

Common Audit Findings & How To Address Them



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Meet the Presenters



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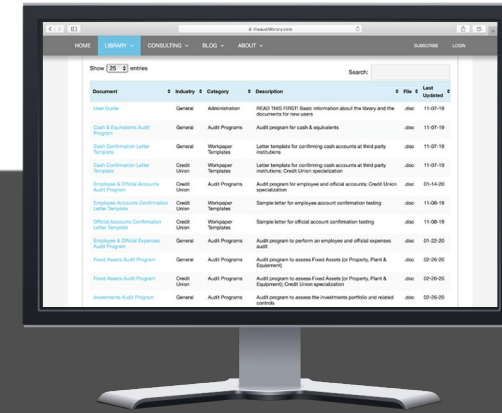
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What is the Audit Library?

Subscribers have access to a growing library of audit programs & workpapers, planning & budgeting tools, quality assurance, and more!

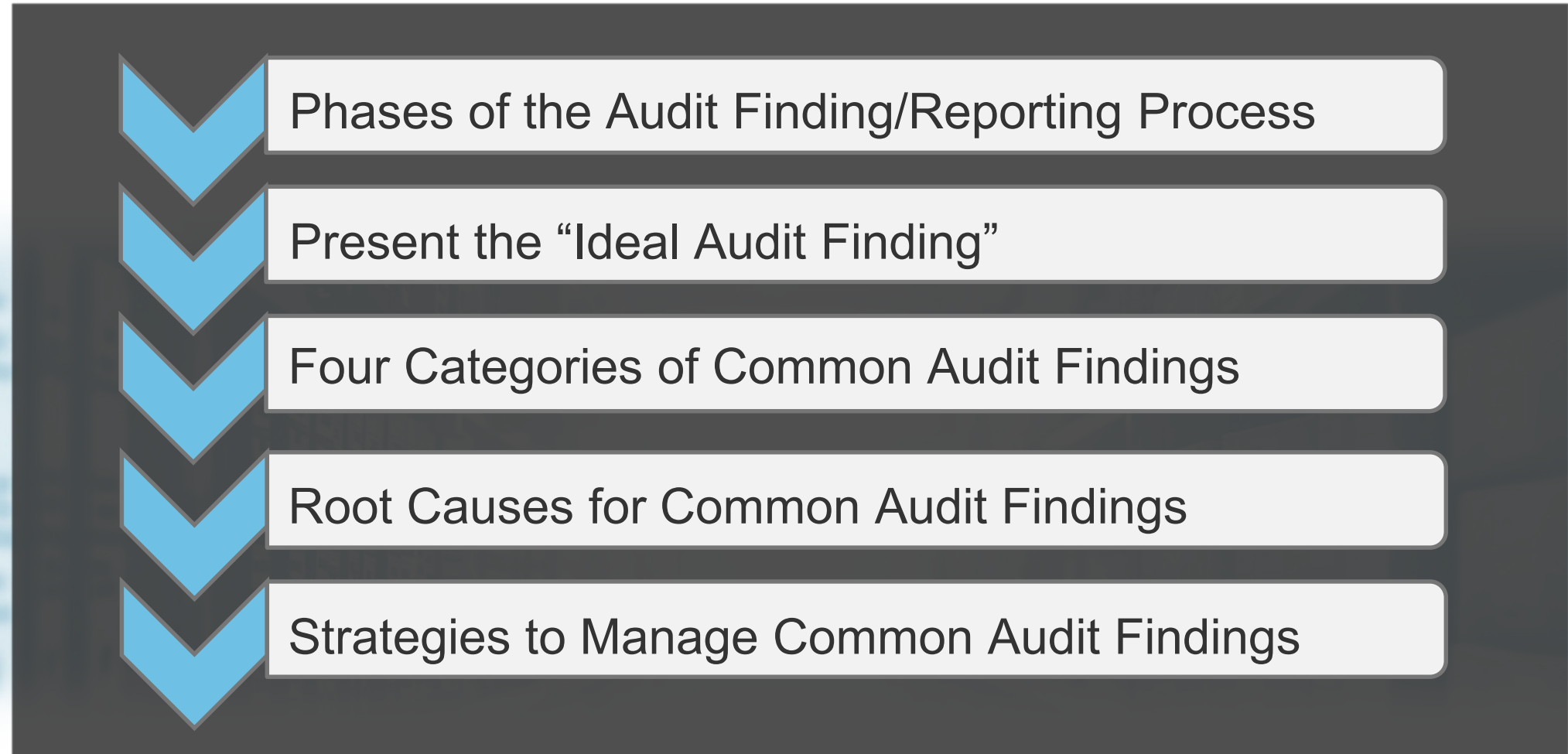
Credit Union Assurance Consulting: Quality Assurance Reviews *and more!*



