

GOVERNMENTAL AUDITOR

TRAINING PROFILE

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ACQUISITIONS

GOVERNMENTAL AUDITOR TRAINING PROFILE

INTRODUCTION

Recent college graduates entering Governmental auditing service need training to bridge the gap between basic education and practical application of principles learned, and for career development in the field of auditing. Auditor training is also essential for persons entering Governmental auditing service for the first time from other fields of employment.

This need for auditor training has been recognized for many years and many Federal departments and agencies have developed training guidelines to satisfy their particular audit needs. However, an overall expression of the types of training desirable to develop and maintain the skills of a governmental auditor did not exist. The need for a general training guideline has become much more acute in recent years with the establishment of the interagency auditor training program, the increased usage of more complex management concepts, and the extensive use of computerized information systems.

In 1977 the Federal Audit Executives Council (FAEC) established a committee on training. The experiences and previous efforts of the representatives of federal departments represented on the FAEC Training

Committee were united and a detailed questionnaire was designed to capture the types of training, and methods of providing the training from all members of FAEC.

The results of the questionnaire were summarized and reported to FAEC members by the Training Committee. The Deputy Assistant Secretary of Defense (Audit) subsequently agreed to develop this training profile for Government auditors based on the information gathered by the FAEC questionnaire and experiences of his staff.

The training guidelines presented in this profile also include consideration of comments made by FAEC members on a draft of this profile. This training profile is intended to be sufficiently broad and flexible to allow each Governmental audit organization to use as a guideline in developing a profile to meet its specific needs. It will also be a valuable document for use in planning interagency training courses.

GOVERNMENTAL AUDITOR TRAINING PROFILE

LISTING OF SUBJECTS

	<u>Phases</u>			
	<u>Basic</u>	<u>Intermediate</u>	<u>Advanced</u>	<u>Executive</u>
<u>New Employee Orientation</u>				
Department Administrative Matters	A1.1			
Audit Organization Structure and Policies	A1.2			
Departmental Responsibilities and Structure	A1.3			
Overview of Government Regulations	A1.4			
<u>Auditing Principles</u>				
Audit Standards	A2.1			
Types of Audits	A2.2			
Phases of Audits	A2.3			
Reporting Requirements	A2.4			

	<u>Phases</u>			
	<u>Basic</u>	<u>Intermediate</u>	<u>Advanced</u>	<u>Executive</u>
<u>Auditing Procedures and Techniques</u>				
Workpaper Preparation	A3.1	B3.1		
Conducting Survey	A3.2	B3.2		
Audit Programs	A3.3	B3.3		
Financial Auditing	A3.4	B3.4		
Operational Auditing	A3.5	B3.5		
Fraud/Investigative Techniques	A3.6	B3.6		
Quantitative Methods	A3.7	B3.7	C3.1	
Computerized Data Retrieval	A3.8	B3.8	C3.2	
Flow Charting	A3.9	B3.9		
<u>Communications</u>				
Interviewing	A4.1	B4.1		
Effective Writing	A4.2	B4.2	C4.1	
Oral Presentations	A4.3	B4.3		
Human Relations		B4.4	C4.2	

	<u>Phases</u>			
	<u>Basic</u>	<u>Intermediate</u>	<u>Advanced</u>	<u>Executive</u>
<u>ADP Auditing</u>				
Introduction	A5.1			
Basic Level ADP	A5.2			
Reliability Assessment		B5.1		
Development and Operational Systems		B5.2		
Data Processing Management		B5.3		
ADP Concepts			C5.1	
Computer Based Fraud			C5.2	
<u>Contract Auditing</u>				
Introduction	A6.1			
Regulations and Standards	A6.2	B6.1		
Contract Pricing		B6.2		
<u>Grant Auditing</u>				
Introduction	A7.1			
Grant Auditing		B7.1		

	<u>Phases</u>			
	<u>Basic</u>	<u>Intermediate</u>	<u>Advanced</u>	<u>Executive</u>
<u>Management</u>				
Audit Management		B8.1	C8.1	
Audit Supervision and Managerial Techniques		B8.2	C8.2	
Workload Planning		B8.3	C8.3	
Executive Managerial Skills and Concepts				C8.4
<u>Functional/Program Training</u>				
Financial		B9.1		
Property and Supply Management		B9.2		
Procurement and Contract Administration		B9.3		
Manpower/Personnel		B9.4		
Communications		B9.5		
Transportation		B9.6		
Maintenance and Repair		B9.7		
Major Systems or Program Management		B9.8		
<u>Professional Development</u>				
Maintaining Skills		B10.1		

