

Audit Report Writing



Danny M. Goldberg

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CPA, CIA, CISA, CRISC, CRMA, CGEIT, CGMA, CCSA



Agenda

- I. Introduction
- II. Overview
- III. Audit Report Structure
- IV. Executive Summary
- V. Observation
Components
- VI. Other Sections of Audit
Observations
- VII. Report Optimization
- VIII. Report Review and
Writer's Block
- IX. Summary and Wrap-Up

INTRODUCTION



Danny M. Goldberg



- Partner, Professional Development (www.sunera.com)
- Lead Professional Development and Executive Recruiting Practices Internationally for Sunera
- Founding Partner, SOFT GRC (www.thesoftaudit.com)
 - Sold to Sunera January 2011
- Former Director of Corporate Audit/SOX at Dr Pepper Snapple Group
- Former CAE - Tyler Technologies
- Published Author (Book/Articles)
- Texas A&M University - 97/98
- CPA - Since 2000
- CIA - Since 2008
- CISA - Since 2008
- CGEIT (Certification in the Governance of Enterprise IT) - Since 2009
- CRISC (Certification in Risk and Information Systems Control) - Since 2011
- CRMA (Certification in Risk Management Assurance) - Since 2011
- CCSA (Certification in Control Self-Assessment) - Since 2007
- CGMA (Chartered Global Management Accountant) - Since 2012

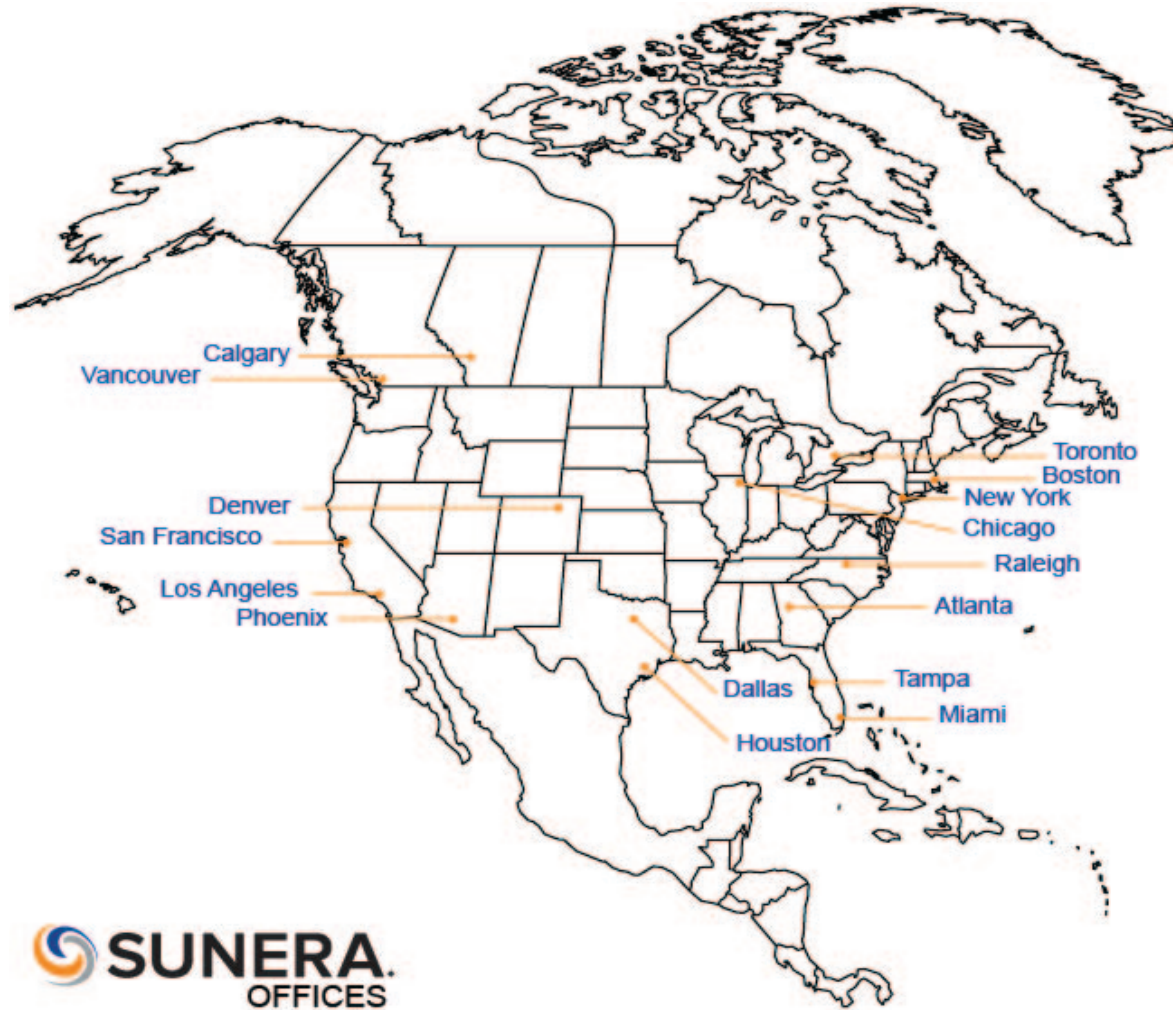
Danny M. Goldberg (cont.)