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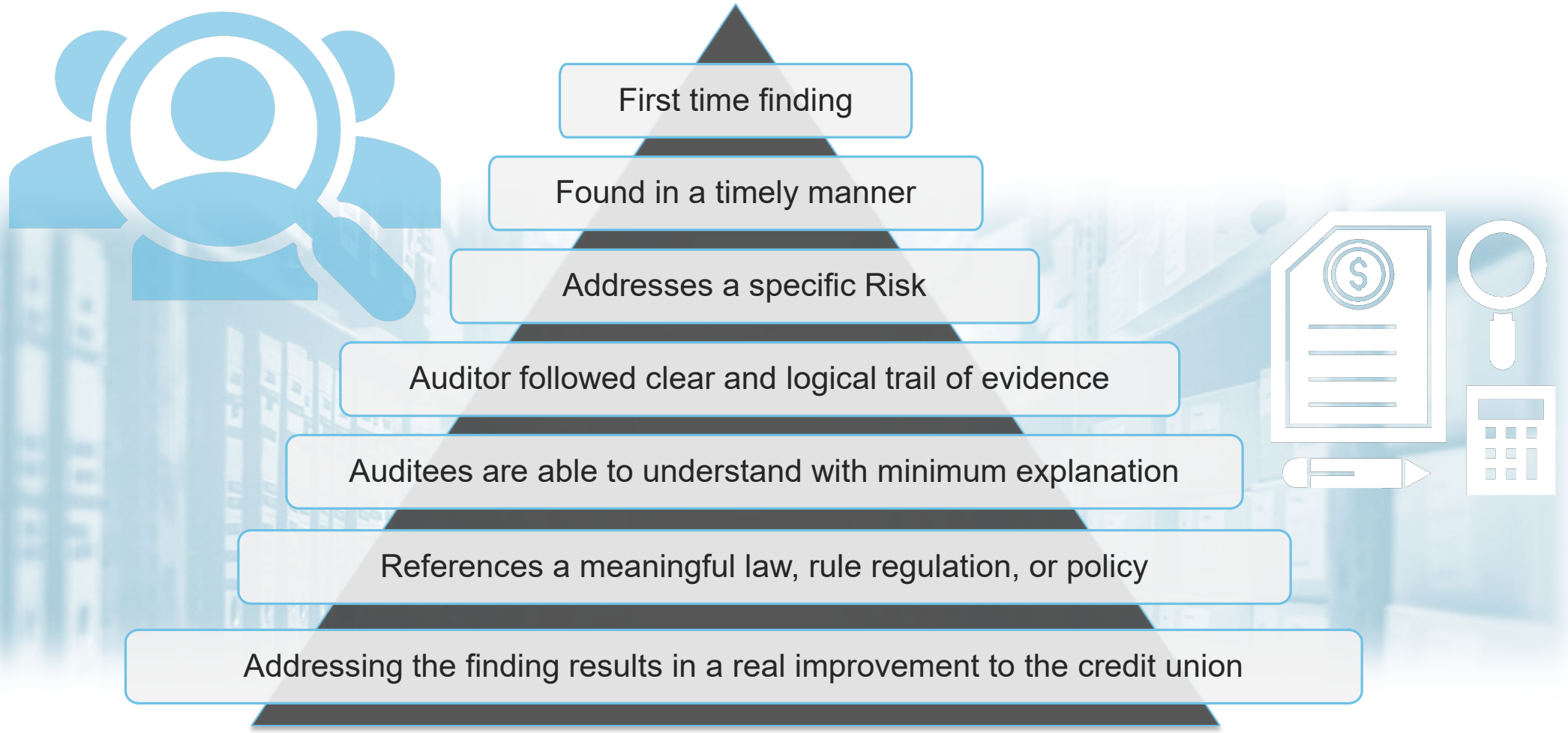
Agenda



