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# ***Office of Audit*** ***Communicating With Influence***

**Institute of Internal Auditing District 1 Training Academy  
(October 26, 2021)**



## Session Objectives

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**Overall objective:** To gain a better understanding of the importance of effective communication and the benefits that building positive rapport with auditees can have on the audit cycle and communication of audit results. Specifically, this training session will provide:

- **An Overview of Types of Communication.**
- **The Value of Organizational Awareness.**
- **A List of Valuable Templates and Checklists.**
- **Understanding yourself and Behavior Patterns.**
- **Tips for Improving Rapport and Communication.**
- **The Importance of Having a Message.**
- **Tips for Conducting Interviews with the Auditee.**
- **Tips for Preparing Written Documents.**



# Types of Communication

## Written

- Audit Leads
- Audit Plans
- Audit Reports
- Interviews (Record of Discussion)
- Briefings
- Data Reliability Assessment
- Testimony
- Engagement Letters
- Performance Appraisals
- Work Papers

## Oral

- Conference Calls
- E-mail
- Interviews with Auditee
- Presentations
- Briefings
- Performance Appraisals
- Testimony
- Video Conferences
- Walk-through



# The Value of Organizational Awareness

## **Some key behaviors of organizational awareness are:**

- Demonstrating an understanding of the organization's functions and responsibilities.
- Considering the organization's capabilities, mission, vision, values, and strategic goals and objectives in work efforts.
- Knowing capabilities, capacities, and constraints of the organization.
- Reviewing external information to learn about political and social issues that might affect the organization.
- Identifying individuals who have technical expertise.
- Knowing when and how to effectively escalate issues that warrant immediate attention.
- Keeping current on formal and informal reporting relationships.

# Templates and Checklists

## Ensure Consistency and Save Time

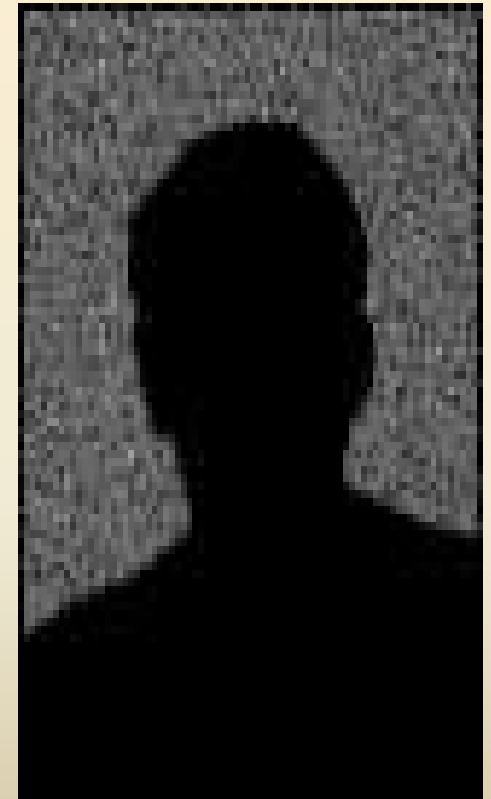


- Abstract of a Finding
- Audit Justifications
- Audit Memorandum
- Audit Plan
- Audit Report
- Competency Assessments
- Data Analysis Request
- Data Reliability Assessment
- Draft/Final Report Checklist
- Draft/Final Report Tracking Document
- Engagement Letter
- Follow-Up Audit Plan
- IG Briefing
- IG Testimony
- Integrity Project Closing Memorandum
- Internal Control Risk Matrix
- Outcome Measure Summary
- Referencing Guidelines Checklist
- Record of Interview
- Referral to Office of Investigation



## Understand Yourself

- Do I act as if I am right and everybody else is wrong?
- Do I come across as being indecisive?
- Do I take the time to understand the perspectives of others?
- Do I come across as having a hidden agenda?
- Do I willingly give credit to others in proportion to their contributions?
- Do others have a clear idea of my position on issues?
- Do I try to prove my point of view is right over and over?
- Do people see me as an extreme micromanager?
- Do I let others have equal time expressing their views?
- Do I support others by being open to their proposed approaches and ideas?