- Chairman of the Leadership Council of the American Lung Association - North Texas – Calendar Year 2012
- Served on the Audit Committee of the Dallas Independent School District (CY 2008)
- Current Dallas and Fort Worth IIA Programs Co-Chair
- Published Author
 - *Bureau of National Affairs* - Internal Audit: Fundamental Principles and Best Practices (Professional Commentator)
 - *Audit Report Articles* (**June 2013 Cover**, March 2012, March 2011, June 2010 Cover) – “Critical Thoughts on Critical Thinking”
 - *ISACA Journal* (May 2012, August 2012)
 - *Internal Auditor* Articles (August 2007, December 2007, October 2010)
 - *ISACA Online* Article (December 2009)
 - *New Perspectives* (December 2010)
 - *Dallas Business Journal* (January 2011) – “The Yes Man Phenomenon”

Danny M. Goldberg (cont.)

- Speaking publicly for 5 years
- Relationships with over 85 IIA/ISACA Chapters throughout the WORLD, including:
 - Ukraine IIA
 - Trinidad & Tobago IIA
 - Halifax IIA
- Ratings/Evaluations:
 - #8 out of 120 speakers – 2012 IIA International Conference
 - Top Rated Speaker – IIA Triple Play Event (April 2013) – 4.84/5.00
 - “Top Rated” (Excellent/Outstanding) Speaker – 20th Annual American Society for Quality (ASQ) Audit Division Conference (out of 44 presenters)
 - Top 10 Presentation – 2011 IIA Midwest Regional (36 total concurrent sessions, 3.75 overall rating out of 4.0)
 - Top 3 Ranked Speaker – Michigan CPA’s Healthcare Conference 2011 (29 total speakers)
 - Top 3 Ranked Speaker – ArkSarBen IIA 2011 District Conference (24 total sessions)
 - 3.58/4.00 Rating – 2011 ACFE Annual North American Conference
 - 1 of 100 Presenters invited to present at the 2013 IIA International Conference

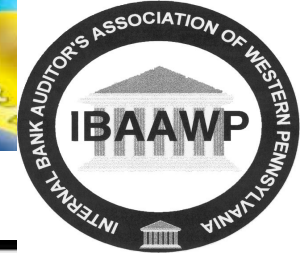
Sunera Offices



Sample Professional Development Association Clients



THE EL PASO CHAPTER
THE NORTHERN VIRGINIA CHAPTER
THE BATON ROUGE CHAPTER
THE FOX VALLEY / CENTRAL WISCONSIN CHAPTER



The Association for Accountants and Financial Professionals in Business



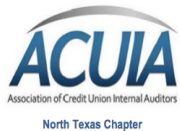
THE SAN GABRIEL VALLEY CHAPTER

THE COLORADO SPRINGS CHAPTER

THE CENTRAL PENN CHAPTER

THE CENTRAL ARKANSAS CHAPTER

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Regional/National Conferences – 2013



THE INSTITUTE OF INTERNAL AUDITORS
INTERNATIONAL CONFERENCE
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Association of Credit Union Internal Auditors
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San Francisco, California
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The Institute of Internal Auditors

CENTRAL REGIONAL CONFERENCE
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BLUE RIBBON AUDITING: ADDING VALUE IN CHANGING TIMES

2013 Midwest District Conference
August 12th & 13th, 2013



Regional/National Conferences – Since 2011



ACUA 2012 ANNUAL CONFERENCE
SEPTEMBER 9 - 13, 2012
Marriott Rivercenter
San Antonio, Texas



MIDWESTERN
REGIONAL CONFERENCE
September 25-28, 2011 • Milwaukee, WI



THE INSTITUTE OF INTERNAL AUDITORS
**INTERNATIONAL
CONFERENCE**
BOSTON, MASSACHUSETTS, USA / JULY 8-11, 2012



THE AK-SAR-BEN CHAPTER



Sunera Snapshot



✓ **Professional consultancy** focused on regulatory compliance, internal audit, information technology & accounting advisory services



✓ Founded by former public accounting partners and professionals

✓ Delivered more than **1500 projects** to over **300 clients** across a broad spectrum of industries



✓ Employ **full-time professionals** in **twelve offices** across the United States and Canada



✓ **PCI Qualified Security Assessor (QSA)** & Approved Scanning Vendor (**ASV**)

✓ **Registered with NASBA to offer CPE's** for our ACL & Internal Audit training courses



✓ **Certified integration partner** for leading continuous controls monitoring solutions, including **ACL, Approva & SAP**



Contact Information

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Audit Report Writing: Overview

Audit Reports – What's the Point?

- Why write an audit report?
- Where are we in the audit process?
- Why are you here?

Discussion: ARW Overview



Audit Reports – Let's Make it Personal - *EXERCISE*

- How effective are audit reports?
- When do you use audit reports? For what audit types?
- Should it be formal or informal?
- Should it take 1 page or many pages?
- Who receives it?
- Who signs off?
- Should you include risk ratings/opinion?
- What is the report issuance turnaround time?

Auditor Guidance

- International Professional Practice Framework (“IPPF”)
- Governmental Auditing Standards (“Yellow Book”)
- Generally Accepted Auditing Standards (AICPA/ASB/PCAOB)
- State Requirements (vary)

Audit Report Writing - Guidance

- IIA Guidance on Audit Reports (International Professional Practices Framework, 2009):
 - 2400: Internal Auditors must communicate the engagement results
 - 2410: Criteria for Communications
 - Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans.
 - 2420 Quality of Communications
 - Communications must be accurate, objective, clear, concise, constructive, complete and timely.

Audit Report Writing – Guidance

- 2410: Criteria for Communications
 - Communications must include the engagement’s objectives and scope as well as applicable conclusions, recommendations, and action plans
 - 2410.A1 – Final communication of engagement results must, where appropriate, contain the internal auditors’ overall **opinion** and/or conclusions.
 - 2410.A2 – Internal Auditors are encouraged to acknowledge satisfactory performance in engagement communications (**What does this mean?**).
 - 2410.A3 – When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.
 - 2410.C1 – Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.

