



ALGA

Association of Local Government Auditors

Guide to Selecting a Chief Audit Executive

ALGA's Mission

ALGA empowers our local government auditing community through excellence in advocacy, education, communication, and collaboration to protect and enhance the public good while embracing diversity, equity, and inclusiveness.

To find out more about establishing an effective performance audit function, contact us:

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This guide provides organizations hiring a chief audit executive with advice on identifying the best leader for the position.

What is Performance Auditing?

Your chief audit executive will be responsible for implementing a performance audit function that effectively assesses how well government programs are operating. Performance auditing is a powerful and widely accepted tool for independently evaluating a broad range of government activities, including to what extent government activities are:

- **Effective** – achieving objectives and accomplishing results.
- **Efficient** – maximizing outputs in relation to inputs (for example, productivity, cost per unit, and so on).
- **Economical** – minimizing costs and needed resources, including staffing, to align with program goals.
- **Equitable** – being fair and impartial in providing services and applying regulations.
- **Compliant** – adhering to established laws, contract terms, and policies and procedures.
- **Ethical** – exercising integrity in using public resources to achieve public benefits.
- **Using reliable data** – maintaining and reporting accurate and complete information.

What should you look for in a Chief Audit Executive?

Performance audits can cover myriad government operations. For example: street maintenance, compliance with election laws, criminal rehabilitation programs, governance, and school effectiveness. Effective chief auditor executives are able to support their staff in applying fundamental principles of good management as they analyze various scenarios. Note: A successful chief audit executive does not need to be a certified public accountant!

In addition, they should select a staff who have a range of technical backgrounds, strong curiosity, and enthusiasm for continuous learning. Some audit functions supplement their work with technical consultants; however, a performance audit office does not require subject-matter expertise in every area it audits.

The following lists summarize key executive qualifications, personal characteristics, and technical qualifications that should be expected from or developed by a performance audit function. Most of these should be found in the chief audit executive, but they can also be supplemented by the combined abilities of the performance audit staff.

Executive Qualifications and Personal Characteristics

- **Integrity** – has a reputation for honesty, credibility, and ethics beyond reproach.
- **Manager** – effectively directs an audit function and staff.
- **Strategic Planner** – sets and maintains an effective organizational vision and objectives.
- **Collegial** – builds consensus among diverse stakeholders.
- **Responsive** – can align audit efforts to further organizational needs.
- **Unbiased** – has a reputation for candid, fair statement of facts.
- **Diplomatic** – can handle delicate situations with tact and respect.
- **Motivator** – inspires positive change.
- **Critical Thinker** – can skillfully apply, analyze, and synthesize information.
- **Innovative** – approaches problems in new and different ways.

Technical Qualifications

- **Standards** – has proficiency in interpreting, applying, and coaching staff to conform with professional audit standards.
- **Governance** – understands of the principles of effective governance (for example: planning, oversight, and accountability reporting).
- **Analysis** – understands quantitative and qualitative analytical methods (for example: statistics, surveys, and modeling).
- **Performance Management** – understands performance measurement techniques and elements of performance (for example: input economy, process efficiency, and effectiveness of outputs and outcomes).
- **Communications** – effectively expresses ideas and concepts both orally and in written formats; is articulate, clear and concise; and can explain complex information in non-technical terms.
- **Project Management** – can apply the principles of project management, such as delivering projects on time and within resource constraints.
- **Research** – knows research techniques and a broad range of sources for audit criteria.
- **Information Systems** – understands general concepts of information systems and data management.

How can you ensure accountability of your Chief Audit Executive?

Make your expectations clear. ALGA resources can help! You can monitor an audit function's impact and performance by:

- Instituting [performance measures](#) — such as “percentage of audit recommendations addressed by management,” “percentage of auditor time on direct (audit) work,” or “audit client satisfaction with auditor professionalism.”
- Obtaining [peer reviews](#) in accordance with professional standards.
- Establishing an [audit committee](#) to ensure the audit function is empowered to report significant issues to appropriate oversight bodies.

ALGA provides various useful publications for public officials seeking to create a performance audit function.

Our [model legislation](#) provides example language for different organizational structures and lists qualifications for candidates.

Our [guidance on outsourcing](#) discusses the benefits and risks of outsourcing the audit function.