Audit Reporting Phases



The Ideal Audit Finding



Category 1: The Zombie Finding

You discover an issue during audit fieldwork

Issue reported and accepted by management

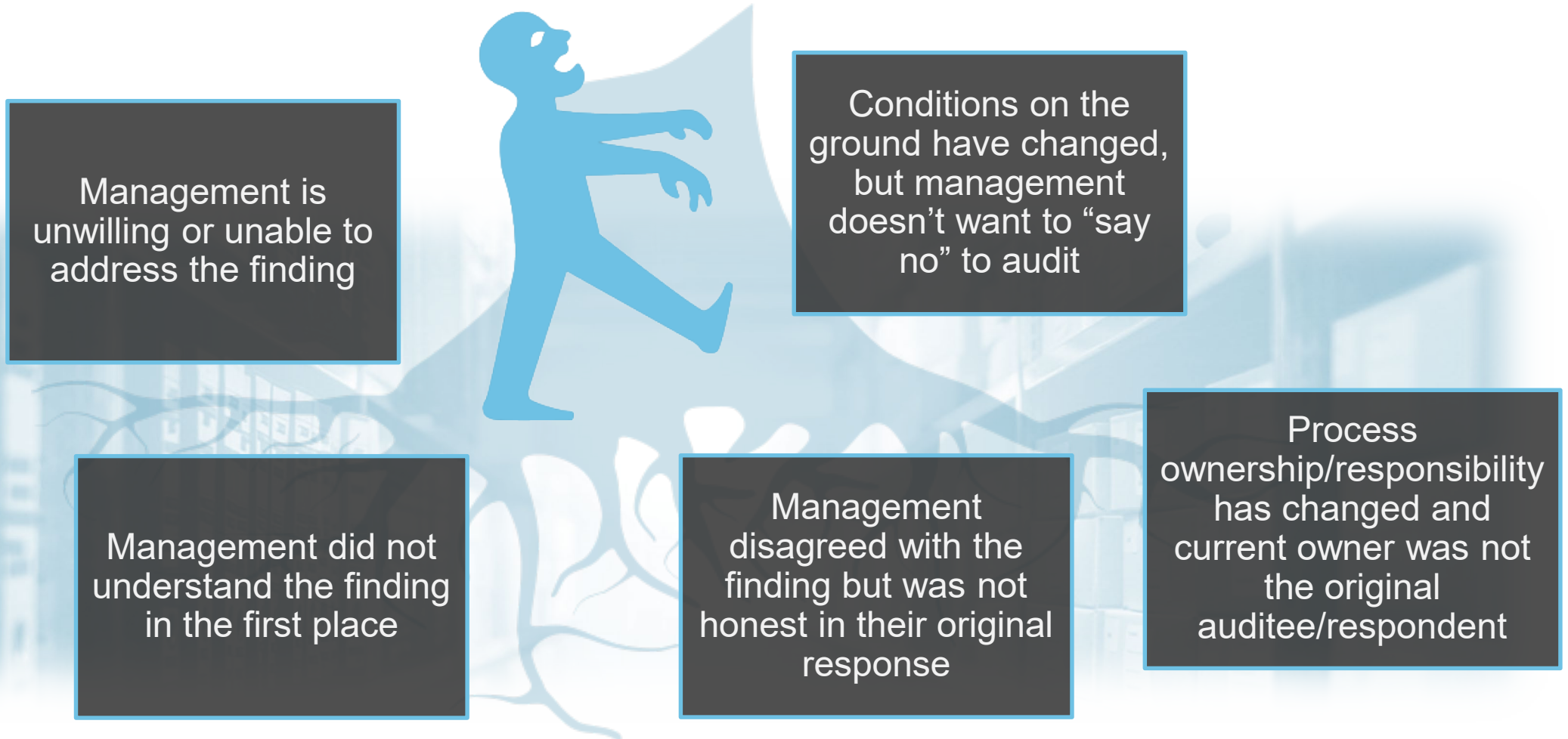
Quarterly follow-up: Management has not completed the action plan

No change the quarter after

...and so on



Root Causes: The Zombie Finding



Best Practices: The Zombie Finding

Act! Once an issue has carried forward past the original expected completion date, it has the potential to become a Zombie Finding!

Schedule a one on one meeting with the finding owner:

Do they still agree with the finding?

Has the action plan changed?

Get on the same page! Neither of you wants to deal with a Zombie Finding!

Involve the Supervisory Committee if absolutely necessary... BUT, be prepared to tell the long history of the zombie finding!

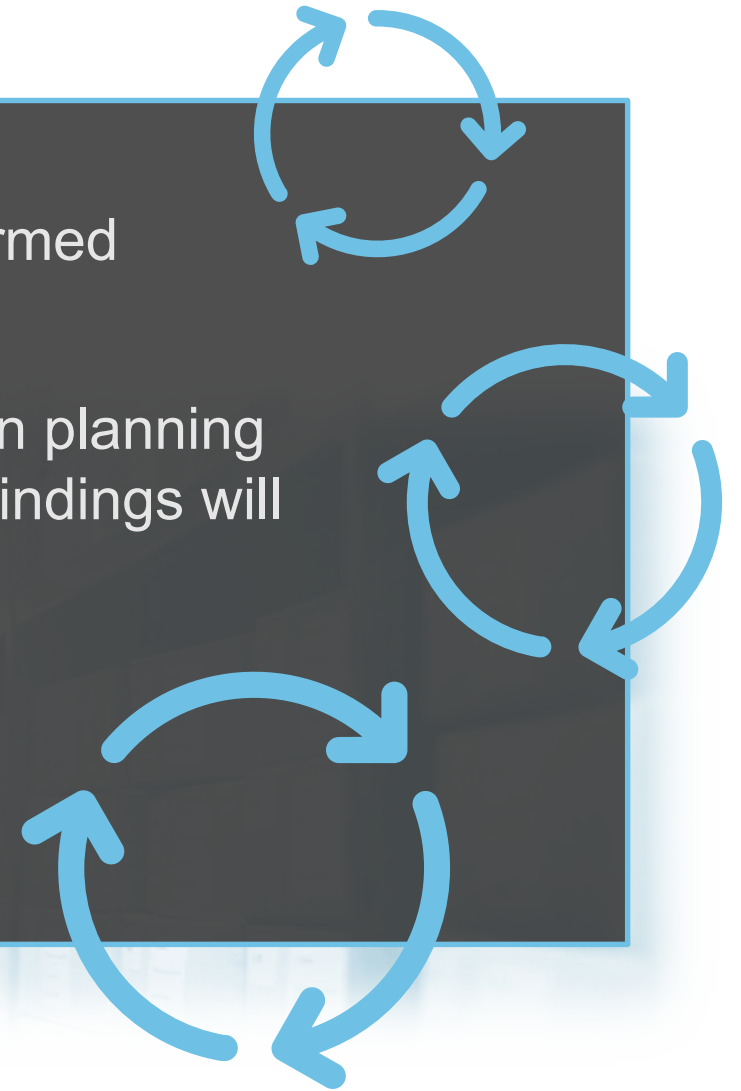
Category 2: The Repeat Finding

Common on branch audits and audits that are performed routinely rather than prioritized based on risk

