at potential risk factors.

There are most likely national safety regulations that need to be complied with regarding the office building. HR has an important role in updating the head of SAI about such regulations and ensuring that there is an action plan that is continuously reviewed for making improvements as needed.

It is also important to collect information about the office as a work environment by interviewing employees about their work situation. Perhaps there is a need to improve the ergonomics of the workstations. Distributing instructions on how to create a well-functioning workstation could be a start to better comply with ergonomic standards.

### **Further guidance**



For instructions on how to help employees set up ergonomic workstations, see the supportive material for this chapter.

## 8.5 Management and compliance

It is important to note that employee wellness is no longer a "nice to have" feature but rather is acknowledged today as an imperative for any SAI that aims to achieve success through their human resources. This Guide acknowledges that the extent to which SAIs take on this imperative varies from one SAI to another. Each SAI should consider what is suitable (and affordable) for them and implement some form of staff wellness mechanisms to support staff productivity.

The management of the SAI plays a crucial role in ensuring staff wellness. Managers and/or supervisors need to be empathetic and need to balance the need for productivity with an understanding of the human element. Line managers should be attentive and work proactively to reduce the risk of complications that tend to cause long absences, disability and/or death. Line managers should be able to offer timely support by being attentive to and alert concerning any changed behavioural patterns among staff members. This will mitigate the risks of serious illnesses and diseases.

**The following management approaches<sup>3</sup> can significantly improve overall staff wellness:**

- Strengthen management communication through interactive meetings with employees.
- Encourage information-sharing among employees and between management and employees.
- Promote staff participation in decision making.
- In larger SAIs, identify “champions” at all levels who can promote staff wellness initiatives.

**Important reminder**

Confidentiality, or a lack thereof, can either make or break the staff wellness program. Therefore, confidentiality cannot be overemphasised and should always be maintained. The separation of sensitive, personal and medical documents from personnel files will ensure confidentiality and build trust with staff.

**Further guidance**



For more information on staff wellness in SAIs, see the INTOSAI Human Resource Management – A Guide for SAIs, 2022.

## 8.6 Practical challenge

➤ **Employee wellness perceived as a “nice to have” and not necessary**

A SAI with an acceptable level of staff turnover and an HR unit with functional HR routines may consider employee wellness to be a less prioritised area in which to initiate activities. This would be a mistake. Staff wellness is a constantly evolving situation and cannot be dismissed as being “under control”. Changing circumstances in the office and in employee workload can lead to a sudden shift in staff wellness.

<sup>3</sup> AFROSAI-E’s *Human Resource Management (HRM) Framework and Handbook for SAIs*.






An employer who does not show their employees that they are continuously striving to support staff wellness runs the risk of being less desirable as an employer. Initiatives such as polls to monitor staff wellness, medical check-ups for healthy nutrition or a possibility for external counselling are examples of care and consideration by the employer for their staff. Initiatives offering a positive approach add value not only to support staff wellness, but they can also increase staff retention.

### ➤ **SAIs with limited HR resources**

A SAI with limited HR resources may consider establishing a staff wellness committee as complementary support to HR and to help boost awareness of the matter. The committee could have adequate representation from all levels and departments in the SAI and can assist with some duties, such as providing basic staff wellness support.

A SAI with limited resources needs to be creative in its approach to providing opportunities and good conditions for its staff. One might assume that a lengthy annual staff survey is the only way to monitor staff wellness, and without it there is no data for the HR unit to base actions on. However, having meetings 3 to 4 times per year dedicated to assessing staff wellness is a good start for monitoring employee wellness.

A recommendation is to use a traffic light model as a structure for monitoring staff wellness. This is a way to provide management and employees with a quick check of how work impacts on their well-being.

-  Green – positive, no actions needed
-  Yellow – needs monitoring
-  Red – alert, action needed

At a meeting dedicated to employee wellness, ask employees to individually list working processes and relations that are important right now related to their well-being. Ask everyone to individually indicate how they experience this situation by indicating a colour marked as a “signal”, like a traffic light.