GOVERNMENTAL AUDITOR TRAINING PROFILE

DESCRIPTION OF INDIVIDUAL SUBJECTS

BASIC

The basic phase of training is presented in several groupings and by individual segments for ease of development and adaptation to audit organizations with differing missions. All beginning auditors should receive basic training, the individual segments of training needed would depend on the mission and responsibilities of the audit organization. The individual segments of training could be provided as separate courses or as blocks of training in an entry level course. It is most desirable to provide basic training during the first 6 months of employment. Each segment of the basic training profile is described in the following paragraphs:

(See page 33 for key to Suggested Sources).

A1.1 -- Departmental Administrative Matters

Objective: To provide the new employee with a
basic knowledge of administrative requirements
and procedures.

Suggested Source: GNT

Attendee: Beginning

A1.2 -- Audit Organization Structure and Policies

Objective: To provide the employee with a basic understanding of how the audit organization is structured to accomplish its mission and to indoctrinate the employee on basic policies of the audit organization.

Suggested Sources: GNT

Attendee: Beginning

A1.3 -- Departmental Responsibilities and Structure

Objective: To provide the new employee with an overall understanding of the mission, structure and functions of the organization for which audit responsibilities have been designated.

Suggested Source: GNT

Attendee: Beginning

A1.4 -- Overview of Government Regulations

Objective: To provide the new auditor with a general knowledge of basic regulations governing overall government operations; i.e., federal appropriations, personnel regulations, etc. This knowledge might be provided in a brief overview supplemented by a reference document.

Suggested Source: GN

Attendee: Beginning

A2.1 -- Audit Standards

Objective: To inform the new auditor about the standards to be followed in Governmental auditing. (For Federal Government these are the standards established by OMB Circular A-73 and the U.S. General Accounting Office.)

Suggested Source: GT or GNT

Attendee: Beginning

A2.2 -- Types of Audits

Objective: To inform the new auditor about the different types of audits that may be performed by internal auditors (financial/compliance, economy and efficiency, and program results).

Suggested Source: GT or GNT

Attendee: Beginning

A2.3 -- Phases of Audits

Objective: To provide the new auditor with an understanding of the basic processes in performing an audit.

Suggested Source: GT or GNT

Attendee: Beginning

A2.4 -- Reporting Requirements

Objective: To stress the methods, importance of, and requirements for reporting results of audits.

Suggested Source: GT or GNT

Attendee: Beginning

A3.1 -- Working Paper Preparation

Objective: To acquaint the new auditor with the purpose of working papers and generally acceptable techniques for preparation, arrangement and indexing.

Suggested Source: GT or GNT

Attendee: Beginning

A3.2 -- Conducting Survey

Objective: To inform the new auditor of the reasons for conducting a survey and discuss the techniques employed in performing surveys and analyzing results.

Suggested Source: GT or GNT

Attendee: Beginning

A3.3 Audit Programs

Objective: To discuss the need for audit programs
and basic content.

Suggested Source: GT or GNT

Attendee: Beginning

A3.4 -- Financial Auditing

Objective: To explain the requirements for conducting
financial audits.

Suggested Source: GT or GNT

Attendee: Beginning

A3.5 -- Operational Auditing

Objective: To acquaint the new auditor with the purposes
for compliance, economy and efficiency, and program
result type audits.

Suggested Source: GT or GNT

Attendee: Beginning

A3.6 -- Fraud/Investigative Techniques

Objective: To inform the internal auditor about the importance of maintaining an awareness for the presence of irregular or improper conduct and the appropriate action to be taken by the auditor.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning

A3.7 -- Quantitative Methods

Objective: To describe the uses of statistical sampling, computational and graphic analytical techniques as a tool in conducting audits.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning

A3.8 -- Computerized Data Retrieval

Objective: To provide an indoctrination on the technique of utilizing computer programs for retrieving and analyzing information from computerized data bases.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning

A3.9 -- Flow Charting

Objective: To explain flow charting as a technique
for evaluating internal controls and efficiency
of operations.

