



# HUMAN RESOURCE STRATEGY 2016



**DEPARTMENT OF  
THE AUDITOR GENERAL OF  
PAKISTAN (DAGP)**

## **Message from the Auditor General**

A Supreme Audit Institution (SAI) must have a capable, efficient and effective human resource. To undertake this task in a befitting manner, the Department of the Auditor General of Pakistan (DAGP) is upgrading its capabilities. This effort has to be integrated, coordinated and continued for a sustained impact to address the current and future challenges. To achieve this aim, DAGP has already introduced a vision through its “Strategic Plan 2015-19”. Development of professional and institutional capacity is the important Goal of this Plan.

2 Skilled Human Resource is a Capital resource and development of a Human Resource Strategy (HRS) is a significant requirement to harness the resource. It is important that all human resource management processes and initiatives are developed as part of an overall strategy of the organization which is aligned with, and designed to assist in the achievement of the organizational goals. This plan is essential for the organization to attract, retain and develop the workforce required in order to meet its present and future needs. Another key role of the human resource function is the development and implementation of policies and associated procedures.

3 The HR Strategy aims at developing a comprehensive document to offer solutions to the human resource related challenges. It addresses the key issues of recruiting the right people, adding value to the recruited human resource by equipping them with requisite knowledge and skills, placing right man for the right job and retaining the critical human resource through performance based incentives.

4 I am pleased to acknowledge and appreciate the efforts and hardwork of HRM Wing of this office for preparing the HR Strategy. I believe that the HRM Wing shall make all out efforts to implement this strategy by enabling the DAGP to achieve its strategic goals and assisting Government of Pakistan to implement its overall Vision Pakistan 2025.

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November, 2016

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## **List of Acronyms & Abbreviations**

A&A Allowance	Audit and Accounts Allowance
AAO	Assistant Audit Officer
ACCA	Association of Chartered Certified Accountants
ACL	Audit Command Language
ACMA	Associate Chartered Management Accountant
AGP	Auditor General of Pakistan
AMIS	Audit Management Information System
AO	Audit / Accounts Officer
CAAT	Computer Assisted Audit Techniques
CBNA	Capacity Building Need Assessment
CCAF	Canadian Comprehensive Audit Foundation
CF&AO	Chief Finance and Accounts Officer
CGA	Controller General of Accounts
CIA	Certified Internal Auditor
CISA	Certified Information System Auditor
CMA	Certified Management Accountants
COA	Chart of Accounts
CPE	Continued Professional Education
CSA	Civil Services Academy
CSS	Central Superior Services
CTP	Common Training Programme
DAGP	Department of Auditor General of Pakistan
EAD	Economic Affairs Division
FABS	Financial Accounting and Budgeting System
FAM	Financial Audit Manual
FPOE	Final Passing Out Examination
FPSC	Federal Public Service Commission
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAO	Government Accountability Office, USA
HRM	Human Resource Management

HRM&D	Human Resource Management and Development
ICMAP	Institute of Cost and Management Accountants Pakistan
IDC	Inter Departmental Cadre
INTOSAI	International Organization of Supreme Audit Institutions
IT	Information Technology
MATIs	Military Accounts Training Institutes
MCMC	Mid Career Management Course
NAO	National Audit Office China
NAPFA	National Academy for Public Finance and Accountancy
NCGR	National Commission for Governmental Reforms
NDU	National Defense University
NMC	National Management Course
PA&AS	Pakistan Audit and Accounts Service
PAC	Public Accounts Committee
PAD	Pakistan Audit Department
PER	Performance Evaluation Report
PIFRA	Project to Improve Financial Reporting and Auditing
PIPFA	Pakistan Institute of Public Finance and Accountants
PSEs	Public Sector Enterprises
SAI	Supreme Audit Institution
SAP	System Applications and Products
SMC	Senior Management Course
SoP	Standing Orders Procedures
STP	Specialized Training Programme
SWOT	Strengths, Weaknesses, Opportunities and Threats
UK	United Kingdom
USA	United States of America
VFM	Value for Money
WWF	Workers' Welfare Fund

## INTRODUCTION

As Constitutionally mandated responsibility, the AGP-led accountability gives confidence to the public that their resources are rightfully utilized and assets are well guarded. The donor organizations and international development partners also repose their trust in the AGP for the accountability of their loans and grants.

To bring about the assurance, the DAGP conducts the audit and presents its reports to the President and the Governors of the Provinces in case of Federal Government, and Provincial Governments respectively, who cause them to be laid before respective Assemblies. The Reports of the Auditor General are discussed/deliberated upon by the respective Public Accounts Committees.

A Capacity building needs assessment exercise was conducted which identified gaps that impact the performance of the DAGP, and pinned down their causes. A SWOT analysis was also conducted. Gaps and related causes were clustered as per guidance in Capacity Building Needs Assessment (CBNA). The Strategic shortcomings that emerged out of entire exercise were in following areas:

- Organizational and Financial Independence
- Professional and Institutional Capacity
- Communication and cooperation with internal and external stake holders
- Use of modern audit techniques and technologies
- Internal Governance

To address these issues and to provide a dynamic revitalization, the DAGP developed a multi-prong strategic vision named “Strategic Plan 2015-19”. It provides an integrated, coordinated and continued impetus for a sustained impact to address the current and future challenges. Development of professional and institutional capacity is the second Goal of the Plan, which provides the basis for development of a dedicated Human Resource Strategy for harnessing the Human capital.