# Homework Tips for Improving Communication



## What to do when communicating with the auditee:

- Maintain professionalism.
- Emphasize ideas/suggestions are welcome.
- Focus on the issue/behavior and not the attendees.
- Make it a positive process and experience (use encouraging terms).
- Avoid surprises.
- Be prepared.
- Stay on track.
- Listen and suspend judgment.
- Minimize making assumptions.
- Push back “with kid gloves.” – Be professional and ask clarifying questions.
- Align priorities....know why you are there.
- Address the content of the discussion - not the tone.



## Homework Tips for Improving Rapport

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- Review functional business or strategic plans.
- Learn missions, objectives, and goals of auditable area.
- Become familiar with statistical information (which should compare functional operations to those of similar functions).
- Review internal operational reviews.
- Determine concerns of external stakeholders and management.
- Identify historical high-risk and known problem areas.







## Homework Tips for Improving Rapport

- Identify significant matters, such as past integrity problems, and implementation of new procedures.
- Study the management styles of people who direct and carry out programs and operations.
- Pinpoint key management and internal controls.
- Evaluate the reliability of the internal control structure.
- Determine need for including steps to identify fraud.
- Prepare a fully developed audit plan.





# Homework Tips for Improving Rapport

## **Throughout the audit:**

- Meet face-to-face.
- Develop issues and discuss briefing documents.
- Do not over-rely on email.

## **After every discussion with management:**

- Develop and issue a detailed summary document covering the items discussed, agreements reached, and any additional information that may be needed.

**Early in the audit**, discuss data analysis, sampling methodology, and how to **define exceptions**.

**Involve audit liaisons** during the review to facilitate cooperation and help you identify the right folks.

Offer internal and external status **briefings**.

- 25/50/75 percent status milestones. (Best Practice)



## Briefings

An act or instance of giving precise instructions or essential information.

- Oral.
- Written.

Main purposes are to Know What You are Talking About:

- Inform.
- Report.
- Instruct.
- Motivate, and Persuade.

Objectives must be accomplished.

Properly Prepare (Plan for a Beginning, Middle, and End).

Handouts and Attachments/Supplemental Documents.



## Delivery Skills

### STRENGTHS AND WEAKNESSES – ESPECIALLY REGARDING:

- Diction & Enunciation (Enunciate Clearly).
- Voice Inflection and Modulation.
- Rate of Speech, Use of Pauses & Overall Pace.
- Pitch (Vary Your Pitch & Rate for Emphasis – Don't Yell).
- Humor.
- Body Language.



# Interview Process

## Planning Phase:

- Prepare for the Interview.

## Interview Phase:

- Questioning Techniques.
- Conduct and Control the Interview.
- Handling Personalities and Situations.
- Note Taking.
- Close the Interview.

## Post-Interview Phase:

- Document and Analyze Results.





## Planning Phase

### Background (identify division, function, post-of-duty):

- Understand the process, risks, red flags.
- Develop fraud specific questions (where appropriate) when auditing an area with a high risk for fraud/waste/abuse.

### Define objectives and purpose of discussion.

### Determine:

- Who (Do you have a creditable or unbiased source)?
- What.
- When.
- Where.
- How (In-Person, Virtual, Conference Call).



## Interview Phase

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Questioning techniques (open/closed, probing, leading, reflecting, and controlling).

Conduct the interview:

- Introduction.
- Establish rapport.
- Be aware of body language.
- Listening.
- Plan transition to sensitive questions (i.e., Fraud Risks).

Handling various personalities and situations.

Close the interview.



## Post Interview Phase

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### Document and Analyze the Results:

- ▶ Were you able to answer your interview objective?
- ▶ Was the information reliable?
- ▶ What are the important details...the facts?
- ▶ What is the conclusion?







## Common Mistakes - Documenting the Interview

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### Writing up interviews is a skill:

1. Interview summary contains everything – (just list the relevant information that answers your interview objective.)
2. Obvious follow-up questions not asked or answers not challenged.
3. Conclusion not reached or does not make sense or not consistent with the facts.



## Transition to Reporting





# Transition to Reporting

**As you begin to organize the information for inclusion in the report, consider the following:**

- Why you did the audit (i.e., Answer the Overall Objective)?
- What was the audit expected to accomplish (i.e., Answer the audit Sub-Objectives)?
- What is the overall message, conclusion, or finding?
- What should be done to correct the issue?
- What background information on the subject do you need to understand the audit results?