Suggested Sources: GT, GN, GNT or PNT

Attendee: Beginning

A4.1 -- Interviewing

Objective: To stress the importance of developing
successful techniques for conducting interviews.

Suggested Source: GT, GN, GNT or PNT

A4.2 -- Effective Writing

Objective: To acquaint the new auditor with the
importance of clear and concise writing of
working paper summaries and preparation of
reports on the results of audit effort.

Suggested Source: GT, GNT or PNT

Attendee: Beginning

A4.3 -- Oral Presentations

Objective: To state the importance of effective speaking and making oral presentations.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning

A5.1 -- Introduction to ADP Auditing

Objective: To acquaint the beginning auditor with the current day dependence on computers and the impact on auditing. Auditing during computer systems development and of operational systems should be discussed.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning

A5.2 -- Base Level ADP

Objective: Provide basic knowledge about computers, programming, software, current technology, systems development processes, and data processing installations.

Suggested Source: GN or PNT

Attendee: All auditors that have not had ADP training.

A6.1 -- Introduction to Contract Auditing

Objective: To introduce audit services in connection with negotiation, administration and settlement of contract payments on prices based on the analysis of incurred or estimated costs.

Suggested Source: GT or GNT

Attendee: Beginning (expected to have contract auditing responsibilities).

A6.2 -- Regulations and Standards

Objective: To provide an indoctrination to regulations and standards pertaining to procurement.

Suggested Source: GT, GN or GNT

Attendee: Beginning (expected to have contract auditing responsibilities).

A7.1 -- Introduction to Grant Auditing

Objective: To provide an indoctrination as to the purposes of Federal grants and regulations pertaining to grant agreements. Also to introduce special emphasis aspects of grant auditor responsibilities (1) financial, (2) operational/program accomplishment, (3) monitorship of contracted audits, and (4) reliance on grantee audits.

Suggested Source: GT or GNT

Attendee: Beginning (expected to have grant auditing responsibilities.)

GOVERNMENTAL AUDITOR TRAINING PROFILE

INTERMEDIATE

The intermediate phase of training would generally be provided for auditors with more than one year and less than six years of auditing experience. Courses should generally be of a specialized nature for each subject. The intermediate phase of training develops the ability and skills necessary for effectively performing various types of audits. The objective(s) for each subject is presented in the following paragraphs:

B3.1 -- Working Paper Preparation

Objective: To prepare auditors for the responsibilities of reviewing working papers for format, content, summarization, adequacy to support audit program objectives, indexing and cross referencing.

Suggested Source: GT or GNT

Attendee: Any auditor with review responsibilities.

B3.2 -- Conducting Survey

Objective: To develop ability to obtain information about an activity for the purpose of identifying areas of potential weakness and to develop ability to analyze results for the purpose of deciding on the need for an in-depth examination.

Suggested Source: GT or GNT

Attendee: All auditors, any time after 6 month's experience.

B3.3 -- Developing Audit Programs

Objective: To develop ability in defining objectives for areas determined to warrant examinations, to identify extent of coverage, to establish criteria/guidelines for evaluation, and to estimate staff resources and time frames for audit execution.

Suggested Source: GT or GNT

Attendee: Auditors responsible for any phase of audit program development.

B3.4 -- Financial Auditing

Objective: To develop ability to perform audits of financial matters in accordance with accepted Governmental accounting principles and to render opinion statements.

Suggested Source: GT, GNT or PNT

Attendee: Primarily for auditors specializing in financial audits and auditors required to render opinions on financial statements.

B3.5 -- Operational Auditing

Objective: To develop the ability to perform compliance, economy and efficiency and program result audits.

This should include standards to be observed, preparation of programs and development of findings.

Suggested Source: GT, GNT or PNT

Attendee: All after 12 months of auditing experience.

B3.6 -- Fraud/Investigative Techniques

Objective: To provide a clear understanding of the responsibilities of the auditor when potential fraud is noted, to inform the auditor of his responsibilities for identifying fraudulent or improper actions and to develop investigative type skills to be applied when appropriate.

Suggested Source: GT, GN, GNT or PNT

Attendee: Mid-range auditors with assignments highly susceptible to fraud.