Human Resource Management (HRM) and Development (HRD) aims at acquiring, developing, and retaining quality work force in an organization. It has assumed more significance in today's knowledge based ICT environment in both private and public sector organizations. The role and working of the Department of the Auditor General Pakistan (AGP) have been undergoing major changes over a couple of years. The process of reforms had started much earlier; however, it gained momentum with the onset of PIFRA which emerged as the main

vehicle of change and development. This HRD Strategy for DAGP has been developed in post-PIFRA Reforms scenario.

PIFRA envisioned complete transformation from the erstwhile traditional and manual work methods to the modernized and computerized operations that would result in major change in training needs of the Department. It is understood that redefined roles require training of not only newly recruited officers and staff but also strengthening of the existing Continued Professional Education (CPE) programme for entire lot of officers and staff of the Department and other stakeholders.

## **THE HUMAN CAPITAL OF DAGP**

### **1.1 Pakistan Audit and Accounts Service (PA&AS); Inter Departmental Cadre (IDC)**

The prime human resource of the department is the pool of **832 PA&AS** (Pakistan Audit & Accounts Service) officers. This service has two Wings i.e. Audit and Accounts wing (CGA). The Auditor General of Pakistan is the Cadre Administrator of PA&AS having constitutional mandate. At the moment, this pool has a varied mixture of capacity. It has multi-disciplinary base reflecting the diversity of knowledge and competencies required to deliver a wide array of services. PA&AS officers hold degrees in a variety of academic disciplines such as Public and Business Administration, Finance, Accounting, Cost and Management Accounting and various others discipline. Not only these, the group also has Engineers, Medical Doctors and Doctors of Philosophy in its fold. Given this qualification profile of PA&AS officers, the HRM wing understands that basic knowledge of relevant skills in Accounting, Financial Management and Computer Sciences is available with the managerial cadre. Some of these officers have the professional certifications like CIA, SAP, ACCA and ICMAP. Yet others have specific knowledge base in relevant subjects like Economics, Development Studies, Public Policy and HRM. On the training side, most of these officers have undergone extensive local and foreign trainings in relevant areas and have been on attachments with other SAIs like NAO, GAO and Canadian Programme of CCAF. This knowledge base would be expanded further to intensify the specific professional skills, and promote professional certifications such as CISA, CIPFA, CA etc.

More specifically, the SAI Pakistan has trained:

- 805 auditors in Master, MBA and MSc Accounting and Finance.
- 191 auditors in professional certificates
- 3847 auditors are PIPFA qualified.
- 1682 auditors trained in Intensive Training Program in Performance Auditing.
- 09 auditors in PhD Programs.

### **1.2 Departmental Cadre (DC)**

The Departmental Cadre constitutes positions from levels B-11 to B-18 in various constituent offices of DAGP and represent the frontline workers on accounting and auditing



sides. These include Junior/Senior Auditors, Assistant Accounts / Audit Officers and Accounts / Audit Officers. The existing strength of these officers is 18000. Their career prospects reach up to BPS-18 if they pass PIPFA exam and further when inducted into the IDC Cadre of PA&AS. At this supervisory position, they become a valuable asset for the department. Since this group of employees has been greatly impacted in term of changed functions under PIFRA reforms and upgradation, the Department, in order to build their capacity. DAGP has made changes in the recruitment rules in favor of recruiting technically competent staff at various levels from B-5 to B-16. Recent intake of BS-16 officers through FPSC shows that more qualified people from the market are attracted towards the department. The existing manpower in these cadres will be exposed to PIPFA training after which they will be promoted against the available vacancies in BS-17. The officers of this cadre ultimately form a part of IDC through induction. This goal does commensurate with the new vision of the AGP that envisages radical upgradation of audit parties.

## FRAMEWORK FOR DEVELOPING AGP's HRD STRATEGY

Faced with rapid change, the AGP has adopted a coherent approach to address the entire Human Resource issue in the wake of new Public Financial Management paradigm, the Department of Auditor General of Pakistan's Strategic Plan 2015-19 and Vision Pakistan 2025. The aim of this analysis and strategy development is to find answers to the following straight questions:

- What is the proper number of human resource that we need to achieve our strategic objectives?
- What are the specific job functions of the PA&AS and what kind of skills, duties and knowledge required for each position?
- What needs to be done to choose the right man/woman for the right job?

It is known that a practical and successful HRD Strategy always needs to be fully aligned with the overall organizational strategic vision and objectives. Thus AGPs HRD strategy has been developed keeping in view three sources of guidance namely the DAGP Strategic Plan 2015-2019, the DAGP's culture as defined in the vision, mission and values of the DAGP, the organizational structure of DAGP and the present capacity of the human resources of DAGP.

### **2.1 DAGP Strategic Plan 2015-19**

This Strategic Plan covers a period of four years from 2015-19. The scope includes efforts in improving organizational and financial independence; communication with stakeholders; developing sustainable professional capacity in deficient, emerging and future areas of Audit through outsourcing and in-house training. It also includes reviewing the audit manuals, field audit guidelines and reporting guidelines already developed by DAGP through workshops and trainings. Intra-departmental procedures, interactions and SoPs would be streamlined and strengthened. The DAGP would also consider other areas identified in the needs assessment including better salaries and staff welfare subsequently.