## Transition to Reporting

- **What must we say?** What's the answer to the question posed by our objective – yes or no?
- **What can we say?** Do we have sufficient and appropriate evidence to support our findings? Does each finding have all the elements?
- **What should we say?** What's the significance of our findings? Have we tied our objective and findings into the goals / objectives of auditee as a whole, or the function / division we are auditing?
- **How can we say it?** What sequence / logic / tone of presentation will facilitate understanding of our message?
- **What is IRS' likely reaction?** If the auditee disagrees, what is our planned response?
- **What are the likely reactions** of stakeholders, esp. Congress?

# Transition to Reporting



## What Makes You Want to READ:

- Active voice.
- Brief.
- Accurate.

## What Makes For a Good HEADING:

- Grabs readers attention.
- Appeals to stakeholder interests.
- Prompts auditee to take action.



# Transition to Reporting

Develop the message and structure a clear and coherent narrative by considering which pattern best presents findings:

- Positive First.
- Larger to Smaller.
- Time or Chronological.
- Element Based/Cause-Effect.
- Comparison-Contrast.
- Classification.

# Examples of Audit Finding Headings



## **Effect and Cause Statements**

- *Billions of Dollars of Potential Employer Underreported Taxes Are Not Being Addressed Because Most Discrepancy Cases Are Not Worked*

## **Condition and Effect Statements**

- *Employees With Conduct and Federal Tax Compliance Issues Continued to Receive Awards*

## **Condition and Cause Statements**

- *Overall Criminal Investigation Case Initiations and Completions Are Declining Due to Resource Limitations, Though Focus on International Investigations Increased*

# Examples of Audit Finding Headings



## **Cause and Effect**

- *Processes Still Have Not Been Established to Prevent the Issuance of Earned Income Tax Credits to Individuals With Social Security Numbers That Are Not Valid for Work*
- *Internal Factors and External Challenges Hinder the Release of Vacant Space and Underutilized Workstations and Offices*

## **Criteria and Effect**

- *Controls Provide Reasonable Assurance That Assigned Investigative Equipment Is Returned When Employees Separate*



# Office of Audit Report Format Handbook



***Treasury Inspector General for  
Tax Administration***

***Format Handbook for  
Audit Report Packages***



# Office of Audit Report Format Handbook



## Discussion Draft Report

### TOC

	YES	NO
Does the first line of the title start two single-spaced lines down from the title page header?		
Has "Discussion Draft" been added to the Title Page? Are the words "Discussion Draft" centered under the title? (three single-spaced lines below the title.)		
Does the report title convey the overall message to Internal Revenue Service (IRS) management in a brief and concise manner?		
Is the report title free of acronyms, abbreviations, and "The Internal Revenue Service?" (All acronyms and abbreviations must be spelled out.)		
Are all the major words capitalized? Examples: All proper nouns, verbs, and beginning of sentences are capitalized. <b>Do not</b> capitalize the first letter of articles (a, an, the), coordinate conjunctions (and, but, or, for, yet, so), or short prepositions (to, of).		
Does the same title (including spelling and capitalization) appear on the header of every page of the report (including all but the first page of the transmittal) and on the subject line of the transmittal's first page?		



## Quality Assurance Trending Reports

**Trending reports of common issues are prepared for each business unit and provided to the applicable audit executive for review semiannually**

**Common issues tracked include:**

- Calculation mistake(s).
- Inconsistent number(s), calculation(s), percentage(s), or date(s) w/in report body itself or among report body, transmittal, and/or appendices.
- Incorrect prior report titles/information.
- Incorrect IRS Form names.
- Factual statement(s) in the highlights page were not supported by/inconsistent with information in report body.
- Recommendation issues (e.g., cause not addressed).



## Quality Assurance Trending Reports

**Trending reports of common issues are prepared for each business unit and provided to the applicable audit executive for review semiannually.**

### Common issues tracked include:

- Required element(s) missing from a finding(s).
- All required information for a sample is not stated and/or did not follow policy.
- Report did not adequately describe the scope of work on internal controls and/or did not follow policy.
- Report did not contain information on data reliability of computer-processed data and/or did not follow policy.
- An outcome measure(s) is not consistent with what's in the Outcome Measure Summary (e.g., type [actual v. potential], category, amount).
- Outcome(s) claimed in Appendix IV isn't supported/stated in body.



## Course Summary

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Your ability to communicate both verbally and non-verbally will have a direct impact on your ability to gather and discuss sufficient and appropriate evidence that supports audit report: results, conclusions, recommendations, and outcomes.