This is a way to monitor signals related to staff wellness and assess what topics are important for staff to stay well. It gives top management and HR a quick overview of what actions need to be prioritised to reduce sick leaves and motivate staff.

#### **Ideas for activities to promote staff wellness in SAIs with limited resources include:**

- Benchmarking with SAIs in the region on what others do to offer options for staff wellness.
- Group exercise/competition at no cost; such as a monthly walkathon or recognising staff with the highest number of steps in a month.
- Providing medical check-ups annually to ensure staff wellness and offer follow up.
- Counselling and support life-changing behaviour such as healthy nutrition habits.
- Providing childcare in the office venue to support the work–life balance.

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**Supportive material**

Example: Ways to assess employee needs

Template: Employee wellness plan

## 9 Diversity and inclusion

Gender equality, diversity and inclusion (GDI) is a new concept. In short, the term describes efforts to achieve equal pay, employment, training and development opportunities to women, men and people from diverse and disadvantaged backgrounds. GDI is primarily a management responsibility, but many of the activities and processes belong with the HR function.

In the Pacific region, notable regional commitments to implement gender equality and inclusion have been put into place. The Pacific Leaders Gender Equality Declaration 2012 underlines the collective national and regional leadership commitment to lift the status of women in the Pacific and empower them to participate fully in economic, political and social life. On the global level, the United Nations Sustainable Development *Goal 5: Gender Equality* and *Goal 10: Reduced Inequalities* focus on empowerment and the reduction of inequalities. These have informed certain INTOSAI initiatives.



### 9.1 What is a gender responsive and inclusive SAI?

An inclusive and gender responsive organisation is one that provides equal opportunities to women, men and people from diverse and disadvantaged backgrounds. In an inclusive organisation, steps are taken to address, reduce and eliminate inequality, and to create an inclusive and respectful work environment for all employees.

#### What does gender equality, diversity and inclusion mean?<sup>4</sup>

<b>Equality</b>	Providing equal opportunities and enjoyment of all rights and fundamental freedoms to all irrespective of age, gender, ethnicity, disability, religious belief, marital status, health status, sexual orientation, or socioeconomic status. Equality means people are given the same resources and opportunities.
<b>Equity</b>	Relates to fairness and social justice. This concept recognises that each person has different circumstances and should be allocated the exact resources and opportunities needed to reach an equal outcome.
<b>Diversity</b>	The ways in which people differ from each other. This includes visible and non-visible differences such as different gender, age, ethnicity, values, attitudes, cultural perspectives, religious beliefs, ability, health, socio-economic status, sexual orientation and other specific personal characteristics.

<sup>4</sup> INTOSAI's *Human Resource Management – A Guide for SAIs*, p. 66-67.

<b>Inclusion</b>	Refers to the practice of providing all employees with equal access to opportunities and resources. This is done through effective diversity management.
<b>Gender</b>	A person's identity as either male or female, defined by characteristics, behaviours and attributes that a society considers appropriate for men and women.
<b>Gender mainstreaming</b>	Being mindful of the implications for women and men of any planned action, legislation, policy or program. It's about considering the different perspectives and circumstances of women and men as an integral dimension in the design, implementation, monitoring and evaluation of all policies and programs, to achieve gender equality.

## 9.2 The role of SAIs in leading GDI

SAIs have an opportunity to act as a role model on equal opportunities and inclusion in the public sector. SAI efforts in this area would generally be guided by the existing country-level legal frameworks that might cover a range of areas. These might include discrimination against indigenous peoples, migrants, minorities, people with disabilities and women, or discrimination based on sexual orientation, race, religious beliefs and gender identity. It is recommended to have a narrow focus and address the most pertinent area(s). Ultimately, making change happen is more important than having an extensive plan.