### **2.2 Organization's Culture**

This strategy is matched with prevailing culture of the organization. The organizational culture is defined by the values, norms, strategic objectives and goals set and pursued by the organization. The Auditor General's vision is to become "*A model Supreme Audit Institution*

*adding value to the national resources"*. The Department has defined its mission as: ***"Serving the Nation by Promoting Accountability, Transparency and Good Governance in the Management and use of Public Resources"***. The Auditor General has set following Strategic goals:

- Timely quality reports for the legislatures and the governments.
- Respond to the emerging challenges.
- Maximize the value of Auditor General's office by conforming to international best practices.

***Integrity, Quality and Partnership*** are our core values of doing business. In line with the above, the HRM wing has drawn the following mission statement:

***"Acquisition, development and retention of a professionally competent human resource to perform Accounting, Auditing and Financial Management functions in public sector as per international standards and best practices"***.

In order to accomplish the said strategic objectives, the core values of integrity, quality and partnership remain the guiding principles. In this context, the SAI of Pakistan has adopted INTOSAI Auditing and Ethical Standards and teaching in these concepts is mandatory at various levels in the department. To reinforce these efforts, a separate session on the internationally acknowledged auditing and ethical standards is included in all trainings of the new audit methodology. The inclusion of NAM and FAM (inclusive of standards) as separate subjects in PIPFA programme further manifests the importance that the department attaches to standards, ethics and integrity.

The department's clientele consists of Legislatures, Federal, Provincial and District Governments, State Owned Enterprises, International Development Partners and International Organizations. Understanding audit entity is the first step in planning audit under FAM. Through rigorous training efforts, the culture of knowing the clientele is being inculcated in the field audit staff. For better communication with executives, on-line access, to the budget and expenditure information being maintained on the SAP system, has been developed. This on-line access to the financial information will not only facilitate decision-making by the executives, it will also improve the process of reconciliation.

On the audit side, discussions with the executives on the Management Letter are some examples of improved communication with the clients. For developing the executives as partners, the Department has been making efforts to build capacity of the executive staff at the Federal, Provincial, District and Tehsil levels for efficient and effective use of changed procedures. Training of more than 43000 employees of the Federal and Provincial Governments is an example of this partnership.

### **2.3 Organization's Structure**

The structure of the organization has a bearing on the effectiveness of HRD Strategy. The structure of the organization is primarily defined by the job roles and reporting lines in the organization. Being part of overall governmental system and regulatory framework, there are limitations on standalone HRM&D strategy development. The organization can thus be restructured to suit its strategic goals and human resource needs up to a certain extent. The human resource systems are also part and parcel of its structure. The HRM systems relate to aspects such as recruitment procedures, rewards, career development etc. A large part of these systems, particularly those relating to managerial cadres, are determined and controlled by external stakeholders. These larger systems have been kept in view while developing HRM&D strategy. The adjustments or amendments (in the human resource systems) are being framed keeping in view the sustainability of external and internal reform agenda.

The existing organizational structure of the DAGP needs to be reviewed and the following gaps need to be addressed:

- Government priorities and plans keep on changing and allocation of funds change accordingly but we have fixed human resources in each Field Audit Office. For example, if we would like to allocate more human resources to energy sector audit we cannot increase the number of auditors engaged in the audit of energy sector i.e. DG Audit WAPDA and DG Commercial Audit.
- The role and placement of the Deputy Auditor Generals to make them more effective.

### **2.4 The HR Capacity**

The skill level, capability and potential of employees have been kept in view while developing the HRD Strategy. While planning to develop the human resource, capable of meeting the challenges posed by reform agenda, the current capacity including skill level,

educational background and experience of the employees was kept in view. The efforts for developing the human resource capacity within the last decade, with or without PIFRA resources, have also been reviewed. This assessment of present capacity was critical in shaping the current HRD Strategy.

In brief, a strategic perspective, aimed at identifying the relationship between all three elements of organizational culture, structure and people in the light of DAGP Strategic Plan, has been developed. As quality and integrity are two most valued traits for the department, it aims to retain competent staff by reviewing the organization, reward, appraisal and communication systems. The pay and reward system is envisaged to be gradually remodeled to ensure emphasis on the quality and efficiency of the product. An integrated strategy which establishes linkages between capacity development plans, placement, incentives and career development, has been framed.

## **2.5 Assessing the Present Capacity**

Over the last decade, the Department made efforts to upgrade the skills and develop capacity in accordance with the change: general capacity review draws attention towards the base of the present human resource capital in terms of officers' previous and in-service education, as well as, their experience acquired within or outside the department.

# HUMAN RESOURCE MANAGEMENT

## 3.1 The HRM Challenges

The Auditor General's Office is committed to bringing its accounting, auditing and HR practices at par with international standards. However, its ability to make advances on these fronts is facing challenges due to inherent bottlenecks. In operational terms, the challenge is to bridge the skill gap arising from pursuance of international best practices, implementation of changed procedures and limitations of capacity to deliver outputs accordingly. The department faces the following challenges:

- Integrating financial attest with regularity audit and creating nexus with value for money (VFM) audit and prepare HR accordingly.
- Developing the capacity to use computer assisted auditing techniques.
- Meeting the demands of political and financial devolution and its consequential administrative restructuring by developing capacity to use appropriate techniques of auditing in accordance with reformed procedures.
- Addressing the capacity issues to meet the demands of new accounting and auditing procedures under NAM and FAM, respectively.
- Equipping the Human Resource with latest skills to keep pace with technological developments particularly the IT environment in which auditing function has to be performed.
- Retaining the critical personnel on critical positions to run the system efficiently.
- Expanding and enhancing the required competencies for critical functions and posts relevant with changed procedures.
- Preparing the placement plans for all critical posts at all levels.
- Audit of media projected issues and readiness of the human resource accordingly.
- Performance Evaluation of fast changing dynamics of Corporate Sector.
- Growing Risk in Public Finance.
- Performance audit of Development Expenditure.
- Procuring and implementing AMIS and HRMIS.
- Continued Capacity Building.
- Strengthening PA&AS as an integrated service.
- Audit of Integrated Financial Management System.