Audit Report Writing – Guidance – 2011 Update (cont).

- 2410.A1 - Final communication of engagement results must, where appropriate, contain *the internal auditors' ~~overall~~ opinion and/or conclusions*. When issued, an opinion or conclusion must take account of the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.
 - **Interpretation:** Opinions at the engagement level may be ratings, conclusions, or other descriptions of the results. Such an engagement may be in relation to controls around a specific process, risk, or business unit. The formulation of such opinions requires consideration of the engagement results and their significance.

Audit Report Writing - Guidance (cont)

- 2420 Quality of Communications
 - Communications must be accurate, objective, clear, concise, constructive, complete and timely.
 - » Accurate – no errors or omissions; stick to the facts
 - » Objective – fair, impartial and unbiased
 - » Clear – logical and easy to understand and are not subject to interpretation
 - » Concise – to the point
 - » Constructive – helpful
 - » Complete – include all significant and relevant information
 - » Timely - expedient

Audit Report Writing – Guidance – 2011 Update (cont)

- 2450 – Overall Opinions When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.
 - Interpretation: The communication will identify:
 - The scope, including the time period to which the opinion pertains;
 - Scope limitations;
 - Consideration of all related projects including the reliance on other assurance providers;
 - The risk or control framework or other criteria used as a basis for the overall opinion; and
 - The overall opinion, judgment, or conclusion reached.
- The reasons for an unfavorable overall opinion must be stated.

Audit Report Writing

- Why do we write audit reports?
 - Communicate results
 - Prompt action
 - Provide assurance
 - CYA
 - Perception of IAD
 - Why else?

Audit Report Writing

- Limitations on Audit Reports
 - What are some limitations placed on issuance of reports?
 - Time – deadlines
 - Authority – dictating an action plan
 - Legality
 - What are the limitations currently at your company?

Audit Report Structure

What Makes a Good Audit Report?



Contents of a Typical Audit Report

- Executive Summary
- Observations
- Appendices

Contents of a Typical Audit Report

- Executive Summary
 - Audit Summary
 - Audit Objectives
 - Audit Scope
 - Background
 - Opinion (?)
 - Overall Report Ratings (?)
 - Standards Conformance Statement (?)

Contents of a Typical Audit Report

- Observations
 - Foundation
 - Condition
 - Cause
 - Effect
 - Recommendations
 - Action plans

Contents of a Typical Audit Report

- Appendices
 - Additional information
 - Exhibits
 - Policies and procedures

Executive Summary

Executive Summary

- The most important piece of an audit report
- Reports are like Resumes – readability decreases significantly after the first page
- It is called an Executive Summary for a reason; executives will focus on this page – it has got to be good and catch the reader
- Keep it Short and Sweet – not all sections outlined need to be in the Executive Summary; hit the highlights

Executive Summary Audit Summary

- Why did we perform the audit?
- Why is this important?
- Why should management care about this report? How is this relevant?

Executive Summary Audit Objectives

- Audit Objectives
 - Purpose
 - Why did we perform this audit?

Audit Objectives *EXERCISE* – 5 Minutes

- Write the following Audit Objective:
 - Audit of HR policies
 - *Evaluation of knowledge and communication of P&P to employees*

Executive Summary – Audit Objectives - ANSWER

- Example
 - *The purpose of the audit was to assess the reasonableness of Human Resource policies currently in place and to evaluate knowledge and communication of policies and procedures to employees.*

Executive Summary: Audit Scope

- Audit Scope
 - Boundaries of the audit
 - *What is included vs. excluded*



Audit Scope *EXERCISE* – 5 Minutes

- Audit of SAP financial system
- *Covered the period June 1, 2009 - November 30, 2009*
- System went live June 1st.



Executive Summary Audit Scope

- Example
 - The audit of the SAP financial system covered the period from June 1, 2009 through November 30, 2009, as the system under review went live June 1st, 2009. Areas under review included:
 - User Access
 - Segregation of Duties



Executive Summary – Background

- Lays the foundation of the audit
- Gives history/ reasons for audit
- Depicts methodology
- Lists other relevant information based on need of reader
 - What is relevant at your company?
 - Is there any irrelevance we can eliminate?

EXERCISE - Background

- Write the background based on the following:
 - Audit of IT Policies and Procedures
 - Tested 1/1/10 through 6/30/10
 - Related to SOX Testing; instances of non-compliance have been noted in the last year
 - Rated as Red or High Risk on the audit annual risk assessment
 - Total of 43 tests completed utilizing statistical sampling (random number generator)
 - 1 issue, noted as significant (outlined below)
 - 27 employees were asked to verify knowledge of the IT security policy and compliance with the policy
 - 12 of the sample reviewed were not aware of the policy
 - 5 were not found in compliance with current standards

EXERCISE - Background

- Internal audit performed a compliance audit of the company's IT policies and procedures for the six months ended June 30, 2010. Internal audit performed these procedures for numerous reasons, including:
 - Rated as High Risk on the audit annual risk assessment
 - Sarbanes-Oxley Compliance
 - Instances of non-compliance noted in the past year

IPPF Standards – Opinion

- Opinion - Standards
 - IPPF 2410.A1
 - Final Communication of engagement results must, **where appropriate**, contain the internal auditors' overall opinion and/or conclusions

IPPF Standards – Opinion (cont)

- Practice Advisory for 2410

- Conclusions and opinions - the internal auditor's evaluations of the observations and recommendations' effects on the activities reviewed.
 - Usually put the observations and recommendations in perspective based upon their overall implications.
 - Clearly identify any engagement conclusions in the engagement report.
 - » May encompass entire scope of engagement or specific aspects.
 - » May cover whether operating or program objectives and goals are being met & whether activities under review are functioning as intended.
 - » May include an overall assessment of controls or may be limited to specific controls or aspects of the engagement.