**Strategic and operational focus:** SAIs may choose to include commitments to GDI as core values in their strategic plan by developing and implementing relevant policies and processes to create an inclusive organisational culture, where gender equality and diversity are accepted and valued. This requires raising this important issue to the highest level.

**Audit/technical focus:** Once gender equality has been established as a long-term strategic theme, SAIs can consider carrying out GDI-themed performance audits and adopting a gender and inclusion lens in financial and compliance audits – such as auditing budget allocation towards programs and initiatives promoting gender equality (for example, programs promoting women's participation in business, education and community development).

**The need to balance SAI priorities:** The decision to undertake GDI-themed performance audits must always be weighed against the available capability at the SAI. To address and acknowledge GDI as part of the risk thinking and planning of audits might in itself be an achievement and a positive step forward.

**The need for relevant expertise:** During the audit topic selection and planning process, due consideration must be given to whether audit team members have sufficient subject matter expertise to conduct the audit, in the absence of which an expert may be engaged to provide guidance in planning and conducting the audit, as would be the case for the audit of any technical topic.

## 9.3 Benefits of valuing diversity and inclusion

A commitment to diversity and inclusion at an organisational level has many benefits and has been proven to create a positive impact in workplaces. We explore some of the benefits in this section.

**Building and retaining a skilled, professional workforce:** Providing equal employment opportunities to women and men and people from diverse backgrounds enables SAIs to access a wider pool of talent available in the labour market. By recruiting and retaining a skilled, professional workforce of qualified staff, SAIs will be able to achieve their core mandate to deliver high quality and timely audits. This is especially relevant given the global skill shortage, in particular in the auditing profession.

SAIs that adopt a diversity and inclusion lens by committing to merit-based recruitment and promotion without bias or prejudice will be well positioned to recruit a wider pool of prospective auditors.

**Productivity, performance and innovation:** Diversity fuels new ways of thinking, fresh ideas and innovative solutions. An organisation that encourages diversity and fosters inclusion will be able to tap into different skills, knowledge sets, ideas, perspectives and lived experiences. This will result in improved problem solving and the development of creative and innovative solutions to complex and unprecedented situations.

Encouraging individuals to convey respect for diverse perspectives, listening with an open mind and without bias, and fostering inclusion and sharing tends to result in greater collaboration and innovation. It is important to mention that inclusion of diversity requires more time from management and processes for listening and harvesting new ideas without bias.

**Improved employee outcomes and well-being:** An inclusive work environment has been linked to positive employee outcomes, such as greater levels of employee engagement, morale and commitment, overall job satisfaction, positive work relationships and increased collaboration.<sup>5</sup> Recent research has shown a strong relationship between diversity and employee well-being.<sup>6</sup>

Feelings of exclusion or 'not belonging' can impact staff well-being and make people more likely to think about changing jobs. Conversely, a sense of belonging, inclusion and community will result in improved employee retention and well-being.

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<sup>5</sup> McKinsey and Company. (2020). Diversity wins: How inclusion matters. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>; McKinsey Quarterly. (2020). Diversity still matters. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-still-matters>; McKinsey and Company. (2017). Delivering through diversity. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity>

<sup>6</sup> Radcliff, B. (2019). Gender equality improves life for everyone. Psychology Today. <https://www.psychologytoday.com/intl/blog/the-economy-happiness/201907/gender-equality-improves-life-everyone>; Fletcher, B. (2016). Diversity and Inclusiveness is good for your well-being. Psychology Today. <https://www.psychologytoday.com/nz/blog/do-something-different/201609/diversity-and-inclusiveness-is-good-your-well-being>

**Organisational culture:** Organisational culture has been known to be a key factor in driving employee retention, engagement and productivity.<sup>7</sup> An organisation that values and celebrates diversity and takes steps to create an inclusive environment will benefit from the creation of a positive organisational culture where people feel valued and can bring their whole selves to work.

A commitment to diversity and Inclusion will result in a stronger sense of “us” or community with the organisation. In a SAI context, this may improve audit teamwork, result in a higher quality of reports and generate innovation, for example in audit planning.

