

Performance Audit – HR aspects – tips for improvement

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Introduction

- Introduction
- Relationship among 3- Es in the Performance Audit process
- Important steps to consider
- Final tips & takeaways

The performance audit as a type of audit of the public sector, also known as the "audit of the 3 E's", is carried out considering the following three elements:

Economy, efficiency and effectiveness and

the latest directions of development indicate more and more the need to include the 4th E - **ethics**

(ethics in the operation and management of public funds and resources)

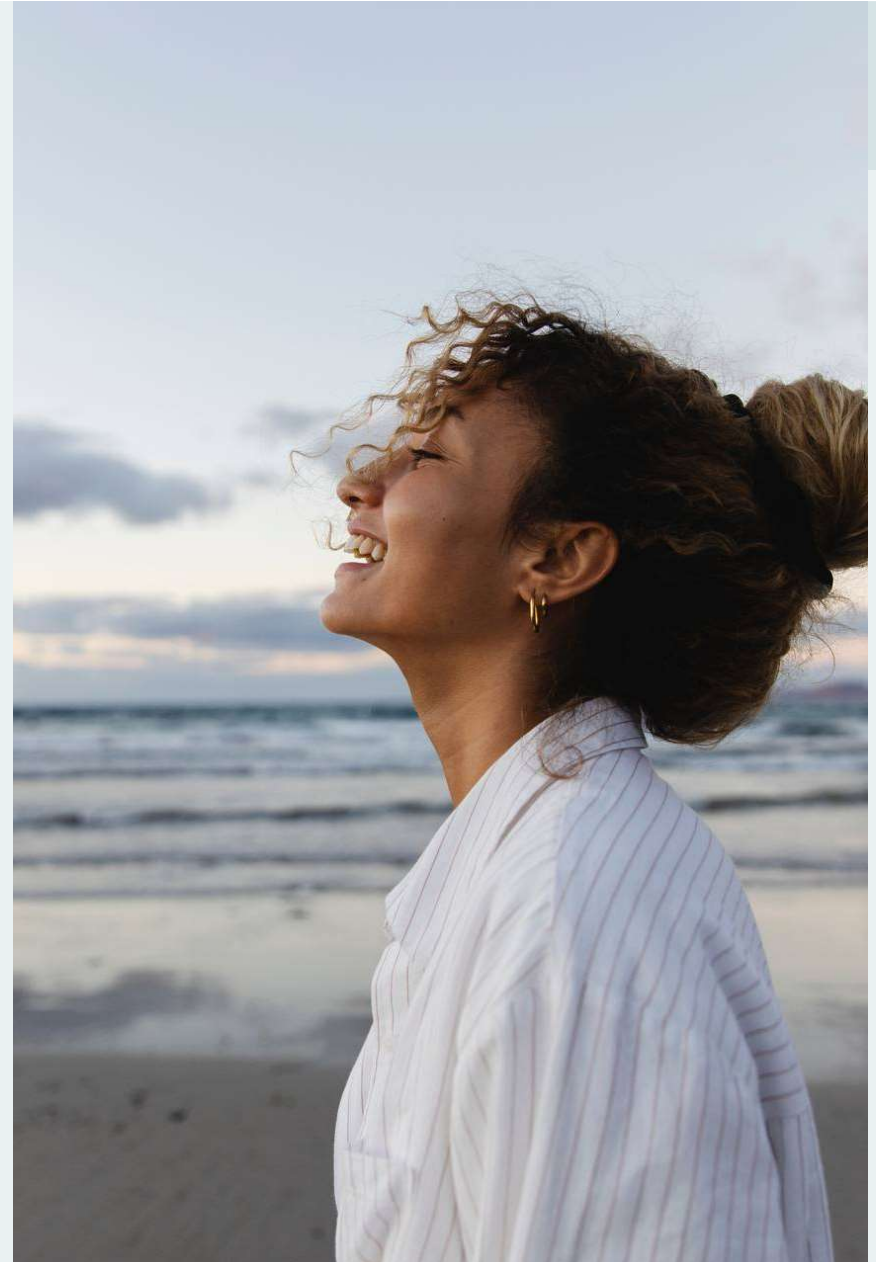


Figure 1: Relationship among the 3 - Es



Source : Adapted from European Court of Auditors

Relationship among the 3 - Es

Objectives =
Effectiveness

Outputs

Outcomes

Impacts

Inputs = Economy

Outputs =
Efficiency

Relationship of the HR with the 3 - Es

Objectives =
Effectiveness

Outputs

Outcomes

Impacts

Inputs =
Economy

Outputs =
Efficiency

HR = Inputs

Economy

Efficiency

Effectiveness

Important steps to consider to assess and map the organizational and hierarchical structure of the audited entity/s:

- accurately map the positions, titles, tasks, competences and responsibilities, to map the chain of hierarchical tasks and responsibilities, the level of education (required and completed), the number of planned and filled positions, compliance with the requirements with the regulation and deviations.



Important steps to consider to assess and map the organizational and hierarchical structure of the audited entity/s:



- assess and test whether there are deviations from the stipulated procedures, procedures in practice, controls with the same, whether there are "good policies and practices" that are not prescribed but are in use and provide quality results.

Important steps to consider to assess and map the organizational and hierarchical structure of the audited entity/s:



- assess whether the subject/s in relation to the HR they have at their disposal, have added value in relation to their results that they deliver to the community and what this added value is due to - HR with special specific education and skills, specific licenses, motivation, competitive salaries and terms or otherwise.

Final tips & takeaways

- clearly and accurately define your audit objectives and assess whether they encompass and include the HR element (assess the extent of participation);
- provide support from senior management (or inhouse management if you are the CIA) with explanations of the future benefits of such an audit and its effects on the audited entity. We will receive full support if the management **has a vision and mission** that strives for more and positive outcomes and results.
- select and design the audit team according to the complexity of the audit task and the complexity of the audit object – request for collective knowledge

Final tips & takeaways

- mapping the situations "**as it should be**" according to the regulation and internal acts and the situations according to the facts "**as it is**" or "**as they are**" will allow us to locate the differences that have appeared, the reasons why there are deviations as well as the effects that these deviations cause;

remember we evaluate "how it should be", "how it is", "what led to deviations", and "how deviations affect - positive or negative". Locate the "weak links" in the chain of hierarchical competences and responsibilities, the weaknesses will show the responsibilities and evasions of the internal controls in the processes.

Final tips & takeaways

- evaluate the collected information, analyse and design fundamental and general conclusions - how these assertions affect a certain segment and how they affect the overall system or process of activity.
- These previous steps will help us to develop a good and feasible plan for recommendations and measures to improve the established conditions.
- Clearly and transparently inform senior management about the established conditions, weaknesses, causes and effects of your work on the audit of HR, all audit assurances are in the function of a sustainable entity and delivery of sustainable public services.

Thank
you

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