### **3.2 Recruitment and Selection**

The employees of DAGP are governed under the provisions of the Civil Servants Act 1973 and the rules framed there under as amended from time to time. DAGP consists of Inter-Departmental (IDC) and Departmental (DC) cadres. IDC consists of „generalist“ officers joining Pakistan Audit and Accounts Service (PA&AS) and DC officers inducted into the cadre on the basis of seniority cum fitness criteria. DC cadre contains officers and officials who primarily join different field/sub offices of the department and are elevated to middle management position through induction into IDC.

#### **3.2.1 Inter-Departmental Cadre (IDC) Cadre.**

It is primarily recruited through CSS examination which is the most reliable competitive examination of the country. Federal Public Service Commission (FPSC) conducts this examination. At present there is a pool of 832 PA&AS officers in BS 17 to 22. While it is not advisable to totally alter the standard time-tested recruitment procedure to the IDC, DAGP will make concentrated efforts with FPSC to make recruitment process flexible enough to adjust certain skill-sets to be looked into while selecting an officer for PA&AS.

#### **3.2.2 Departmental Cadre (DC).**

DAGP will delineate elaborate lists of skills, abilities and knowledge-based required for each level of recruitment. Recruitment of Senior Auditors (BS-16) is carried out by FPSC, through a transparent competitive process. These officers are promoted after mandatory qualification of PIPFA and become Assistant Audit Officers BS-17 (AAOs), Audit Officers BS-18 (AOs) and later on join the IDC cadre through induction. These officers form the core competencies and expertise of the field offices and their requisite qualifications would be worked out keeping in mind their future work, required expertise and emerging challenges to the department. Junior Auditors (BS-11) and support staff are recruited by the field offices as per their specific requirement.

### **3.3 Human Resource Management Information System (HRMIS)**

DAGP is already working on HRMIS but the speed, scope and dimensions are limited due to certain constraints. To develop into a modern SAI with a well-qualified, well groomed and well placed human resource, the department will put in place a state of the art HRMIS that caters

for all the human resource management needs. Currently HRMIS is underutilized and is limited to recording data about IDC officers, while the Departmental Cadre is totally left out.

### **3.3.1 Human Resource Record Centre**

A state of the art HRMIS would be developed to record data for all the officers and staff of the department. A special HRMIS cell will be established in AGP Office to maintain the record and keeping it updated on real time basis. The HRMIS data will give real time, though limited, access to all the field offices/managerial positions. The headquarters' HRMIS Cell would have complete access to the system and would be responsible to ensure safety and quality of the data. The data would include all service record and help in HRM decisions by the concerned authorities.

### **3.3.2 Human Resource Profiling**

HRMIS will offer human resource profiling on modern lines. Based on the record of service/postings/transfers, performance evaluation, educational qualifications, professional certifications, in-service capacity building, and landmark achievements/rewards, DAGP human resource profile system will be developed. This system would prove to be the key in posting/transfers, audit assignments, promotions and performance evaluations and would ensure transparency and merit in this regard. Profile index for the officers will be developed quantifying their performance evaluation, grading in mandatory training courses, foreign degrees/Ph D in relevant subjects and special achievements. Critical posts of the department would be manned on the basis of HR quantified profiling through HRMIS.

## **3.4 Performance Management**

“Performance Management” consists of the following components:

### **3.4.1 Performance Planning.**

- (a)** It includes the WHAT factor i.e. the end result of Audit Activity; it deals with the nature and shape of Annual Audit Reports and its emphasis on „Recovery“. It also relates to „Procedural/Systemic improvement“ (if a procedural para is recurring every year, our Audit is not bringing about the required systemic improvement; the meeting of timelines, etc).



- (b) It also includes the HOW factor - the behavior required of the employees (auditors) towards the achievement of Performance targets (given in WHAT factor above). Do they, for instance, adequately requisition all the essential documents? Do they apportion their focus reasonably on Development and Non-Development Budgets? Do they discuss their observations with the auditee? Do they submit their paras to their directorates in the proper format? This factor of performance focuses on substantially enhancing the quality of audit reports.

### **3.4.2 Ongoing Feedback**

This can revolutionize our department. The best feedback is the immediate one, instead of waiting for the end-of-the-year PERs, which have failed to bring about any improvement in employees' performance. The Auditor would get feedback on the quality of Audit, he has recently completed. It would be centered on specified quantifiable performance indicators and the targets of WHAT and HOW factors decided at the Planning Stages.

### **3.4.3 Employee Input**

Today, the best management technique is „Participatory Management“. It increases the sense of ownership of the organization among employees. Employee input can be sought, and is helpful, for all stages or components of HR management. But their input regarding their own performance can be instrumental. Employees would be asked as how they would rate their performance against the laid down criteria and how they would like to be helped to improve performance.

### **3.4.4 Performance Evaluation**

A Competency Model which articulates the knowledge, skills, abilities and other characteristics deemed instrumental for achieving positive organizational outcomes will be developed. A list of core competencies may include: „Knowledge“ of GAAP, GAAS, and Rules and Regulations governing the Auditee organizations, „Skills“ like persuasive communication, team-work and adaptability to change, and „Abilities“ like business acumen, command over written expression and critical thinking. Performance will be evaluated by gauging the effect of these competencies towards the achievement of targets finalized in the Planning Stage.