**SAI reputation:** A commitment to GDI enhances a SAI’s reputation, enabling it to attract and retain talent and possibly external funding from development partners who support this important cross-cutting issue.

## 9.4 What can SAIs do to become a gender responsive and inclusive organisation?

SAIs can lead the way for the public sector and model good HR practice by valuing diversity and building an inclusive work environment and culture. This section contains a list of practical steps and suggestions of how you can foster GDI in your SAI.

### ▶▶ **Step 1 Ensure leadership engagement and create awareness**

Ensuring leadership commitment and support is essential. Leadership support can guide and influence the culture and acceptable behaviour for the rest of the organisation and ensure the accountability of management and staff.

Leaders can support GDI by role modelling and rewarding positive and inclusive behaviour and engaging in constructive conversations to socialise these concepts in the organisation. They can also support awareness creation in the SAI, implement relevant policies and initiatives, and ensure sufficient budget allocation for this work.

### ▶▶ **Step 2 Conduct an assessment**

The next step would be to conduct a simple assessment to determine if your SAI is ready to consider and move forward on this topic. This includes assessing how your SAI approaches GDI in its strategic plan, HR strategy, policies and processes. The assessment should also include the country-level context, level of leadership and staff commitment, existing SAI culture and readiness for change.

For SAIs with limited resources, it is important to be realistic and have a targeted and well-defined approach. It is also important to determine whether external expertise is required to conduct this assessment.

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<sup>7</sup> McKinsey and Company. (2020). Diversity wins: How inclusion matters. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

### ▶▶ **Step 3 Set the strategic direction**

One way of setting the strategic direction to include GDI in your SAI's plans is to include it in your SAI's core values, strategic plan, vision and mission. It is important for a SAI to be aware of its current position (current state) and clearly define where it wants to be in the future (future state) before taking the steps (action plan) to do so.

You will need to develop evidence-based gender, diversity inclusion performance indicators and targets for your SAI, to measure and report on targets in this area. When setting indicators and targets, consider one or more of the following core components of inclusion:

- diverse representation (if you have legal ground to make that statement)
- power structure – women and men in leading positions
- GDI considered in recruitment (internal and external)

### ▶▶ **Step 4 Develop an operational plan**

If possible, consider using a GDI "lens" when developing the HR strategy and make sure to include the objectives from the SAI strategy. When operationalising the HR strategy, activities should be clearly linked to the strategic objectives.

If the SAI overall strategy consists of very generic objectives such as "increased awareness of gender-related issues," it is important to be more concrete in the operational plan, for example:

- Plan an annual awareness raising campaign linked to International Women's Day.
- Ensure that the SAI office is accessible for people with disabilities and mobility issues, for example by installing wheelchair ramps, lifts and accessible toilets. Ensure that SAI resources (such as the website) meet accessibility standards.
- Create opportunities for senior staff to champion and mentor other staff, including opportunities for shadowing and observation.
- Create an employee-led network, for example a women's network to share experiences, provide support and build capability.

### ▶▶ **Step 5 Develop the relevant policies and procedures**

The next step would be to develop the required policies and procedures to implement GDI. Some typical areas to address include:

- flexible working hours
- working from home/outside office
- parental leave
- sexual harassment
- right to practice religion and cultural heritage.

### ▶▶ **Step 6 Offer training and development**

Consider arranging GDI awareness training. This is a way to identify and manage any unconscious biases. Again, it is important that top management lead by example and include themselves in the training.

## ▶▶ **Step 7 Create ownership**

Lead by example. It is important that management take responsibility for GDI and avoid delegating all responsibility to lower levels. Having said that, it can be useful for a SAI to appoint a champion with a special interest who can drive the practical work with GDI together with an HR function.

It is important to monitor and report results aligned with the normal SAI monitoring and reporting processes. There is often a great interest from external stakeholders such as donors and partners. Working on GDI can strengthen the reputation and brand of the SAI.