Macro vs. Micro Level Opinions

- Macro – assurance/opinion at a broad level for the organization as a whole.
- Micro – report on individual components of the organization's operations.

SOURCE: IIA IPPF Practice Guide – Formulating and Expressing Internal Audit Opinions, March 2009

Positive vs. Negative Assurance

- Reasonable = Positive
- Positive – highest level of assurance
 - Sufficient evidence was gathered to be reasonably certain that evidence to the contrary, if it exists, would have been identified.
 - Definite position
- Negative – nothing identified through the scope of the audit or on a specific objective
 - Limited

SOURCE: IIA IPPF Practice Guide – Formulating and Expressing Internal Audit Opinions, March 2009

White Board: Why do we need an opinion in an audit report?



Executive Summary – Opinion

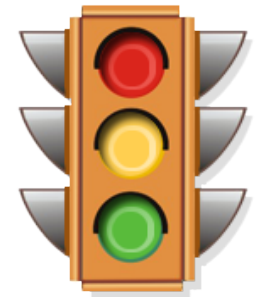
- Not every report needs an opinion
- Be careful! Use appropriate tone and language (to be covered later in the day)
- Opinion makes an impact and is a direct reflection of the auditor and the audit department

Executive Summary

Overall Report Rating



- Use caution on report ratings
- Problems arise from too much focus on rating and less focus on actual report content
- What are some advantages and disadvantages of using these ratings in your organization?
- Satisfactory, Needs Improvement, Needs Significant Improvement, Unsatisfactory (Color Coded)
- Like clothes – different forms and fashions fit different people/organizations



Executive Summary – Standards Conformance Statement

- IPPF 2430 – Use thereof conducted in conformance with the International Standards for the Professional Practice of Internal Auditing:
 - Internal auditors may report that their engagements are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing only if the results of the quality assurance and improvement program support the statement.

Standards Conformance Statement

- Standard 2431 Engagement Disclosure of Nonconformance
 - When nonconformance with the Definition of Internal Auditing, the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:
 - Principle or rule of conduct of the Code of Ethics or the Standard(s) with which full conformance was not achieved;
 - Reason(s) for nonconformance;
 - Impact of nonconformance on the engagement and the communicated engagement results.
- Example: This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Discussion - Standards Conformance Statement - Do We Need it?



Executive Summary: Other Sections

- Background (better in appendix)
 - Further understanding of key messages
 - Describe any changes (why are we doing this?)
- Methodology/ Approach (better in appendix)
 - General when in its own section
 - Not recommended; should be embedded as part of the observation itself
- Appendices (further explanation necessary)
 - Definition of ratings
 - Glossary
 - Abbreviations/ acronyms
 - Additional support deemed necessary/ relevant

Section Wrap Up *EXERCISE*– 10 Minutes

- Write an executive summary. Here are the facts:
 - ABC Unit Controls audit, at 9/30/09
 - Focus Areas:
 - A/R, A/P, Revenue, FSCP
 - 34 controls tested, 4 issues, none deemed material or significant individually or in aggregate

Section Wrap Up Exercise

- We completed an audit of key controls of ABC Unit on September 30, 2009. Our areas of focus mirror the key financial areas of ABC Unit, which include:
 - Accounts Receivable
 - Accounts Payable
 - Revenue
 - Financial Statement Close Process
- No issues found were deemed material or significant individually or in aggregate.

Observation Components



Observation Components

- Foundation
- Condition
- Cause
- Effect
- Recommendations
- Action plans

Foundation (e.g. Criteria)

- It is what we are measuring against
- 3 types of Foundation:
 - Internal: Company's policies and procedures
 - External: Regulatory/legal mandates
 - Best-Practice: Expectations in the company/industry & general research on the best way to do things.



Foundation – Continued

- Internal Foundation – Examples
 - Company travel & entertainment policy
 - Internal information, technology, security and access policies
 - Internal Human Resources code of conduct
 - Any policy/procedure in a company
 - Can be an informal process/procedure but formality assists in enforcement

Foundation – Continued

- External Foundation – Examples
 - Government requirements (HIPPA)
 - Sarbanes-Oxley Act of 2002
 - Tax regulations

Foundation – Continued

- Best Practice Foundation – Examples
 - GAAP
 - Segregation of Duties – general best practice
 - 3rd Party Vendor System Guidance
- What are other sources of best practice?

Condition

- Just the facts, ma'am!
- Various levels of detail (dependent on degree of finding and organization)
 - Cruising Altitude Summary – grouping of conditions combined along a commonality – “view from the top”
 - Just after Take Off Summary – conditions are grouped based on commonalities
 - Boarding Summary – individual records and detail; granular detail

More Detail



Condition - Continued

- What is the right level of detail?
 - Depends on:
 - Your organization and Audit Department's internal standards and Audit Committee requirements
 - Importance of finding (risk rating)
 - Number of issues identified
 - Type of audit
 - Auditee
 - ETC, ETC, ETC.
 - What else?