Finally, performance would not be evaluated only on the opinion of the Reporting and Countersigning officers, but other factors would also to be taken into consideration. These may include: the number of paras being upheld by the PAC, the number of paras agreed to by the

auditee resulting in the remedial action by the auditee; opinion of the auditee regarding professionalism of the auditor as well as his work ethics. These combined with the Periodic Feedback given to the auditor by the Director will result in a wholesome performance evaluation having the following tentative Weightage for all factors: 50 % of performance evaluation should consist of his quantifiable performance against key performance indicators/deliverables set for the employee annually and the rest 50 % should include 10 % peer rating, 10 % subordinate rating and 30 % reporting officer/countersigning officer rating.

### **3.4.5 Performance Review**

It is basically a recap of what has already transpired during the Evaluation Period. Managers would discuss with the employees the salient features of their Performance Evaluation Reports, give their (positive) input, and seek the employees' suggestions as to how their performance can be improved on certain parameters.

## **3.5 Compensation / Reward Management and Welfare**

There is not much room for maneuver regarding „Compensation“ (Salaries) as it is determined by the pay scale of the employee, in the DAGP, as in any other government organization in our country. But this limitation will be compensated for by devising a dynamic, fair, equitable and consistent Reward Management strategy.

### **3.5.1 Performance Based Reward System**

A certain amount of budget is currently being allocated by the DAGP for award of Honoraria each year to high performing officers / officials. But it is common knowledge that these cash awards are seen more as financial assistance to hard pressed employees than as a means to reward outstanding professional performance. The emphasis, therefore, is on being equal rather than equitable. To incentivize hard work and excellence, a new flexible reward system would be put in place. This system would include periodic rewards and rewards at the end of audit activity strictly based on performance evaluation (discussed above) gauged against a carefully devised Competency Model encompassing the core competencies.

The amount of budget allocated for cash awards will be given a gradual upward revision. For that purpose, the DAGP would take up the case of retaining a share of the recoveries effected as a result of Audit Reports with the government. Rupees 98.3 billion recovered during FY 2015-16 against the DAGP's annual expenditure of Rs 3.8 billion makes our department one of the most efficient departments of the country. Concerned quarters in the government would be

persuaded/convincing to allocate a reasonable share of annual audit recovery for Performance based reward system to the employees. This incentive would enhance performance and help retain quality human resource.

### **3.5.2 Headquarters' Allowance**

Important policy making, strategy formulating and ground work for major reforms is done at the headquarters and these tasks require quality human resource. However, retaining officers and staff at the headquarters is a serious human resource challenge. To offer incentives to the employees serving at the headquarters, an allowance/ compensation/ incentive system would be introduced.

### **3.5.3 Pay Enhancement**

The system of basic pay scales was introduced to streamline the pay/compensation system and eliminate inequalities in pay packages. This system has failed because; first, it does not provide any reward for hard work and; second, different offices/department/authorities have received major pay enhancements, leaving out the rest. The case of enhancement of Audit & Accounts (A&A) Allowance is already in process for enhancement from current 20%. The same will be actively pursued to bring the pay package of DAGP employees at par with the employees of other services/ departments/ offices.

### **3.5.4 Housing/Accommodation**

Housing in major cities, is a major irritant for employees. Although DAGP has its quota of houses allocated in Lahore and Quetta, DAGP employees in Islamabad, Peshawar and Karachi face the housing problem. Initiative would be taken to get DAGP specified colonies/quota of houses in these cities also to boost the morale of the officers. Similarly, Mess/Club system will be established, in line with the system in Defense Forces, to accommodate bachelor/forced bachelor officers at major cities. This would be developed into becoming a hub of socialization and sports activities for DAGP Officers.

### **3.5.5 Education and Health**

Public sector education system is fast losing its utility in the country and schooling is a major drain on budget of the employees in major cities, especially. In line with the schemes in Foreign Office or Workers Welfare Fund (WWF), DAGP would develop partnership/incentive scheme with different school systems for child education of its employees at subsidized rates in

major cities. Moreover, transport facility, for and from school, for the employees' children will also be offered to save precious time, energies and petrol cost. Similarly, public health institutions are overburdened and employees have to overstretch to get quality health facilities from private hospitals. In line with the existing system in Pakistan Military Accounts Department (PMAD), a partnership will be developed with the chain of military hospitals for the purpose. Such welfare measures would boost the morale of the human resource and improve the quality of work they produce.

To increase productivity and effectiveness as well as to boost morale and motivation of staff and officers in the department, a proposal for constituting a fund for the "Performance Compensation" and "welfare activities of officers/staff" to be funded through a fraction of actually affected and verified recoveries at the instance of audit annually is being formulated. A strict and professional performance evaluation criterion is being devised to gauge the performance of the employees before recommendation for the performance compensation. This incentive will go a long way in improving the performance of the department, enhancing effectiveness of audit to further improve financial discipline, accountability, transparency and good governance.

### **3.5.6 Transport**

Transport has been key issue for the audit parties travelling out station and though a seemingly small issue, it has affected the quality of audit reports. The audit party that is dependent on the auditee organization for transportation, feels obliged to close their eye where needed. Official transportation facility will be provided to the audit teams in all cases.