## ▶▶ **Step 8 Maintain open communication**

Upholding the commitment to GDI is not limited to top management and designated staff. It is a responsibility for all staff. Communicate regularly internally to keep staff up to date with GDI policies, practices and results. If the SAI conducts an annual employee engagement survey, questions related to GDI can be inserted. The results will feed discussion at management level and potentially influence strategic and operational planning.

Use inclusive language in external (website, social media) and internal communication channels, and in reporting and documentation. For example, ensure all job descriptions and advertisements are written using gender neutral and inclusive language. Try to ensure that the SAI website, intranet and documents meet accessibility standards in terms of layout, font size, colour and contrast.

### **Further guidance**



- All workshops in the PASAI Communications Program includes training on inclusive language, including the PASAI Inclusive language fact sheet. Please contact the Secretariat if you require further support on this.
- Please contact the PASAI Communications Advisor for further guidance on website accessibility standards.

## ▶▶ **Step 9 Monitor progress and report results**

Include one or 2 well-defined key performance indicators to measure and demonstrate progress towards your GDI objectives in your SAI strategic plan. In the same way as other key areas in the SAI, GDI is measured and monitored to check whether you are on track or if you need to make changes to your plan.

Collect and report gender-disaggregated data (that is, the number of females and males) and on GDI initiatives in the SAI Annual Report.



## 9.5 Practical challenge

### ➤ **Bringing together perspectives and skillsets of a diverse workforce**

Although there are many benefits to diversity and inclusion, it is important to acknowledge that the process of managing and bringing together diverse perspectives can be challenging. This requires a commitment by SAI leaders and staff to consciously build their cultural competency, manage any unconscious bias and communicate effectively. In addition, they need to commit to resolve emerging conflicts resulting from diverging viewpoints to bring together the different perspectives and skillsets of a diverse workforce. Leaders and staff will benefit from training in the areas of diversity management, interpersonal communication and conflict resolution, and on how to identify and manage their unconscious biases.

#### **Supportive material**

Good practice: Gender Policy (PASAI)

Presentation: Diversity, inclusion and accessibility roadmap (Audit Office of NSW)

Presentation: SAI reporting on gender equality (AFROSAI-E)

## 10 Preparing for the HR of tomorrow

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HR has evolved rapidly in recent years. There has been a major reshuffle in the labour market. Employees globally are rethinking not only how and where they work, but also why, and this has led them to switch jobs at a high rate. Naturally, this trend varies across the world depending on how flexible employers have managed to be. Some employers have had better opportunities than others to change course and allow staff to work from home. However, in general, employees of today have clearer and firmer expectations of what they want from their work life. In other words, employees are more likely to switch jobs if the employer is not able to meet their expectations.

HR management used to be more about providing standardised systems and processes as an administrative function of organisations. In recent years, and significantly increased as a result of the COVID-19 crisis, HR needs to be much more of a responsive and adaptable resource that integrates fully into all aspects of an organisation and recognises the whole person that each employee is.

**Figure 23 The most important factors for applicants when choosing a desirable employer**



*Source:* Academic Work (Sweden) Young Professional Academic Index 2022.

What challenges does HR face to support its organisation in being relevant for the skilled professionals that the organisation seeks to attract and urgently needs? This chapter will present examples on the direction of HRM in the near future.<sup>8</sup>

The examples and factors presented in this chapter are not exhaustive but raise some common issues in a rapidly changing context that will affect SAIs' approaches to managing human resources. It is important that SAI management remains up to date on emerging HR issues, is aware of factors that are relevant to their circumstances and the effect on their employees, and takes decisions to effectively address issues as they arise.

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<sup>8</sup> Sources for HR trends: IDI Stocktaking report 2021, INTOSAI's *Human Resource Management – A Guide for SAIs 2022*, LinkedIn: *Big Ideas for 2023*, Randstad: *Employer Brand research 2022*, McKinsey & Company: *How does Gen Z see its place in the working world?* Academic Work: *Young Professional Academic Index 2022*, KPMG: *The future of HR From flux to flow 2022*.