Group Exercise



EXERCISE- 15 minutes

- Write all 3 types of summaries based on the facts below:
 - » 25 expense reports were selected to review
 - » Audit Step: Verify all were filed in accordance with company policy and within current limitations and standards.
 - » Results: 1 of the sample selected (below) had numerous charges (see attached for detail) that were not appropriately supported by receipts
 - 1 expense report had duplicate descriptions and totaled exactly \$.01 under the dollar amount necessary for additional approval.

Name	ID #	Date	Amount
Jim Scott	2614	4/12/09	999.99
- Dinner	Travel	4/8/09	75.74
- Red Sox Tickets	Entertainment	4/7/09	209.38
-Dinner	Travel	4/8/09	138.92

Condition

- Examples:
 - **Cruising :**
 - We statistically selected 25 expense reports to review for proper adherence to company reimbursement policies; all were filed in accordance with company policy and within limitations. We noted one expense report of the sample under review had charges that were not appropriately supported by receipts.
 - **Take Off:**
 - We statistically selected 25 expense reports to review for proper adherence to company reimbursement policies; all were filed in accordance with company policy and within limitations. We noted one expense report of the sample under review had charges that were not appropriately supported by receipts and ***totaled exactly \$.01 under the dollar amount necessary for additional approval.***

Would you have this in your audit report?

Condition (cont.)

- Examples:

- **Take Off:**

- We selected 25 expense reports to review for proper adherence to company reimbursement policies; all were filed in accordance with company policy and within limitations. We noted one expense report of the sample under review had charges that were not appropriately supported by receipts and *indicators that are currently being investigated. This issue is currently under review and the audit report will be updated once this issue is resolved.*
 - **NOTE:** Every effort to resolve the issue prior to issuing the audit report should be made.

Condition (cont.)

- Examples:

- Boarding:

- We selected 25 expense reports to review, all of which were filed in accordance with company policy and within current limitations and standards. We noted one of the expense reports under review had numerous charges (see below for detail) that were not appropriately supported by receipts, are duplicate descriptions and totaled exactly \$.01 under the dollar amount necessary for additional approval.

Name	ID #	Date	Amount
Jim Scott	2614	4/12/09	999.99
- Dinner	Travel	4/8/09	75.74
- Red Sox Tickets	Entertainment	4/7/09	209.38
-Dinner	Travel	4/8/09	138.92

Condition: Writing Good Summaries

- Aggregate – use numbers
- Find commonalities
- Use examples
- Do not over-summarize

Cause

- What's the difference?
- 3 Types of cause
 - Contiguous: the action or lack of action that led directly to the condition
 - Transitional (middle): the cause or causes that led to the proximate cause
 - Core: underlying cause

Group Exercise



EXERCISE

- Write each of the three type of causes based on the following facts (condition)
 - 27 employees were asked to verify knowledge of the IT security policy and compliance with the policy.
 - 12 of the sample reviewed were not aware of the policy
 - 5 were found in non-compliance with current standards.

Cause - Example

Condition	27 Employees were asked to verify knowledge of the IT security policy and compliance with the policy. 12 of the sample reviewed were not aware of the policy and 5 were not found in compliance with current standards.
Contiguous Cause	Employees were not aware of the policy as it was not given to new employees when hired nor was discussed when violations occurred.
Transitional Cause	Human Resources did not have a procedure in place to give the policy to new employees and IT was not aware of the lack of knowledge of the policy when violations occurred.
Core Cause	Communication is limited between Human Resources and IT and thus a lack of communications to employees.

Effect


- Risk or exposure to the company
- Levels of effect
 - *Direct, one-time effect*
 - *Cumulative effect on the process*
 - *Cumulative effect on the organization*
 - *High-level, systematic effect*

Effect – Practice Advisory

- Standard 2410
 - The risk or exposure the organization and/or others encounter because the condition is not consistent with the criteria (the impact of the difference).
 - In determining the degree of risk or exposure, consider the effect their engagement observations and recommendations may have on the organization's operations and financial statements.


Effect - Example

Condition	27 Employees were asked to verify knowledge of the IT security policy and compliance with the policy. 12 of the sample reviewed were not aware of the policy and 5 were not found in compliance with current standards.
Direct, one-time effect on the process	
Cumulative effect on the process	
Cumulative effect on the organization	
High-level, systematic effect	



Effect - Example

Condition	27 Employees were asked to verify knowledge of the IT security policy and compliance with the policy. 12 of the sample reviewed were not aware of the policy and five were not found in compliance with current standards.
Direct, one-time effect on the process	12 Employees were not aware of the policy thus violate the policy routinely due to the lack of knowledge.
Cumulative effect on the process	The organization does not have an effective IT policy in place due to lack of communication of the policy to employees.
Cumulative effect on the organization	There is a risk that the integrity of the IT control environment is compromised.
High-level, systematic effect	There is a risk that the organization has data integrity issues due to the lack of policy communication.



Recommendations Practice Advisory

- 2007 Practice Advisory – Standard 2410
 - Engagement communications should include:
 - Recommendations for potential improvements
 - Acknowledgments of satisfactory performance
 - Corrective actions
 - Should be based on the internal auditor’s observations and conclusions and call for action to correct existing conditions or improve operations
 - May suggest an approach to correcting or enhancing performance as a guide for management in achieving desired results.
 - Recommendations may be general or specific
 - » Example: under some circumstances, recommendation of a general course of action and specific suggestions for implementation may be desirable . In other circumstances, it may be appropriate only to suggest further investigation or study

Recommendations and Action Plans

- They describe what is to be done
- This is the real substance of the audit report; where auditors can really add value
- Any recommendations and action plans should be discussed and agreed to (if possible) with the auditee prior to report finalization.