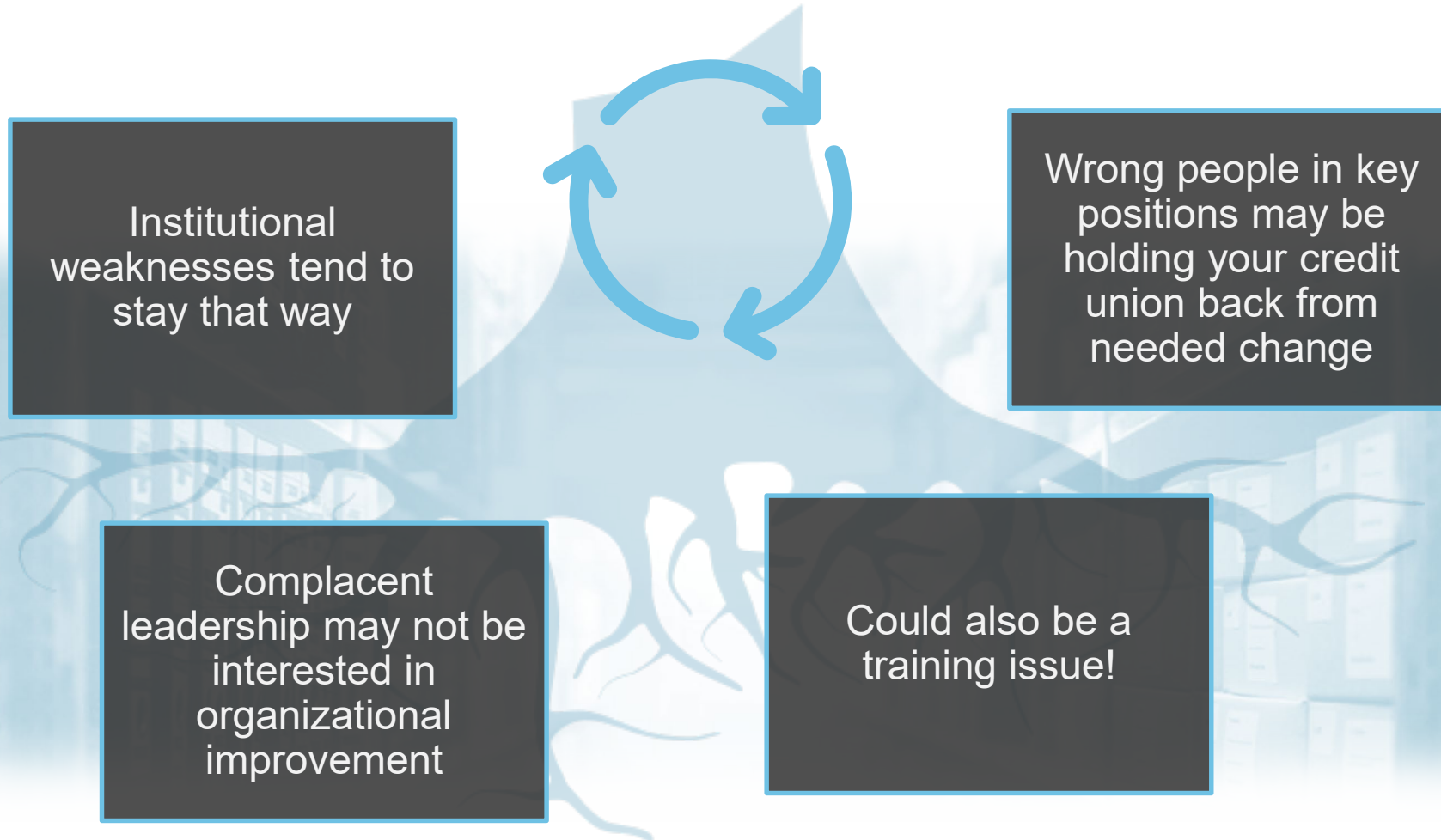
Reviewing the prior audit report should be included in planning and preliminary work for each audit, and prior audit findings will rise to the top of your watch list

