Communication and Interpersonal Issues for Auditors

The Institute of Internal Auditors
Tidewater Chapter
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Through live and recorded programs, performance coaching, and business consulting engagements, John helps program participants and client team members:

- Improve organizational, personal, and professional performance
- Enhance the effectiveness of business processes and individual behavior
- Improve interpersonal and communications skills
- Identify and improve areas of exposure to business risk, wrongdoing, and fraud

Speaking, training, coaching and consulting areas include:

- Personal and work group effectiveness, team building and motivation
- Communication and interpersonal behavior skills enhancement, including:
  - Establishing rapport and trust
  - Interviewing and listening
  - Speaking and presenting
  - Selling ideas and influencing others to take action
  - Audit and management leadership
  - Collaboration
  - Consulting skills for professionals
- Fraud prevention, early detection and incident response

In January 2014, John published *The Anti-Fraud Toolkit* – a self-guided system for business wrongdoing prevention and prompt detection. In 9 learning modules and 5 hours of video-recorded lectures, users can strengthen anti-fraud defenses and learn exactly ‘how-to’ reduce losses, find incidents more quickly and handle them efficiently. *The Anti-Fraud Toolkit* uses the action steps John developed over two decades in his client consulting, training, and coaching engagements.

In total, Mr. Hall has 35 years of experience as a professional speaker, consultant, corporate executive, and business owner. In addition to operating his own businesses since 1990, he has worked in senior leadership positions in large corporations and international public accounting firms. John is a member of the National Speakers Association, the American Institute of CPAs, and the Institute of Internal Auditors.


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OBJECTIVES AND PARTICIPANT REQUIREMENTS

Learning Objectives

Our Goal is...Better! "Better" = f (Vision, Choices, Action)

This seminar will teach you how to improve your ability to:

- Establish rapport and trust
- Sell audit ideas
- Interview and listen
- Speak and present
- Influence change
- Develop and apply Internal Consulting Skills

Key topics will include:

- Mastering critical interpersonal skills
- Action plans for addressing interpersonal skills needs
- Communicating real value – using the language of management
- Blending consulting concepts into routine audit assignments
- Selling audit findings
- Anticipating and overcoming resistance

Needed from Every Participant

Your job is to identify and record action ideas while we’re here in session – then actually use them when you get back to your audit projects. Continually ask yourself, “How can I use this?” – and write your action ideas down in your notes.

You may need to adopt and maintain an open mind – to deconstruct beliefs about how audits are done now and consider how they could be done more effectively.

Your job here also includes supporting your associates today by creating a ‘safe-environment’ where others can brainstorm and know that you are here for them and will support them in their efforts.

Thank you for participating in this seminar.

John

John J. Hall
Founder and President
Hall Consulting, Inc.
GETTING STARTED EXERCISE

Please do not begin writing until the instructor has given instructions.

PART 1 – POV You

PART 2 – POV Them

PART 3 – Skills You Need to Master

PART 4 – List one thing you want to accomplish in this program.
FOUNDATION PRINCIPLES
(Answer: How Can I Use This?)

1. The Daylight Principle of business performance

2. ‘Probabilities’ and applying this concept in your audit work

3. Expert auditing is part of the expert industry. It is a career – a calling to a mission of service – to teach others

4. Expert Auditing is both mental and physical. You must train yourself for both.

5. Auditor-experts: personal mastery and effective deployment of:
   a) Business skills
   b) Administration skills
   c) Technical skills
   d) Interpersonal and communication skills
   e) Collaboration and leadership skills
   f) Internal consulting skills

6. Every day, Master Auditors:
   a) Tell their ‘Springboard Stories’
   b) Teach ‘Bright Spots’
   c) Avoid ‘The Curse of Knowledge’
   d) Emphasize ‘precision and clarity’
   e) Audit to where the organization is going

7. Never underestimate the importance of CONTEXT

8. “We convince others by our presence” – Walt Wittman

9. You must find and demonstrate the Joy in your work.
CHANGE HAPPENS IN AN INSTANT

1. The inescapable nature of change

2. Why change is important to the auditor

3. Most people resist change

4. Ways to lessen the impact of change

5. Change happens in an instant: the Intervention Moment is all that matters

DISCUSSION QUESTIONS

List one ‘change’ you know you need to make in your work or behavior to operate at the highest level every day?

What’s the real reason you haven’t made this change so far?
THE BETTER! AUDIT APPROACH

STEP 1: PLAN BETTER!

“Begin with the End in Mind”

STEP 2: COMMUNICATE BETTER!

a) Constant attention to Explicit Communication techniques

b) Pre-audit communications take place face to face

c) Pre-audit communications include background information on the audit team

d) Pre-frame the thinking of team to be audited

e) Constantly reinforce the Purpose of the audit

BIO EXERCISE

Draft a one-page ‘bio’ to be distributed in advance of your audit projects.
THE BETTER! AUDIT APPROACH

STEP 3: EXECUTE BETTER!