Action Plans – Practice Advisory

- 2007 Practice Advisory – Standard 2410
 - As part of the internal auditor’s discussions with the engagement client, the internal auditor should try to obtain agreement on the results of the engagement and on a plan of action to improve operations, as needed.
 - If the internal auditor and engagement client disagree about the engagement results, the engagement communications may state both positions and the reasons for the disagreement.
 - The engagement client's written comments may be included as an appendix to the engagement report.
 - Alternately , the engagement client's views may be presented in the body of the report or in a cover letter.

Types of Recommendations and Action Plans

- **Cause focused** – Address actionable causes; identify and describe what is to be done to prevent recurrences of the condition.
 - Essential for significant or material observations but may not be needed for other, lower-rated observations
- **Condition focused** – address the condition identified and describe what will be done to correct the condition.
 - May not be required; varies from company to company
- **Recovery-focused** – address the consequence of the condition and describe what will be done to correct errors caused by the condition.
 - Not always appropriate based on the condition and may not be required in your company.

Group Exercise



EXERCISE

- What does your organization do? Do you write recommendations and action plans?
- What is the importance of cause-focused recommendations and action plans?
- When are condition-focused recommendations and action plans are needed?
- When are recovery focused recommendation and action plans needed?
- **Create Action Plans for the IT Example**

Recommendation & Action Plans - Example

Cause-focused recommendation and action plan	
Condition-focused recommendations and action plan	
Recovery-focused recommendation and action plan	

Recommendation & Action Plans - Example

<p>Cause-focused recommendation and action plan</p>	<p>Recommendation - Management should enhance communication between Human Resources, Information Technology and Employees to provide the requisite knowledge and understanding on IT Policies and Procedures. Action Plan – The leadership team, including members of HR and IT, should meet at least monthly, to make sure employee training needs are met and reconcile all new employees to verify they have been made aware of requisite IT policies.</p>
<p>Condition-focused recommendations and action plan</p>	<p>Recommendation – Employees should be aware of the requisite IT policies to adhere to them. Action Plan – As part of the new hire checklist, IT policies are given to each new employee and each employee is asked to sign off stating they have read and agree to each.</p>
<p>Recovery-focused recommendation and action plan</p>	<p>Recommendation - Monthly, Human Resources should review all new hire paperwork to verify acknowledgment of policies and IT should, when any incidences are reported, verify knowledge of policies and make training available. Action Plan – Dalton Diedier, HR Manager, is now responsible for performing the reconciliation of new employees monthly. Additionally, IT is being trained on proper communications when incidents occur.</p>

Other Sections of Audit Observations

Risk Ratings

- Very important to the overall meaning of the issue identified
- Some organizations will not allow any type of risk rating; others live by it.
- Rating should be assigned based on risk – inherent risk combined with the issue identified and concluded upon
- Agreed upon before issuance?

Risk Ratings - Continued

- Different forms of ratings:
 - High, Medium, Low
 - Traffic Light (Red, Yellow, Green)
 - Numerical Rating (1-3, 1-10, 1-100)
 - Adjectives (Critical, Significant, Major v. Minor)

Background

- Most observations call for an explanation to place the issue in context.
 - Varies from company to company

Observation Formats

- NOTE: No standard way to present an audit report and observations– do what suits your organization
- Some organizations want more detail, some less – guidelines and requirements should be established up front
 - Always better to give too much detail (CYA!)
- Clarity and concision are key

Observation Formats (Cont.)

- 4 General Types
 - Paragraph
 - Mapped
 - Table
 - Bulleted

Report Optimization

IPPF Guidance

- 2420 Quality of Communications
 - Communications must be accurate, objective, clear, concise, constructive, complete and timely

IPPF Guidance

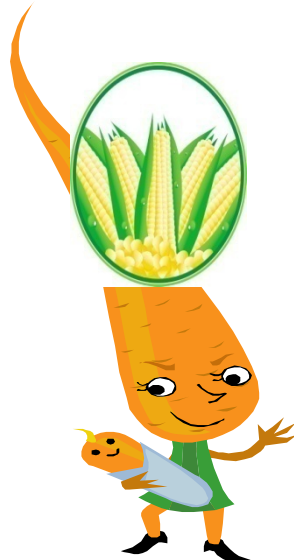
- 2420 Interpretation:
 - Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial, and unbiased and are the result of a fair minded and balance assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy and wordiness.

IPPF Guidance (cont.)

- 2420 Interpretation:
 - Constructive communications are helpful to the engagement client and the organization and lead to improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.

Report Optimization

- How do we make this report *pop*?
 - Quad CPV
 - ACRONYM: CCCCPV
 - Cute Corny Curled Carrots Produce Vitamins



CCCCPV

- Clarity
- Coherence
- Concision
- Compelling
- Presentation
- Voice

Clarity

- BOTTOM LINE – USE COMMON SENSE!
- Use:
 - Clear modifiers
 - A modifier is a word/phrase that alters the meaning of another word (“only”)
 - It must be used correctly or it might alter the meaning of words not meant to alter
 - **Which is a clearer sentence?**
 - Employees are required to sign in when in the server room.
 - When employees enter the server room, they are required to sign in.