## 10.1 Recruit for potential and provide training to employees

### **Lower degree requirements**

A global trend is that the supply of skilled professionals with university degrees is lower than employer demand. Employers are using costly resources to recruit skilled professionals and often fail because they cannot offer or keep up with salary expectations. The most successful employers will be those who find alternative solutions by dropping degree requirements and seeking new employees with potential to grow through on-the-job training programs. The pool of these applicants is larger, and their expectations of salary levels are lower.

### **Provide education benefits**

The skill sets needed for various jobs change rapidly. Employers need to recognise what skills employees have today and the additional skills they will need in the future. Successful employers have identified this gap and provide training to continuously upskill employees. This action will be essential for retaining employees since workers want opportunities to learn new, in-demand skills. Opportunities to learn and grow are generally known to be the number one driver of a great work culture.

Employers who can provide career advancement through on-the-job training and internal mobility will have a huge advantage when it comes to retaining staff. These opportunities build loyalty with employees.

## 10.2 Tailor solutions to employee needs – key to retaining talent

### **Prioritise work–life balance**

People continue to prioritise flexibility and a work–life balance through remote work, which was often possible during the COVID-19 crisis. Employers who do not offer this possibility today will find it more difficult to attract and retain skilled professionals. The most successful employers will be those who are able to arrange a combination: remote work from home with formalised arrangements in which teams and managers coordinate in advance the days they will be at the office.

### **Breaking free from the 9-to-5 workday**

Another example of how employees continue to push for more tailored flexibility is by ultimately breaking free from the 9-to-5 workday. Nonlinear workdays will give employees more freedom to choose their own working hours. It will require employers to loosen some of their control and welcome input from employees; at the same time, flexible schedules can boost employee productivity.

## 10.3 Diversity and inclusion

### **Important values to live by**

No employer today can afford not to embrace all their employees and foster a culture of diversity and inclusion. Employers need to focus on all aspects that can enhance the possibility of retaining staff, such as diversity and inclusion. This means ensuring that all employees feel equally important, and their efforts are equally considered and rewarded. Younger generations list diversity and inclusion as top criteria when selecting employers. They will look for employers who can show continuous initiatives to develop a strong culture of diversity and inclusion among their employees.

### **De-identify applicants to achieve unprejudiced recruitment**

Many employers wish to embrace a culture of diversity, but new employees often add to an already homogenous workplace in terms of social background, gender, education and sexual preference. Shortlisting and evaluating an applicant in an unbiased way is important for enhancing diversity. Successful employers who manage to look for relevant qualifications beyond familiar characteristics in applicants often lean on de-identified recruitment procedures. Shortlisting applicants is done by de-identifying applications; name and gender are not disclosed.

Some employers go as far as shortlisting applicants in a first step by completely disregarding the CV (formal qualifications) and the personal letter. The first screening is based only on evaluating relational skills through assessment tools. Applicants who rate high in relational skills will be selected to a second step, in which formal qualifications will be evaluated. This means that applicants who are invited to an interview already meet required formal qualifications as well as personal attributes. In the near future, recruitment procedures to ensure diversity will likely be implemented in the form of assessment tools and by de-identifying applicants.

## 10.4 Staff wellness

### **Mental health and well-being**

Stress is a major contributing factor to mental illness in today's work life. The younger generation has witnessed their parents striving for success at work and the price many have paid in illness from work-related stress. This has contributed to young adults welcoming a work environment that promotes their mental well-being.

Organisations need to pay attention to work–life balance issues in different ways to retain and attract staff. One obvious action is to focus on leadership capability. Leaders that rank high on interpersonal skills by using a listening and coaching style will often reduce stress levels and motivate individuals and teams.

Another approach could be to build comprehensive and integrated well-being programs. This will not only benefit employees, but also increase the attraction and retention of people in a competitive talent market.