### **3.6 Career Development**

The career paths of government functionaries are laid out with a fair amount of clarity about what to expect and when. Stuck in the quagmire of time scale promotions, a government organization cannot offer a development in the career through speedy performance based promotions. But the DAGP will develop other motivation systems. Officers/officials with high performance ratings will be considered for foreign audit assignments and foreign postings. There are certain other maneuvers which will be adopted to at least give the employees the feeling of career development and growth. One such maneuver is referred to as Cross-training. In a number of successful organizations all over the world, many workers and supervisors find themselves cross-training each other. Also, the Pakistan Audit and Accounts Academy, National Academy

for Public Finance and Accountancy (when developed) and other training facilities like the Performance Audit Wing will be allowed to benefit from the experience and skill of such institutional assets, instead of focusing solely on extravagantly paid consultants and guest speakers.

### **3.6.1 Career Development & Rotation of Inter Departmental Cadre (IDC)**

The officers of IDC, being the middle and top management cadre officers, would be developed and groomed in a manner to develop managerial and leadership skills, professional knowledge and etiquettes, ability to take decisions and initiatives and exposure and vision to provide leadership to the department inside the country and abroad. A continuous system of remodeling/reviewing Specialized Training Programme (STP) would be designed keeping in mind these aspects. Training helps in developing a personality but grooming and tradition during office working has no parallel in this regard. The officers, who are supposed to behave like officers, should be treated like officers at first.

Based on the service profiling, the career paths will be defined on merit with little left to discretion. As per service profile, an IDC officer will be posted at posts in different departments i.e. Military Accounts, Works Accounts/Audit, Railways, Civil Accounts/Audit etc and between Audit and Accounts posts to provide multiple skills exposure. Maximum tenure for an IDC officer to remain posted on a post would be three years, after which he would be rotated to another branch or between Audit side and Accounts as per service profile and career progression requirement.

**(a) BS 17-18 (10-12 Years of service)**

<b>Assignment</b>	<b>Duration</b>	<b>Status</b>
CTP, STP & On Job Training	02 Years	Mandatory
Field Audit Offices (FAOs)	02 Years	Mandatory
Field Accounts Offices (CGA Organizations)	02 Years	Mandatory

**(b) MCMC & BS-19**

The officers, after qualifying MCMC would be profiled according to their score in MCMC, wherein officers getting 75% grading and above will be given preference over the rest. Officers would be sent on foreign audit assignments only after qualifying MCMC. The rotation policy among military/civil accounting offices,

audit offices and headquarters would continue. The officers would be given mandatory international exposure/exposure outside department (at least one deputation) before they complete their tenure in BS-19. Officers, at this level, will be encouraged to have experience at provincial secretariats to enrich the department in vision, exposure and expertise.

**(c) SMC & BS-20**

The officers, after qualifying SMC would be profiled according to their score in SMC with officers getting 75% grading and above forming the core brand of officers to be promoted/ marketed at all possible forums. At this level officers would be encouraged to opt for horizontal mobility outside department, especially in Economic Affairs Division (EAD), Finance Division, Prime Minister's Office, Military Finance and Ministry of Defense, Cabinet Division, Ministry of Interior and Public Sector.

Enterprises/(PSEs)/Programmes/Commissions/Trusts/Regulators/ Foundations.

This would give critical edge to the department in expanding its influence and presence, hence proving its utility and improving its stature.

**(d) NMC/NDU and BS-21 & Beyond**

Qualification of NMC/NDU marks the top stage of a bureaucrat's career. PA&AS officers, completing NMC/NDU with flying colors, are the most prized asset of the department. As the efforts are already under way, the posts of the heads of larger field audit and accounts offices would be upgraded from BS-20 to BS-21. Officers in BS-21 will be encouraged/ supported in getting dynamic assignments inside and outside the departments because these officers are true ambassadors of DAGP and would market the department across the civil service.

### **3.6.2 Career Development of Departmental Cadre (DC) and job rotation**

Departmental Cadre forms the vast majority of human resource the department has at its disposal. Their career progression and job satisfaction is the key to the overall performance of the department. To provide adequate experience and exposure to the Departmental Cadre Officials who remain posted in same department, their career planning would be framed so that

no officer or official remains posted in one section for more than three years at a stretch and is rotated between different sections.

**(a) Junior Auditors (BS-11)/ Senior Auditors (BS-16)**

Having been recruited in BS-11 & BS-16, these officials are the real support staff at Audit offices. They will be retained in sections for longer duration of time because they, along with AAOs, are the guardians of institutional memory. They would be trained and groomed in a manner to develop expertise in the relevant field of knowledge and their rotation to other section would be done keeping in mind this aspect. Senior Auditors, with a minimum qualification of BSC/B.Com, have the potential to be developed into expert auditors. The senior auditors will be encouraged to acquire professional qualification of PIPFA.

**(b) Assistant Audit Officers (AAOs) BS-17**

Assistant Audit Officers have reasonable knowledge and experience, under their belt, to produce good output and assist the middle and senior management in different assignments, along with being the keepers of institutional memory. Their retention in section would be for a longer period of time to develop professional expertise and historical knowledge. The rotation among different sections/offices is also beneficial to enrich their experience.

**(c) Audit Officers (AOs)**

Audit Officers mark the highest point of the departmental cadre and they are supposed to possess sufficient knowledge, expertise and experience to lead a section or an audit party. They would be given opportunity for horizontal mobility, preferably within department, to widen their exposure and vision and would be given opportunities for value addition/capacity building to prepare them for induction into IDC Cadre. They carry valuable knowledge of the field offices and add value to the IDC.

