WHY IS THIS TRAINING IMPORTANT?
Hello. I’m pleased to be working with you today. I own Carole Buncher and Associates: The Competency Company (CBA), a small, emerging, Washington, DC-based training and consulting firm. CBA specializes in delivering a wide variety of training, including auditing essentials, audit report writing, public speaking, supervision, leadership, and auditing standards. Prior to establishing CBA, I led, for 23 years, analyses of federal programs and policies for the U.S. Government Accountability Office (GAO). During that period, I was also actively involved in designing and delivering audit training, both internal and external to GAO.

Delivering training that is fun and results focused is my passion. I look forward to working with you, sharing my expertise, and facilitating your learning and performance improvement.

My contact information:
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LEARNING OBJECTIVES

At the completion of this training, you will be able to:

– Describe the phases of audits;
– Understand an effective approach to planning audits;
– Understand the importance of all findings elements; and
– Write audit objectives that lead to compelling findings.
Module 1.
Audit Phases
Audit Phases

• Planning
• Fieldwork (data collection and analysis)
• Reporting (writing the audit report)
Group Discussion

Which phase is the:

– Most important? Why?
– Most rewarding? Why?
– Most challenging? Why?

What is the importance of each phase?
MODULE 2
AUDIT PLANNING
Audit Planning Considerations (1 of 2)

• Audit title
• Audit subject
• Audit objective(s)
• Audit scope (where audit conducted and during what time period)
• Key milestones, including report issuance date
• Issues underlying the audit/background
• Intended audience
• How the information in the report will be used
Audit Planning Considerations (2 of 2)

- Information needed to address the audit objective(s)
- Sources of that information
- How information will be collected and analyzed (methodology)
- Audit tasks (who does what)
- Staff assigned and milestones
- Constraints to data collection and analysis
MODULE 3

Crafting
Sound
Audit
Objectives

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What Are Audit Objectives?
Audit Objectives “Drive” Audits

Everything links to objectives

• Scope
• Methodology
• Findings
• Conclusions
• Recommendations
Best Format

• Should NOT be answerable with “yes” or “no”
• Effective when begin with, e.g., “to what extent”
• Should be:
  – answerable in one sentence
  – Worded neutrally to avoid appearance of bias
    • E.g., avoid emotionally-charged words, such as “failure”, “problem”, etc.
  – Specific to audit
Comprehensive Objectives...

contain all elements of a finding:

- Criterion
- Condition
- Cause
- Effect
Compare the Following Objectives

• Did procurement controls operate adequately?

• Determine to what extent procurement controls, as prescribed in agency procedures, are operating adequately.

• Determine to what extent procurement controls, as prescribed in agency procedures, are operating adequately. If not to a great extent, why?

• Determine to what extent procurement controls, as prescribed in agency procedures, are operating adequately. If not to a great extent, determine why. Assess to what extent, if any, negative effects are consequently occurring.
What Are “Findings?”

• The results of our audit work
• Meet standards of evidence
  – Sufficiency
  – Appropriate
    • Relevant
    • Valid
    • Reliable
• Directly link to audit objectives
• Basis for conclusions and recommendations
Criterion

“What should be”
Condition

“What is”
Cause

“Why?”
Effect

“So what?”
Module 4.

TESTS AND TYPES OF EVIDENCE
Evidence Tests (or Standards)

GAGAS states that auditors must provide reasonable assurance that the evidence they collect and document is *sufficient* and *appropriate* to support their findings and conclusions.

Yellow Book Paragraph 7.03
Test of “Sufficiency”

- Focus is on QUANTITY
- Is there ENOUGH evidence to support findings, conclusions, and recommendations?
Test of “Appropriateness”

• Focus is on QUALITY

• Is the evidence
  – Relevant?
  – Reliable?
  – Valid?
RELEVANT
i.e., logically related to ...

1. ___________________________________________

2. ___________________________________________

3. ___________________________________________
VALID

• Logical
• Accurate
• Complete
• Current
• Authentic
RELIABLE

Data
• Consistent
• Verifiable
• Replicable

People
• Knowledgeable
• Free to share opinions
• Trustworthy
• Honest
• Open
• Forthcoming
Types of Evidence

1. Physical
2. Documentary
3. Testimonial

Yellow Book
Paragraph A7.02
Physical

- Obtained by auditor through use of senses
- Frequently obtained while observing a process or event being audited
- Seen, heard, felt, smelled, tasted
- Auditor documents sensation, e.g., photograph or written description
Documentary

• Written or graphic form
• Prepared by someone other than the auditor
• Examples?
  _______________________
  _______________________
  _______________________

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Testimonial

- Views, perspectives, and opinions of the auditee or a third party
- Generally collected through audit interviews
- Usually oral
- Can also be written (e.g., questionnaire responses or written response to question posed by auditor)
Strengths and Shortcomings of Physical Evidence

Strengths

Shortcomings
Strengths and Shortcomings of *Documentary* Evidence

Strengths | Shortcomings
---|---

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Strengths and Shortcomings of *Testimonial* Evidence

**Strengths**

**Shortcomings**
## Which Evidence is More Appropriate?

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A copy of a policy that is current and signed</td>
<td>1. Auditee’s interpretation of a policy collected during an interview</td>
</tr>
<tr>
<td>2. Information that the auditor has collected from a file review</td>
<td>2. Spreadsheet developed by the auditee of the information from the files</td>
</tr>
<tr>
<td>3. The original contract</td>
<td>3. A copy of the contract</td>
</tr>
<tr>
<td>4. Information gathered during a face-to-face interview</td>
<td>4. Information gathered during a telephone interview</td>
</tr>
<tr>
<td>5. A photo given to the auditors of a lake</td>
<td>5. The auditors seeing the lake first hand and taking a photo of it</td>
</tr>
<tr>
<td>6. A signed, original memorandum provided during an interview</td>
<td>6. A description of the contents of the memorandum provided by the auditee</td>
</tr>
<tr>
<td>7. A newspaper article quoting an agency official</td>
<td>7. A face-to-face interview with the agency official who was quoted</td>
</tr>
<tr>
<td>8. The time and attendance procedures manual</td>
<td>8. Auditors observing the time an attendance process</td>
</tr>
<tr>
<td>9. An interview with an employee by herself</td>
<td>9. An interview with an employee when her boss and lawyers are present</td>
</tr>
<tr>
<td>10. An interview with six auditees present</td>
<td>10. An interview with two auditees present</td>
</tr>
</tbody>
</table>
INCREDBLY IMPORTANT!!!!

Findings, conclusions, and recommendations do not count—do not exist—unless they are supported by sufficient and appropriate evidence.
What have you learned this afternoon?
THANK YOU!

Look for opportunities to practice your newly learned skills.

You will shine!