Similar to a Zombie finding, but way more boring

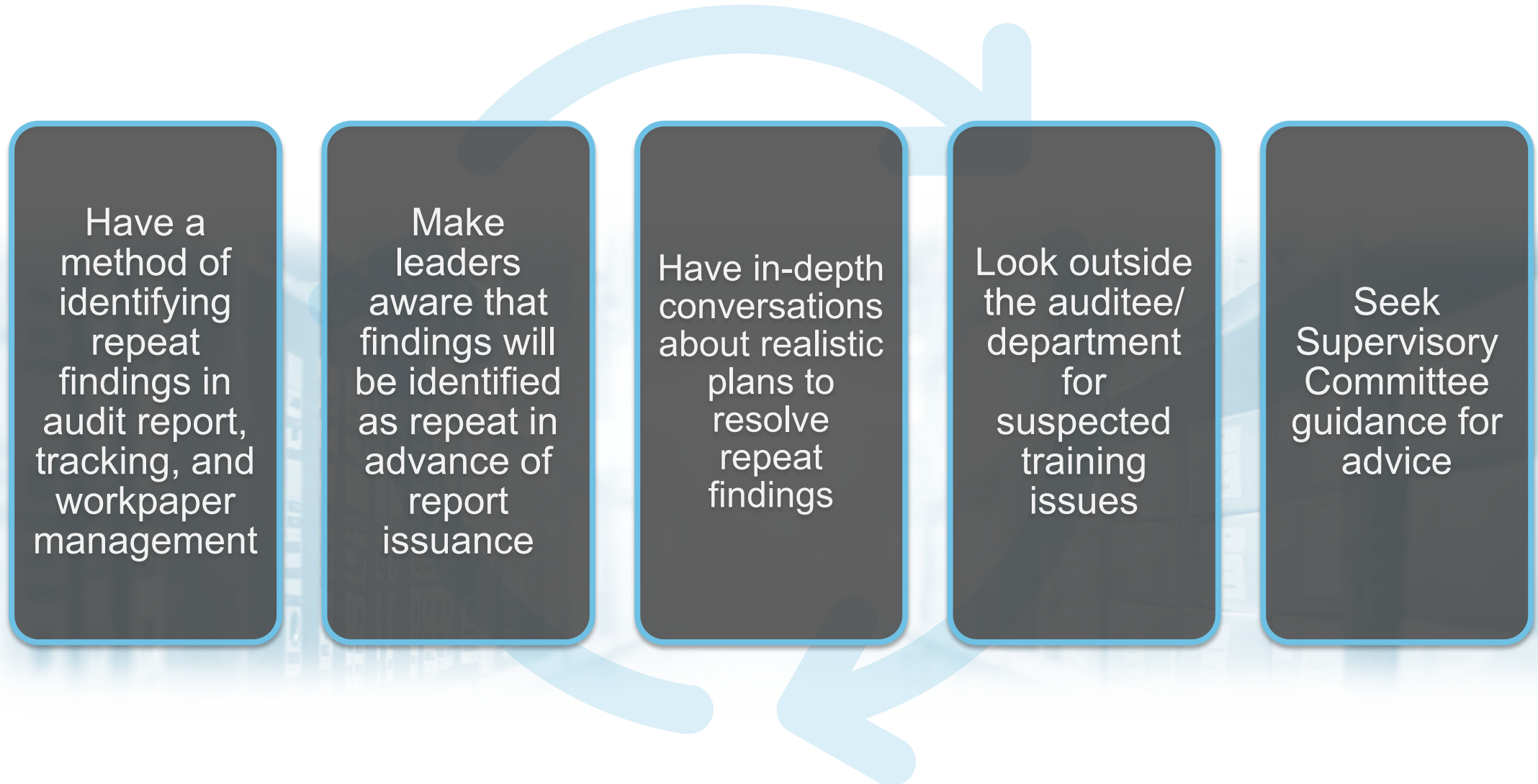
Probably every auditor's least favorite category!



Root Causes: The Repeat Finding



Best Practices: The Repeat Finding



Category 3: The Pointless Finding

A branch or department has a meaningless process or a control that doesn't control anything