Clarity - Continued

- BOTTOM LINE – USE COMMON SENSE!
- Use:
 - Clear pronouns
 - Pronouns take the place of nouns to simplify a sentence or to reduce the monotony of the noun. Pronouns must connect to a noun or clarity can be lost.
 - » They, them, their, themselves
 - » It, its, itself
 - » This, these, those
 - » Him, her, he, she
 - Appropriate Parallel Structure
 - Use the same grammatical form (consistency is key)

Coherence

- BOTTOM LINE – USE COMMON SENSE!
- Use:
 - Transitional words and phrases
 - Consistency throughout
 - Pronouns
 - Define acronyms and abbreviations prior to usage and do not overuse

Concision

- BOTTOM LINE – USE COMMON SENSE!
- *Use:*
 - The 5th grader test; make sure it is readable
 - No assumptions of a level of knowledge on the subject; reports must stand alone
 - Awareness that verbal tone and attitude of reader affect comprehension

Compelling

- Interesting
- Know when to dive into an area and know when you are giving too much detail
 - Subject matter must be flexible
- Command more attention and better responses
- Compelling language that encourages action
- Know your objective and consistently re-iterate
- Well-organized messaging

When is too much detail?

- Start high and dive deeper
 - If finding is an overview, give an overview
 - If finding is a deep dive, give a deep dive
 - What is the audience's expectations?
- Dive deeper on more material findings

Which is more compelling?

- Thank you for your presentation this morning; it was exciting, endearing and very engaging. I would like to follow up this presentation with a request for the presentation slides as I would like to pass them on to my superiors. Thank you so much.
- Thanks.

Presentation

- BOTTOM LINE – USE COMMON SENSE!
- Use:
 - Clear and easy to follow presentation
 - Readable content:
 - No run-on or too-long sentences
 - No big words
 - Readable layout

Report Optimization – Voice Tones/Verb Tenses

- **WARNING** – this is not a grammar session! This is best practice on using tenses in reports
 - Criteria – best to use present since we are discussing a state currently still in place
 - Condition – a form of past since it has already occurred.
 - Do not confuse tense with voice

Report Optimization

Verb Tenses - Examples

- Management was reviewing expense reports for proper adherence; one of the sample selected is an issue as no approval was noted.

What is wrong with this?

Report Optimization – Verb Tenses - Examples

- **CRITERIA:** Management reviews expense reports for proper adherence to policy and procedure.
- **CONDITION:** We selected a sample of 30 and noted one selection as an issue, as it was not appropriately approved.

Report Optimization - Tense

- Cause – be flexible; use past if the cause has been corrected and present if it has not.
- Effect – be flexible
 - Actual effects: present or various forms of past.
 - Potential effects: verb phrases using the potential mood or the conditional mood.

Report Optimization - Tense

- Recommendations – differs by organization
 - Imperative: uses the “do this” action verb at the beginning of the recommendation
 - Verb phrases using the conditional mood (“should”) or the obligative mood (“must” and “ought”)

Voice Tone

- Objectivity is key
- Can not be auditors if we are biased
- Connotation (watch emotional words)
 - Failure
 - Negligent
- Projection (negative vs. positive)

Emotional Words Not to Use

- Failure
- Negligent
- Worthless
- Vigilant
- Superior
- Destructive
- Restricted
- Inferior
- Underestimated
- Adequate
- Confused
- Disorganized
- Discontent
- Galvanized
- Impertinent
- Minimized

Spelling and Grammar

- Accept/Except: Allow v. Exempt
- Affect/Effect: Influence v. Cause
- Conscious/Conscience: Being Aware v. One's Moral Compass
- It's/Its: It is v. possessive pronoun
- Than/Then: Comparison v. Relation to Time
- See Next Section

These are not caught on spell check as with many other errors!

10 Common Mistakes that are Not Caught in Spell Check



SOURCE: <http://writingenglish.wordpress.com>, Judy Rose

Less/Fewer

- **Less** is for items that can not be counted.
- **Fewer** is for items you can count.
 - *There is less pollution in the air, but there are fewer particles of dust.* You can not count pollution, but you can count particles (at least somebody somewhere in a lab can count them).
 - *After a storm, there is less sand on the beach, but there are fewer grains of sand.* You can not count sand, but you can count grains. (If you want to spend your day at the beach that way, it's up to you.)

Two/Too/To

- **Two** is the number.
- **Too** means also or overly.
 - *You like chicken, and I do too. I ate too many French fries.*
 - *This shirt is too big.*
- **Too** is also used as an emphatic, especially on the playground.
 - *You will not catch that ball. I will too!*
- **To** means...everything else.

They're/Their/There

- ***They're*** is the contraction of “they are.”
- ***Their*** is the possessive – things that belong to them or that they have.
 - *Their hats are on their heads.* (They own hats and they have heads – which is a good thing, otherwise the hats would have been a waste of money.)
 - *It is their intention to get to class on time.* (They have an intention, and it includes getting up when the alarm rings. They may not pull it off, but they mean well.)

They're/Their/There (cont.)

- **There** answers the question “where?” It refers to place (*I live there*) and direction (*I'm going there*).
- **There** is also used with the verb “to be” (wasn't I just there?), as in: *there is very little time; there are several options; there be whales here* (Okay, nobody says that last one any more).
- **There** can be used to express satisfaction (*There! I finished it.*), or dismay (*There! Now you've done it!*), or sympathy (*There, there. It's all going to be okay.*)

The Who's Who of whose and who's

- ***Who's*** is the contraction for “who is.” That’s all.
- ***Whose*** is the possessive of “who.”
- The reason people get confused is because they think all possessives need an apostrophe. Not true. Possessive pronouns do not have apostrophes (mine, ours, yours, his, hers, its, theirs, whose). So just learn it. *Who's going to pay for dinner?* (Who is going to pay for dinner?) *Whose money is on the table?* (Not mine.)