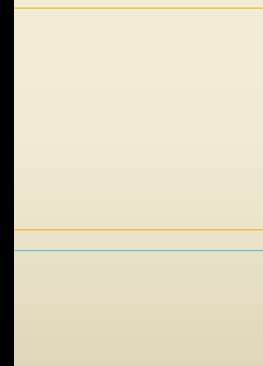
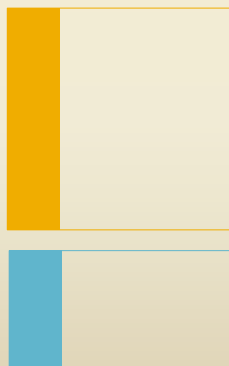
This course was designed to provide you with a variety of tools and techniques you can use to enhance your written and oral communication skills. By applying what you have learned and practiced, during this session, you will find that the quality of your communications skills will move forward from...

**Good to Great!!**

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# Questions



## Sources



- **Soft Skills to Improve Audit Results – Audit Relations** by Michael A. Breon and Randall F. Stellwag
- **Organizational awareness is more than knowing the agency organizational chart**, by Dee Hock and Karen Balen
- **Internal Revenue Service Senior Management Readiness Program “Understanding Yourself” – Peer Feedback Questions**
- **Questions for Tim Russert - Published February 2008 in TIME Magazine**
- **Internal Audit Soft Skills** by Michael Breon, CIA and Randall Stellwag, CIA



TIGTA

## Treasury Inspector General for Tax Administration

*Promoting integrity in the administration of internal revenue laws*

THANK YOU

### **Presenter Contact Information:**

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## Peer Feedback Questions<sup>1</sup>

Numbered below is a list of positive and negative leadership behaviors. Identify two questions you would absolutely like peer feedback on at the end of an agreed upon period.

1. Do I act as if I am right and everybody else is wrong?
2. Am I willing to share the spotlight with others?
3. Do I show mood swings that confuse others or are difficult to understand?
4. Do I encourage the group to include all group members when making decisions?
5. Do I come off as being indecisive?
6. Do I take the time to understand the perspective of others?
7. Do I express myself in terms of the failings of others?
8. Am I clear as to my position on a given issue?
9. Do others wonder if they can trust me because I keep doing odd or unconventional things at work?
10. Do I show I care about what others are saying?
11. Do people find it hard to “read” what I truly believe on a given issue?
12. Do I understand and respect others that support the status quo in how we do business?
13. Do I appear to have a hidden agenda?
14. Can I accept that things can go wrong and no one is to blame?
15. Do people see me as an extreme micro-manager?
16. Do I easily accept and consider ideas from others?
17. Do I tend to go along with the “loudest voice?”
18. Do I willingly give credit to others in proportion to their contributions?
19. Do I always see my unknowns or negatives that I express discomfort about when making almost any decision?
20. Do I acknowledge my role when things do not go as planned?
21. Do I suggest ignoring laws, rules, or regulations without really considering the consequences?
22. Do I support the group by being willing to conform to their proposed approach and style on a given issue?
23. Do I deal with differences of opinion in the group by expressing my true position in a timely and appropriate way?

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<sup>1</sup> Source: Internal Revenue Senior Manager Readiness Program.

24. Is my focus almost exclusively on getting the small details right?
25. Am I patient when dealing with others?
26. Do I try to prove my point of view is right over and over?
27. Do I let others have equal time expressing their views?
28. Am I emotionally up and down when discussing issues?
29. Do I make decisions about the time the rest of the group members are also ready to decide?
30. Do I come off as genuine when expressing emotions such as appreciation, disappointment, etc.?
31. Do I get visibly upset or frustrated with people who refuse to "break" the rules?
32. Do I remain objective in considering the viewpoints of others?
33. Do I resist conformity at any cost?
34. Do I make clear my understanding of what I have heard from others?
35. Do I say one thing in meetings, and then another when having a private conversation?
36. Do I take the time to see the impact of our actions on overall goal accomplishment?
37. Do I express discomfort with dissension in a group setting?
38. Am I consistent in the mood I bring to discussions of issues?
39. Do I tend to agree with some aspect of whatever opinion is offered, no matter how opposing those opinions may be?
40. Do others have a clear idea of my position on a given issue?