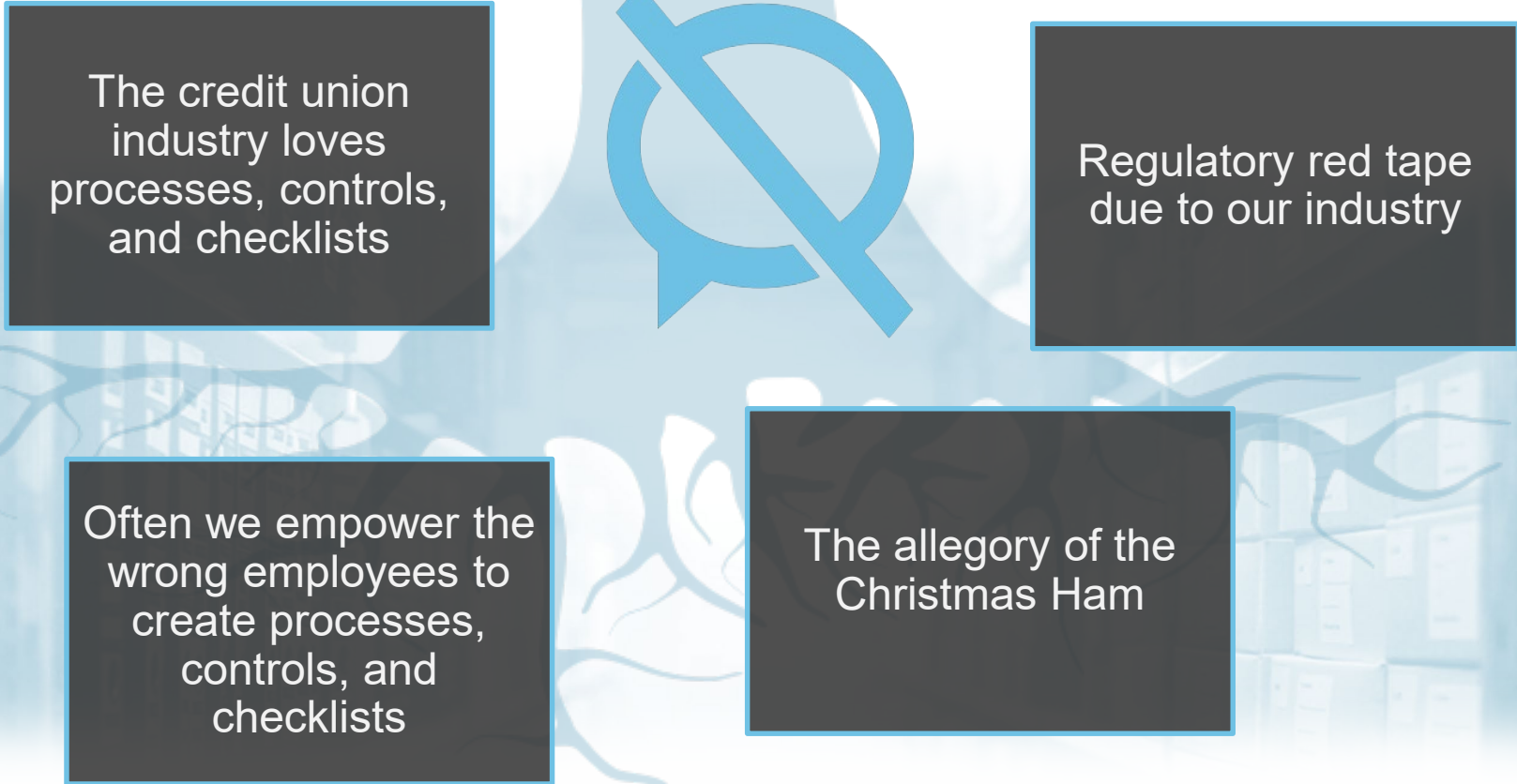
You note that they are not performing their process or control as directed or required by policy/procedure

You are not a better auditor for having found it, and they are not a better team for having fixed it

And, the cycle continues...



Root Causes: The Pointless Finding



The credit union industry loves processes, controls, and checklists

Regulatory red tape due to our industry

Often we empower the wrong employees to create processes, controls, and checklists

The allegory of the Christmas Ham

Best Practices: The Pointless Finding

Don't do it!

Expanding
the finding
to include
the root
cause

These
findings are
VERY
common

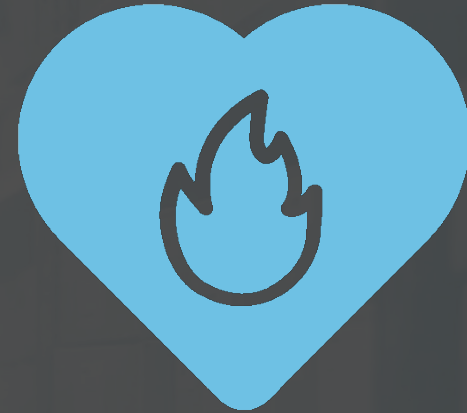
The good
news: we
can stop the
spread

If it is in a
rule or
regulation,
point it out

Category 4: The Passion Finding

Internal Audit has a finding that relates to a passion point or some process/control for which they are a subject matter expert

Passion findings are not necessarily bad or wrong! But there are dangers lurking, and we must tread lightly here!