Its and it's

- ***It's*** is the contraction for “it is.” That’s all.
Its is the possessive of “it.”
- There is no apostrophe used in this possessive. *It's another one you just have to learn. It's high time everybody started getting this right. I hope this example does its job.*
- When it comes to which word gets the apostrophe, the contraction wins and the possessive loses.

I and me (You'll have to deal with both of us.)

- Many people think it's classier to always use *I*, and they end up getting it wrong half the time.
- The best way to know which one to use is to eliminate the other person from the sentence and see what you've got left.

Jenny and I went to the store. I went to the store.
(That's right.)

Grandma gave the cookies to Jenny and I. Grandma gave the cookies to I. (NO.)

Grandma gave the cookies to me (that's right.)

You're/Your (It's as easy as apple pie.)

- ***You're*** is the contraction of “you are” – nothing else.
- ***Your*** is the possessive of “you.”
 - *You're the apple of my eye.*
 - *Your apple just squirted juice in my eye!*

Bad/badly

- Many people think *badly* is a more genteel form of *bad*, so when expressing hurt, sympathy, or regret, they'll say "I feel badly about that." That's bad writing. These two words are not interchangeable.
- When someone hurts your feelings, you feel *bad*. You do not feel *badly*. If you felt *badly*, that would mean that your emotions were not working well, or that you were numb. It would be about your ability to feel.
- If your emotions are working just fine, then when you hear something sad, or someone insults you, or you do something wrong, you're going to feel *bad*. (It's a shame that you have to go through all that, but at least your usage will be correct.)

Imply/infer

- The speaker or writer *implies*. The listener or reader *infers*. This is all about who's putting it out there, and who's taking it in.
- When you *imply*, you express something. When you *infer*, you understand something. There's interpretation going on. When a speaker/writer *implies* something, he's not saying it outright. He's leaving some meaning for the listener/reader to pick up on his own.
- It's also a tricky way to say something about somebody that you can later deny.

Jane: Didn't those pants used to be looser on you?

Sally: Are you implying that I'm fat? Because that's what I inferred from your question.

A lot/alot

- A lot is two words - always

e.g. versus i.e.

- e.g. is an example
- i.e. = “that is”

Report Review and Writer's Block

SOURCE: Audit Report Writing Roundtable, Tucson IIA Chapter,
Laura A. Ward

Count the # of F's in this Sentence

- FINISHED FILES ARE THE RESULT OF YEARS OF SCIENTIFIC STUDY COMBINED WITH THE EXPERIENCE OF YEARS.

Three Levels of Review

1. Report
2. Paragraph
3. Sentence

Report Level

- Is the report's central message clear?
- Is it the appropriate length (i.e., too short or too long)?
- Does it have a summary of the report message up front?
- Does it have sufficient, clear headings?
- Does it have suitable graphics (e.g., pictures, tables, graphs)?

Paragraph Level

- Does the paragraph contain a topic sentence that accurately conveys the paragraph's central idea?
- Does the paragraph contain enough information to support the idea expressed in the topic sentence?
- Does the paragraph contain too much information so that it will overwhelm the reader?
- Do the ideas presented in the sentences following the topic sentence flow logically (i.e., are they in the correct order)?

Shorten Sentences by...

- Eliminating phrases joined with some form of the verb “to be”.
 - Change “The engineers are inspecting the power plant.”
 - To “The engineers inspect the power plant.”

Sentence Level Basic Questions

- Are all the words in my sentences necessary?
- Are my sentences easy to understand?
- Do the sentences contain action verbs and actors (active vs. passive construction)?

Jargon

- Technical terms within a specific field or overly complex terms used to describe something simple.
- Avoid jargon unless a) you know the reader will understand it, or b) there are no simpler terms to describe something.
- You can deal with jargon by either a) substituting simpler terms, or b) defining it first.

Tone

- Be conscious about whether you want to take a positive or negative tone.
- For example, “Proper control can not be achieved unless reconciliations are performed.”
- Versus “If reconciliations are performed, proper control can be achieved.”

Modifiers

- A common mistake involving a dangling modifier: “Hopefully, the project will succeed.”
- “Hopefully” is an adverb that appears to modify the noun “project,” the subject of the sentence. But how can a project be hopeful?
- It should read: “We hope that the project will succeed.”

Writer's Block Factors

- Unrealistic concept of the writing process
- Unreasonable goals such as immediately producing the perfect draft
- Lack of preparation
- Frequent interruptions
- Missing information

Dealing With Writer's Block

- Schedule time for writing and let others know about your schedule and request their cooperation to minimize interruptions.
- Make notes of missing information, but move ahead using available information.

Technical Tools

- Strunk & White - The Elements of Style
- The Chicago Manual of Style (online free 30 day trial)
- www.dictionary.com
- Microsoft Word **Word Readability Statistics**
 - Click the **Microsoft Office Button**, and then click **Word Options**.
 - Click **Proofing**.
 - Make sure **Check grammar with spelling** is selected.
 - Under **When correcting grammar in Word**, select the **Show readability statistics** check box.

Summary

Do Not Let This Happen!

day support needs. Team personnel are responsible for the salacity and demand management for SAN storage resources, provisioning of SAN resources as requested by application support and business unit teams, hardware, software, and tools implementation, SAN infrastructure components integration, process management, and day-to-day user support. The team also provides subject matter advice and assists in the risk management processes over the SAN environment.

Things to Remember

- Apply the standards but remember they are grey on purpose
- Know your organization
- No surprises!
- Use common sense

Appendix/Handouts

- Report Examples
- Misused Words Handout
- Writing Numbers
- How to Use Commas