## 10.5 Performance management

### **Continuous feedback instead of formal annual appraisal**

Many leading organisations are moving away from the traditional performance management system or process of performance appraisal. Instead, they are adopting systems and processes that provide real-time feedback between employees and their supervisors and managers. Continuous feedback, check-ins and the ability to use performance data gathered in real time are proving to have a greater impact on performance compared to annual performance appraisals.

## 10.6 Highlight the importance of personal attributes when hiring

### **Professional merits cannot make up for poor attitude**

Many organisations are moving away from formal professional knowledge, such as academic degrees, as the most important qualification when recruiting. When the pool of applicants is limited, it was considered a luxury to add qualifications other than work experience and education.

Try to reconsider the situation. A new employee with the appropriate academic degree but with a poor attitude toward colleagues or poor work ethics will do more harm than good. One of the most important factors for performing successfully is not professional knowledge but having the right set of interpersonal skills. Professional knowledge can be taught, whereas deeper personal beliefs and characteristics will be more difficult to improve or change. The most successful employers are those who will consider personal attributes and university degrees to be equally important when hiring. This means that regardless of formal qualifications, all new employees also need to fulfil the qualifications regarding the selected personal attributes. The soft skills that will have the best impact on work performance in general are a positive mindset, being communicative and motivated, and having a strong commitment to the job. The use of competency-based interview approaches and validated assessment tools is important for determining the likely future job performance of an applicant.

### **Leaders need to have strong sets of interpersonal skills**

To meet the challenges of tomorrow in HR, leaders need to listen and take on a situational leadership approach. Successful leaders will be those who build bridges for their teams and lead the way by being transparent about the current reality and adapting to what lies ahead. A critical skill for managing this is communication. Other necessary soft skills include problem-solving, transparency, strategy and empathy.

## In conclusion

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The goal of this Guide is to provide useful guidance to implement good practices at each phase of the HRM Cycle. Another intention with the Guide has been to establish a good understanding of the strategic value of HR and how it supports the SAI. A SAI that has managed to combine a strategic approach with well-developed HR processes will have reached a higher level of maturity in terms of HR.

As described in the Guide, a higher level of maturity may involve setting up an HR unit and appointing staff to drive the development of HR matters. The chapter about setting up an HR unit described this as an important step to strengthening the capacity to manage human resources. A main responsibility of an HR unit is to drive the development of an HR strategy. The chapter HR strategy and Operational Plan described how a long-term plan directs the work on HR and its support to the overall office strategy. The Guide has covered the structure and steps to develop HR strategy, operational plans and HR policies in general. Having these documents in place is another example of how a mature SAI works towards having full autonomy.

Most SAIs share the challenge of attracting and retaining skilled employees. The chapter on Managing Competencies related to ISSAI 150 and recommendations on necessary competencies in auditing. How independently the process of recruitment and selection can be managed differs between SAIs in the region. The chapter on this process described the steps of the recruitment process. Some are more relevant than others, depending on the SAI context.

Regardless of whether or not they are newly recruited, all staff need to be included in the process of performance management. This chapter covered different methods of assessing performance and having a meaningful dialogue between employee and manager to ensure that goals are reached. The next chapter covered training and development, which ideally should be aligned with the performance management process.

Staff wellness and being a responsible SAI working on gender equality and inclusion are important focus areas for attracting and retaining employees. These 2 chapters included recommendations on steps to take for a SAI with limited resources.

In conclusion, the HR area is changing with the times and reflects the needs and priorities of the society we live in. The final chapter Preparing for the HR of tomorrow provided you with a glimpse of what may lie ahead.

As you will have discovered, managing HR is possible with limited resources, as is the case for many SAIs in the PASAI region. Taking one step at a time in a conscious and planned manner will lead to successful progress. By devoting resources and focus to managing the HR needs in the SAI, you will have contributed to strengthening the capability of the SAI to meet tomorrow's opportunities and challenges.

Best of luck!