Root Causes: The Passion Finding

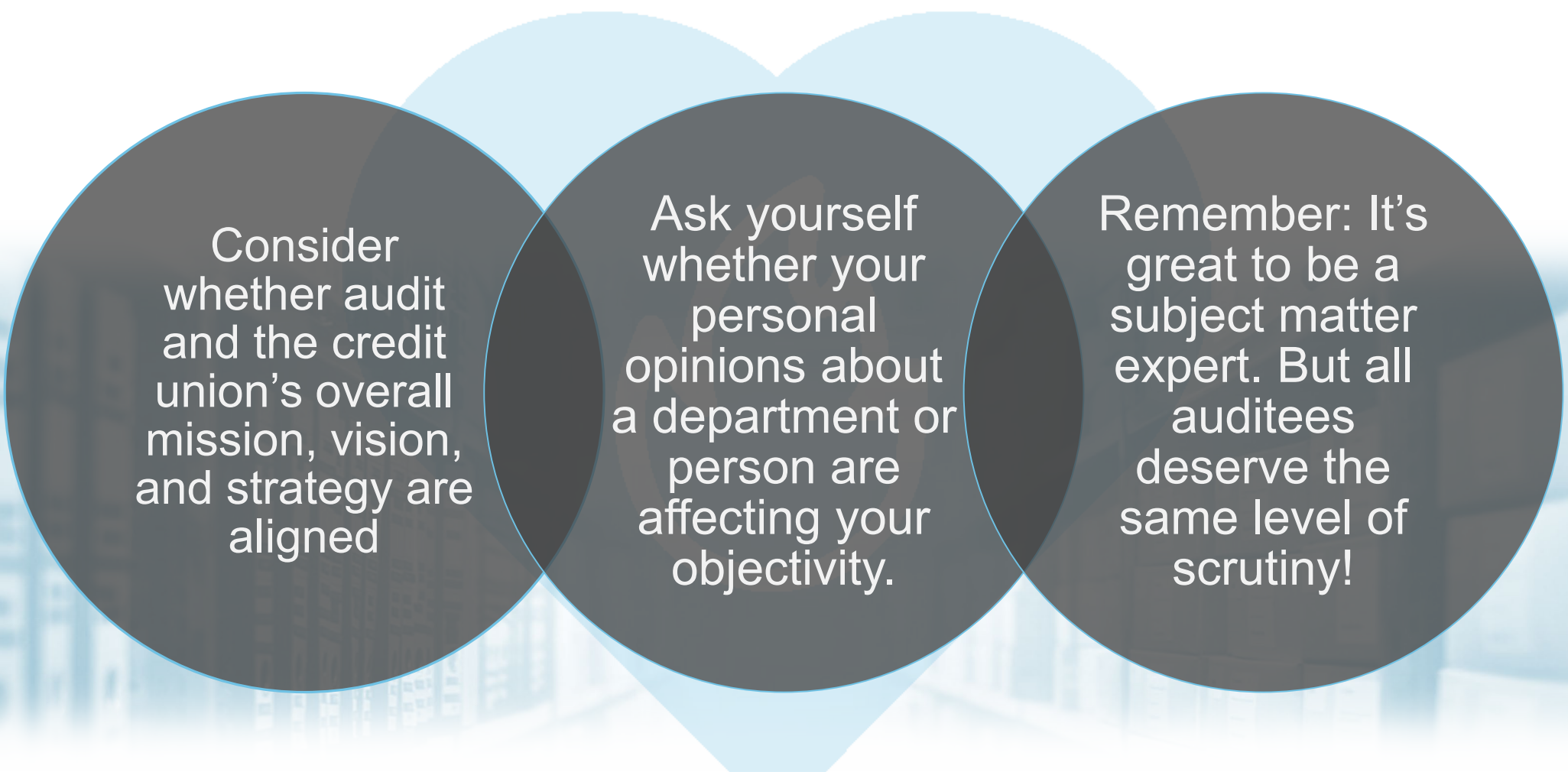


Auditors are not robots. We have all sorts of experiences on our resumes! We can't just turn off our opinions!

Auditor may just be on his/her "high horse"