B3.7 -- Quantitative Methods

Objective: To develop a comprehensive knowledge of quantitative methods applicable to internal auditing. These methods should include statistical sampling, graphic and computational analytical techniques, and economic analysis.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning - Intermediate

B3.8 -- Computerized Data Retrieval

Objective: To develop a basic understanding of computerized data retrieval packages. The course should require the student to design and process a data retrieval application. (Use of statistical sampling software package applications can also be taught in conjunction with this course).

Suggested Source: GT, GN, GNT, or PNT

Attendee: Beginning - Intermediate

B3.9 -- Flow Charting

Objective: To develop ability to use flow charting (excluding data processing) techniques in conducting surveys, evaluating internal controls and any other appropriate applications.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning - Intermediate

B4.1 -- Interviewing

Objective: To define and develop successful techniques for conducting interviews.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning, after 12 months - Intermediate

B4.2 -- Effective Writing

Objective: To develop proper writing techniques concentrating on the participant's own writing. This is a very important aspect of training since most audit results are communicated in a written report.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning, after 12 months - Intermediate

B4.3 -- Oral Presentation

Objective: To develop skills in making oral briefings including presentation of background and statistical data and effective use of charts, pictures, etc.

Suggested Source: GT, GN, GNT or PNT

Attendee: Intermediate - Senior

B4.4 -- Human Relations

Objective: To indoctrinate the internal auditor with the importance of effectively working with and understanding people at all levels in accomplishing the audit mission.

Suggested Source: GT, GN, GNT or PNT

Attendee: Beginning, after 12 months - Intermediate.

B5.1 -- ADP Reliability Assessment

Objective: To provide the auditor with a methodology for assessing the risk of relying on computer-produced data through evaluating controls in computer systems.

Suggested Source: GT, GN, GNT or PNT

Attendee: Intermediate and ADP auditors

B5.2 -- ADP Development and Operational Systems

Objective: To develop skills to enable auditors to (1) review ADP system design and development processes; (2) perform reviews of system documentation and controls; and (3) evaluate system testing.

Suggested Source: GN, GNT or PNT

Attendee: ADP auditors and specialists

B5.3 -- Data Processing Management

Objective: To develop skills for auditing security features of data processing centers, to determine whether center operations are properly controlled and to determine whether operations are managed and performed in an efficient, effective and economical manner.

Suggested Source: GN, GNT or PNT

Attendee: Intermediate and ADP auditors

B6.1 -- Procurement Regulations and Cost Accounting Standards

Objective: To provide detailed knowledge about procurement regulation principles and cost accounting standards.

Suggested Source: GT, GN or GNT

Attendee: Intermediate (Expected to have contract auditing responsibilities).

B6.2 -- Contract Pricing

Objective: To develop ability to perform reviews of contractor price proposals for negotiated contracts, contract modifications and terminated contracts.

Suggested Source: GT, GN or GNT

Attendee: Beginning, after 6 months - Intermediate

B7.1 -- Grant Auditing

Objective: To provide knowledge about the unique aspects of grants and to develop ability to conduct grant audits considering the financial aspects, program accomplishment goals, reliance on grantee audits and monitorship of public accounting conducted audits.

Selected Source: GT, GN or GNT

Attendee: Beginning, after 6 months - Intermediate

(Expected to have grant auditing responsibilities).

B8.1 -- Audit Management

Objective: To develop skills of beginning audit manager

- (1) to plan, program and budget for audit resources,
- (2) for allocating resources to established workload, and
- (3) for controlling audit work.

Suggested Sources: GT, GN or PNT

Attendee: Intermediate - Semi-Senior auditors having management responsibilities.

B8.2 -- Audit Supervision and Managerial Techniques

Objective: To provide an understanding of the audit manager/supervisor role with respect to styles of leadership, human relations and motivation, responsibilities for review of audit work performed by subordinates and employee training and performance rating.

Suggested Source: GT, GN, GNT or PNT

Attendee: Intermediate level auditors with audit manager or supervision responsibilities.

B9 -- Functional/Program Training

Objective: To become knowledgeable about specific types of functions subject to audit and basic audit approaches for each. The functions that should be covered, as needed, are:

- B9.1 -- Financial
- B9.2 -- Property and Supply Management
- B9.3 -- Procurement and Contract Administration
- B9.4 -- Manpower/Personnel
- B9.5 -- Communications
- B9.6 -- Transportation
- B9.7 -- Maintenance and Repair
- B9.8 -- Major System/Programs

Suggested Sources: There are several views on providing this type training:

- a. As case studies in conjunction with financial or operational auditor training under items B3.4 and B3.5.
- b. Basic auditor training on how to conduct audits for the individual type functions.
- c. Basic organizational training within each Government Department.