## HUMAN RESOURCE DEVELOPMENT

### 4.1 Essential Components of Human Resource Development

Three essential components of Human Resource Development are:

- (a) **Personnel Development.** This includes the development of new knowledge, skills, and/or behaviors that result in performance enhancement and improvement related to one's current job.
- (b) **Professional Development.** This targets development of skills and competencies needed for future jobs. That is a risk every vibrant HRD strategy should be willing to take: losing your organization's workforce to other employers (in this case, the private sector). The department would target to equip its auditors with a skill-set which many commercial auditing firms would be willing to acquire.
- (c) **Organizational Development.** An organization is seen to be effectively developing if it can adapt to the changing demands and environment; if it can identify problems before they tend to emerge; and if it has processes and systems in place to pre-empt those problems. DAGP's HRD&M Strategy would have the ability to respond to changes in the structure of governmental organizations (auditees), demands arising out of Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS), as well as changes made by the government to the service structure of government employees (auditors).

### 4.2 Training/Capacity Building

Proper capacity building of fresh intake in managerial cadre is critical to maintain the PA&AS officers' professional competence for sustaining the reform process.

Currently, Civil Services Academy (CSA) and Pakistan Audit and Accounts Academy (PA&AA) are the key institutions that impart pre-service basic training to the officers joining PA&AS through competitive exams. The future plans include establishing National Academy for Public Finance and Accountancy (NAPFA) at Islamabad to enhance capacity of our own officers and other clients in areas that are required for taking forward the reform process. NAPFA would be a centre of excellence in the region imparting quality capacity developing trainings and conducting quality research and development in the relevant fields. It would provide a higher



forum to train all stakeholders in concepts and practices that are needed to sustain the Public Financial Management reform process.

#### **4.2.1 Critical Training Needs**

In line with above objectives and in the light of response from the field, the critical areas of training are listed as under:

- (a) Auditing**
  - FAM and related sectoral guidelines
  - ISSAI's
  - Quality Management Framework
  - CAATs including ACL
  - AMIS
  - System-based/risk-based audit
  - Certification Audit
  - CISA
- (b) Accounting**
  - Manual is developed under NAM
  - SAP HR & FI
- (c) Computer Basic Training**
  - Data entry
  - Spread Sheet
  - Computer Science
  - System security
- (d) Internal Audit and Internal Control/Budgeting**
  - CF&AOs training in internal Auditing and Controls.
  - Budgeting Techniques
- (e) Emerging Areas for Audit**
  - Energy Management Systems
  - Food Safety Management Systems
  - Information Security Management Systems
  - Disaster Risk Reduction & Climate Change Management Systems
  - Public and Occupational Health and Safety Management Systems
  - Quality Management Systems
  - Social Safety Nets

- Forensic Audit, Mega Projects Audit, Debt Management audit
- Performance audit of Development Expenditure
- Audit of Privatizations
- Environment Audit

The above trainings are required at all levels (particularly above B-16 up to B-19) in PAD, CGA, Federal, Provincial and District Finance Departments, Executive Departments and Departmentalized Accounts.

#### **4.2.2 Inter Departmental Cadre**

Training and capacity building of IDC is vital to the performance and development of the department because this cadre forms the middle and top management of Government Audit and Accounts Departments.

##### **(a) Specialized Training Programme & on job training**

Proper capacity building of fresh intake in managerial cadre is critical to maintain the PA&AS officers' professional competence for sustaining the reform process. Currently, Civil Services Academy (CSA) and Pakistan Audit and Accounts Academy (PA&AA) are the key institutions that impart pre-service basic training to the officers joining the PA&AS through the competitive exams. With the launching of reforms under PIFRA, it became essential to update, revise and professionalize the probationers' syllabus to align it with future needs. In post-PIFRA scenario, the probationers' Specialized Training Programme (STP) has been remodeled in line with the future vision of DAGP and fast changing public financial management and audit paradigm. A high level committee was formed by the office of the Auditor General of Pakistan. The committee reframed STP syllabi which was, after approval from the competent authority, shared with FPSC for endorsement and is now the syllabi in vogue. Taking the futuristic course, STP Programme would be developed in collaboration with some university/examination body to make it a degree awarding programme in combination with certain length of on-job training. The STP for the DC Officers inducted into IDC, is in the process of being designed. However, given the dynamic nature of the field of audit, the process of remodeling the STP programme will be a continuous one in the times to come. PIPFA is also offering

fellow membership to IDC officers who successfully qualify the FPOE examination.

**(b) Local/Foreign Training/Degrees**

The capacity development of PA&AS officers during the last few years was primarily driven by PIFRA. Initially under PIFRA, a good number of officers were trained in basic computer courses and local and foreign degree programmes such as Masters in Accounting, Finance and Computer Sciences etc. These were meant to develop the basic educational qualifications relevant to our latest professional obligations. In the post PIFRA scenario, DAGP Strategic Plan gives a clear vision for the future ahead and would be the key to any capacity building exercise. Its goals and objectives are based on the Comprehensive Needs Assessment carried out by the department. The Plan envisages a capacity building approach keeping in view the present professional challenges in the field of audit, growing demand for the transparency, accountability and audit, new regime of complex public financial management requirements and emerging fields of audit. DAGP Training Policy will be revised to facilitate local/foreign short/long term trainings/degrees.