Personalities and office politics are at play

Best Practices: The Passion Finding

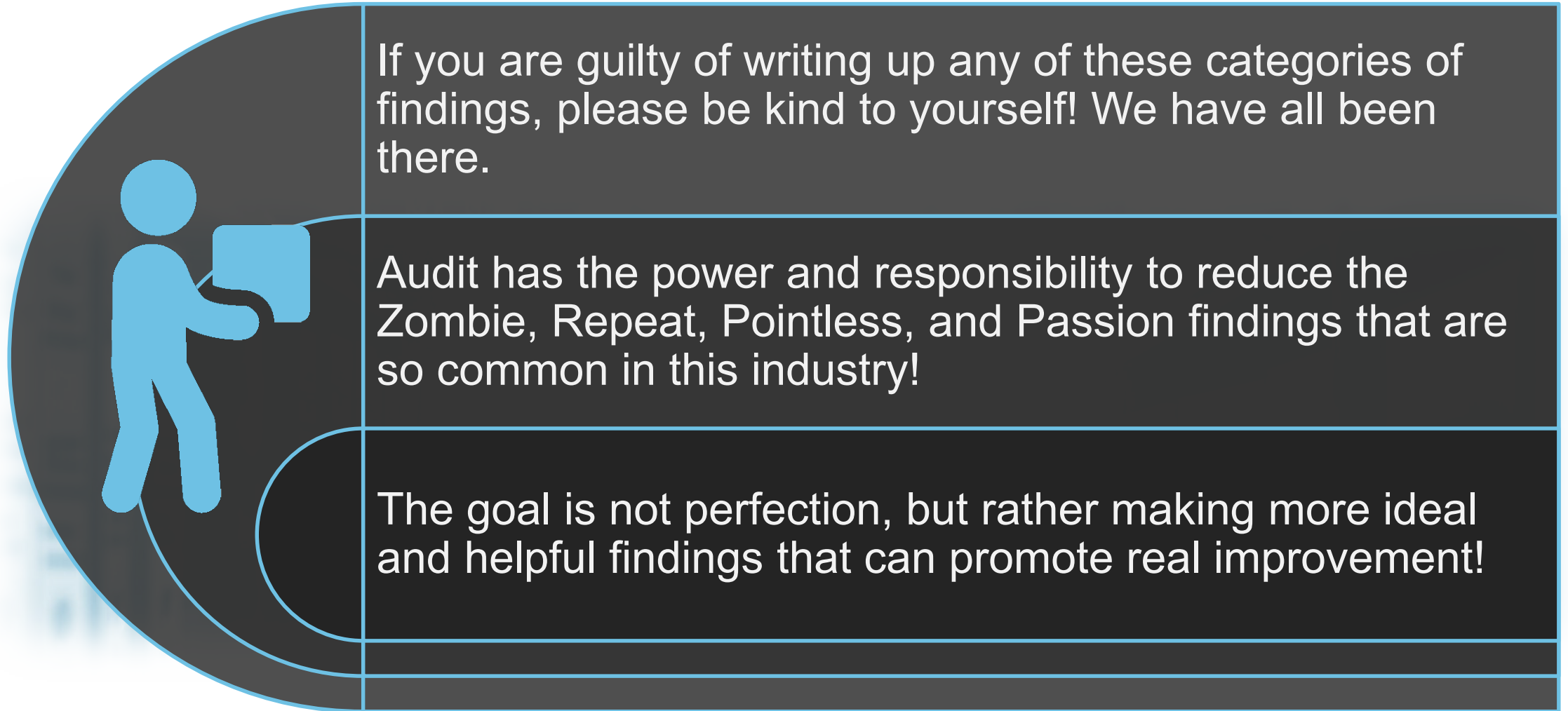


Consider whether audit and the credit union's overall mission, vision, and strategy are aligned

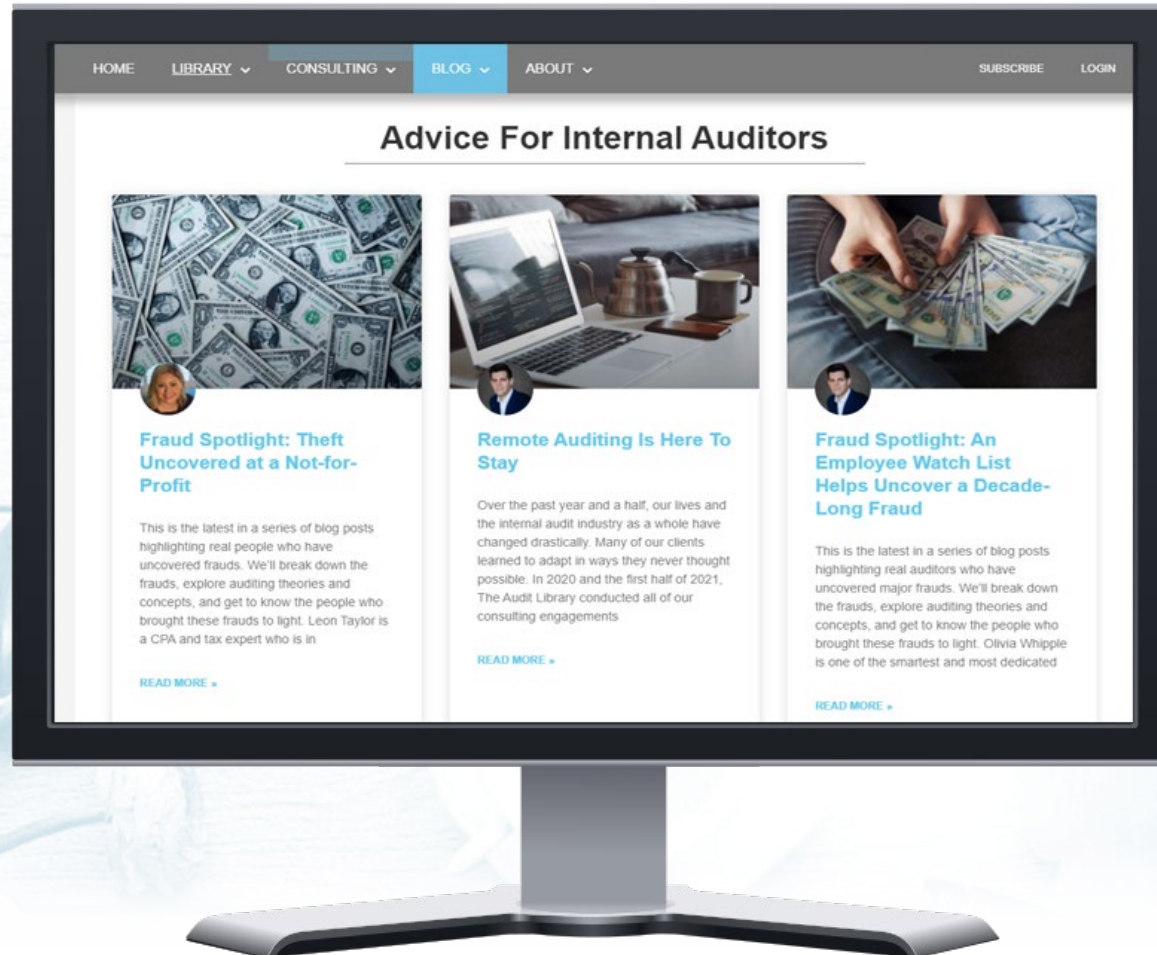
Ask yourself whether your personal opinions about a department or person are affecting your objectivity.

Remember: It's great to be a subject matter expert. But all auditees deserve the same level of scrutiny!

Conclusion



More Information



Take a look at The Audit Library's blog for more information about Quality Assurance Reviews and some great advice from Olivia & John!

www.theauditlibrary.com/blog

Questions & Answers



Thank You!



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