Attendee: Intermediate, with audit assignment in a given functional area.

B10.1 -- Professional Development

Objective: To provide continuing educational opportunities for maintaining professional skills and career development. This should include professional certifications and postgraduate courses.

Suggested Source: PNT

Attendee: All auditors

GOVERNMENTAL AUDITOR TRAINING PROFILE

ADVANCED AND EXECUTIVE

Advanced auditor training should generally be provided to develop in-depth knowledge and skills in specific areas and to provide senior auditor and executive level training. Some advanced training is frequently provided in seminars. Only that training relating to specific courses is discussed in the following paragraphs.

C3.1 -- Quantitative Methods

Objective: To develop an in-depth knowledge and ability to apply quantitative methods techniques in auditing.

Suggested Source: GT, GN, GNT or PNT

Attendee: Auditors frequently required to utilize quantitative methods, auditors specializing for the organization.

C3.2 -- Computer Data Retrieval

Objective: To develop an in-depth knowledge about retrieval processes and programming sufficient to become a specialist for the audit organization.

Suggested Source: GT, GN, GNT or PNT

Attendee: Auditors having specific needs.

C4.1 -- Effective Writing

Objective: To present the techniques for overall report organization, instruct reviewers in diagnosing writer problems and reinforce editing skills.

Suggested Source: GT, GN, GNT or PNT

Attendee: Intermediate - Senior

C4.2 -- Human Relations

Objective: To provide an understanding of the various principles of human relations and management styles that impact on the auditor and audit organization.

Suggested Source: GT, GN, GNT or PNT

Attendee: Semi-Senior and Senior

C5.1 -- ADP Concepts

Objective: To develop a basic understanding of computer-based information systems analysis, design, testing, operation and application. This course should be in sufficient depth to qualify the auditor to analyze and evaluate system proposals and to work with system designers during development, implementation and operation.

Suggested Source: GN or PNT

Attendee: Personnel specializing in ADP audits.

C5.2 -- Computer Based Fraud

Objective: To develop specialized skills for detecting fraudulent practices in an ADP environment.

Suggested Source: GT, GN, GNT or PNT

Attendee: Personnel specializing in ADP audits.

C8.1 -- Advanced Audit Management

Objective: To provide intensive managerial training for improving organizational productivity, efficiency and responsiveness to organizational needs.

Suggested Source: GT, GN or GNT

Attendee: Senior

C8.2 -- Advanced Supervision and Managerial Techniques

Objective: To provide in-depth skills to include legislative and standards requirements; program planning; job planning organization; motivational techniques; and effective decisionmaking, leadership style, and the art of delegation.

Suggested Source: GN, GNT or PNT

Attendee: Senior

C8.3 -- Workload Planning

Objective: To develop ability to identify total auditable entities and to develop skills for scheduling and prioritizing annual workload considering available resources and management needs.

Suggested Source: GT or GNT

Attendee: Audit Managers

C8.4 -- Managerial Skills and Concepts

Objective: To develop skills for top-level management assignments in the organization. This could include attendance at the CSC, Federal Executive Institute, extended full-time college graduate programs, career development assignments outside the audit organization, etc.

Suggested Source: GN or PNT

Attendee: Employees with high management potential and those recently promoted to top-level management positions.

EXPLANATION OF SUGGESTED SOURCES FOR
GOVERNMENTAL AUDITOR TRAINING

Government Technical (GT) - Auditor training aimed at the development of technical skills and knowledge. Available primarily through interagency auditor training programs.

Government Non-Technical (GN) Training aimed at broadening non-technical auditor skills and knowledge. Available through the Civil Service Commission's Washington and regional training centers and through some departments' and agencies' internal training programs which may be open to employees of other agencies.

Government Non-Technical and Technical (GNT) - Auditor training aimed at the development of both non-technical and technical auditor skills and knowledge which is provided internally by departments' and agencies' audit organizations. This training may be open to employees of other agencies on request.

Private Non-Technical and Technical (PNT) - Training aimed at broadening auditor skills and knowledge. Available through colleges and universities, private firms, and professional associations.

END