**(c) Foreign Attachments/Exposure**

Foreign attachments and exposure are as good a tool of capacity development, as foreign degrees or trainings are. As envisaged in DAGP Strategic Plan 2015-19, partnerships with SAIs around the world would be developed to facilitate officers' attachments/international audit assignments on reciprocal basis. DAGP has taken initiative to engage with development partners/donors such as USAID, World Bank, JICA and ADB to pursue assistance in different areas to meet this objective. Brief progress is highlighted below:

- a) Recently USAID showed interest to support DAGP in capacity building of its human resource with a USD \$ 2 million portfolio under Technical Assistance "Training for Pakistan" with EAD assistance. Approximately, 307 officers of DAGP and CGA would benefit from these training facilities which will be conducted locally as well as at foreign premier institutions. Major training programs include:

- GAO Fellowship Program
- Certified Information System Auditors (CISA)
- Certified Fraud Examiner (CFE)
- Certified Information Security Management (CISM)
- PFM Reforms: Strategies and Implementation
- Risk Based Auditing
- Environmental Auditing
- Training for Trainers (ToT)
- Forensic Audit and Investigation- CIPFA International Certificate in Economic Crime Management
- ACL Certified Data Analyst (ACDA)
- Occupational Health and Safety Management System (OHSMS) 180001:2007 Lead Auditors
- Best Practice Financial Management System IPSAS and IFRS.

b) In addition World Bank has also conceived a Public Financial Management (PFM) reforms program, and has shown its interest to allocate USD \$20 million for strengthening the Accountability process in Pakistan. DAGP is a major stakeholder in this component.

c) Dialogue with JICA has also progressed over time which primarily focuses on Institutional Development of DAGP for upgrading the existing PAAA training facilities has been approved. This opens the doors of financial and technical assistance for institutional development of DAGP through JICA.

d) Asian Development Bank has also shown interest to expand the scope of its technical assistance (TA-8697) programme to assist DAGP in developing the Audit Methodology including Audit Manual for Foreign Funded Projects.

By virtue of these efforts SAI Pakistan focuses on imparting training in emerging areas such as Special Sectors Audits, Public Private Partnership and Performance Evaluation of Privatization, Energy Distribution, Gender Audit, IT/IS/E- Governance, Environment, Forensic, Debt Management, Project Audit, HR Audit and Youth Loans etc. It has also been planned to develop “Sector Audit Experts” which will be lead Audit Managers in respective areas.

(d) **MCMC/SMC/NMC**

These courses fall under the purview of NSPP/NDU, however DAGP/PAAA/NAPFA would discuss the course contents/methodology with NSPP and will preferably play a bigger role in syllabi designing of these trainings to enhance the course content related to Public Financial Management, Audit and other related fields.

#### **4.2.3 Departmental Cadre**

For the Departmental Cadre posted at the Field Audit Offices, training in areas other than Financial Audit (like Performance Audit, Certification Audit and Forensic Audit) should take priority for two reasons. One is that currently there is a disproportionately high importance attached to Financial Audit. In fact, in many cases, the health of the Audit conducted is measured solely against the amount of „Recoveries“ effected at the instance of Audit. Secondly, all over the world nowadays, more emphasis is laid upon Performance Audit. To revitalize the skills of the officers/officials intensive training programs are to be conducted by PAAA besides revising the syllabus of PIFRA to make it more skill oriented and linking promotion to AO/AAO to passing of PIFPA exam.

(a) **PIPFA**

PIPFA has been introduced by DAGP, replacing ages old Senior Auditors“ promotion examination, to align the programme with international standards, harmonize it with local needs and offer the incentive of recognized certification as a result of qualification. The PIPFA curriculum has been recently revised to build reform-related capacity of frontline Accountants and Assistant Audit Officers. The introduction of subjects like FAM, NAM, Performance measurement and IT would enhance the capacity of the department as a whole to handle the reformed procedures and processes in the long run.

(b) **Local/Foreign Trainings/Certifications**

Departmental Cadre officers/officials are also encouraged to opt for local/foreign trainings/certifications to enhance their knowledge base and professional expertise. This trend would be promoted further through more incentive schemes with regard to emerging areas of audit.

#### **4.2.4 Incentive Schemes for Certifications**

DAGP has already initiated incentive schemes for officers/officials who qualify ICMAP, CIMA UK, CMA Canada, CIA USA and CISA USA. Employees who successfully qualify these certifications are reimbursed the registration/membership fee, training material cost and the examination charges. Similar initiatives are under process for emerging qualifications/certifications in emerging key areas of audit like, Certified Fraud Examiner. DAGP has also signed a MOU with Institute of Chartered Accountant of Pakistan (ICAP) to extend facility of attachment of trainees mutually.

#### **4.3 Transforming PAAA into a State of the Art Training Facility**

The DAGP has a network of the Training campuses under PAAA to design and deliver in-house training of the officials. These are active in training officials in the use of NAM, FAM, CAATs, ACL to respond to the concern that the development of the audit manuals and guidelines has not made desired impact on the audit reports. Further, training interventions have been revamped to respond to the emerging requirement of Auditing. These are further upgraded as centres for preparing officials to take CISA exams.

The PAAA facility is not only being upgraded in its academic strength but also the infrastructure is being upgraded to transform it into a state of the art training facility. Further steps would be taken for its elevation to set up NIPFA as a centre of excellence to train the government officials including those of the AGP in the public finance and the accountancy. This is part of a broader national training strategy to establish specialist training facilities in the country.

### **CONCLUSION**

By implementing the comprehensive HR strategy, the DAGP expects not only to fulfill the objectives of the Strategic Plan 2015-19 by enhancing the HR capacity to produce quality output, but it would go a long way in revitalizing the Organizational culture and boosting the employees' morale.