STEP 4: REPORT BETTER!

a) Develop and report ideas that result in action
b) Verbal reporting comes first
c) Always separate the issue from the recommendation
d) Do not mask the real cause of the issue
e) Include auditee management in the report development process

STEP 5: FOLLOW-UP BETTER!

a) Check in at reasonable intervals after project ‘completion’
b) Stay appropriately involved until there is evidence that corrective actions ‘stick’
c) Seek meaningful feedback on the audit work
d) Measure results in meaningful ways
e) Make adjustment to future projects based on what was learned
ROOT CAUSE ANALYSIS

1. **What is Root Cause Analysis?**
   - Term used to refer to structured problem solving within organizations

2. **What is the relevance to the routine audit process?**
   - Audit observations target events that do not conform to desired outcomes. When these events or incidents are identified by auditors, the underlying root cause must be identified as well for corrective action to be initiated

3. **What general categories of “cause” should be considered by auditors?**
   - The cause and its solution usually resides in the related business process, in the human performance or oversight component of that business process, or both
   - Among the causes of issues identified by auditors are:
     - Faulty design
     - Hard control failure
     - Soft control failure
     - Change
     - Natural and man-made barriers
     - Cause and effect from factors beyond the manager’s control

4. **Who is in the best position to identify the true cause of issues?**
   - The managers and employees on site are usually in the best position to identify the important factors causing the issue

5. **What should auditors do to facilitate the Root Cause Analysis process?**
   - Auditors interested in moving managers to effective action should identify exactly what managers want from the problem remediation process.
   - One large-scale study of problem solving activity in business identified five specific outcomes desired by managers. Those managers wanted to know:
     - a. What happened
     - b. What were the root causes of the problem
     - c. What internal options are available that will deal with the problem
     - d. What is the cost of acting upon each of the available options
     - e. Which decision options will provide the most cost-effective solution
10 REASONS CONTROLS BREAK DOWN: How Many Do Your Have in Your Organization?

_____ 1. Blind trust

_____ 2. Willful blindness
  • Ignoring control implications of policies, procedures and reports
  • Ignoring behavioral indicators of problems

_____ 3. Situational incompetence

_____ 4. Not having information needed to assure transactions are proper

_____ 5. Not questioning the strange, odd and curious

_____ 6. The process mentality

_____ 7. Not enough time to do the control procedures

_____ 8. Not enforcing documentation requirements

_____ 9. Acceptance of the situation
  • Fear
  • Positional immunity
  • Conflict avoidance

_____ 10. Those in charge intentionally ignore or override procedures
THE IIA INTERNAL AUDIT COMPETENCY FRAMEWORK

Ten Core Competencies

I. Professional ethics: promotes and applies professional ethics

II. Internal audit management: Develops and manages the internal audit function

III. IPPF: Applies the International Professional Practices Framework (IPPF)

IV. Governance, risk and control: Applies a thorough understanding of governance, risk and control appropriate to the organization

V. Business acumen: Maintains expertise of the business environment, industry practices and specific organizational factors

VI. Communication: Communicates with impact

VII. Persuasion and collaboration: Persuades and motivates others through collaboration and cooperation

VIII. Critical thinking: Applies process analysis, business intelligence and problem solving techniques

IX. Internal audit delivery: Delivers internal audit engagements

X. Improvement and innovation: Embraces change and drives improvement and innovation
AUDITING SKILLS INVENTORY

Business Skills

Administrative Skills

Technical Skills

Interpersonal and Communications Skills

Internal Consulting Skills
## IIA COMPETENCY VI. - COMMUNICATION

The IIA Global Internal Audit Competency Framework

### VI. Communication

<table>
<thead>
<tr>
<th>Skill</th>
<th>Staff</th>
<th>Manager</th>
<th>CAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Secures the trust of others through positive use of communication</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>2. Fosters open communication</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>3. Demonstrates respect for others, and customizes messages to reflect the needs of the target audience</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>4. Organizes and expresses ideas clearly and with confidence in order to influence others</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>5. Extracts key information from a variety of sources to support communication</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>6. Selects appropriate communication forms (verbal, non-verbal, visual, written) and media (face to face, electronic, paper-based)</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>7. Employs the technical conventions of language (spelling, punctuation, grammar, etc) correctly</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>8. Listens actively, asking questions as required to check own understanding</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>9. Solicits feedback from audience to gauge the effectiveness of the communication</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>10. Anticipates reactions to communication and plans responses in advance</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>11. Discusses audit findings and their impacts professionally and confidently with appropriate levels of the organization</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>12. Interprets and uses body language to reinforce communication</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>13. Uses graphical methods to communicate processes and other complex information</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>14. Delivers information in a structured fashion to foster learning and development among members of the audience</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>15. Applies appropriate communication skills in interviews</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

Note: the skills required to support the core competency are common across all staff levels. However the demands of those skills increases with seniority as

- the information being handled becomes more complex
- the information sources being accessed become more numerous
- the strategic significance of messages being communicated becomes greater
- the audiences being delivered to are larger, more diverse and more senior
- the audiences being delivered to are more challenging and demanding
- the degree of thinking on one’s feet with shorter preparation time becomes greater
“Capability development is an on-going and iterative process. Development methods vary and it is valuable to incorporate a blend of development activities into a career/development plan. A range of development activities could include:

- Challenging job-based experiences including inclusion in special projects or taskforces
- Formal training program
- Exposure to strategic agenda and senior staff within the organization
- Use of senior mentors or coaches
- Self-development strategies such as personal reading, practice and reflection”

DISCUSSION QUESTIONS

1. Identify one area of your personal job performance where you believe there is room for improvement. Write it down here.

2. List two specific steps you could take before 6/30/14 to ‘move the needle’ on your performance in this area.
THE JOHN HALL BETTER! AUDITOR COMPETENCY FRAMEWORK

“Expertise is the Result of Your Relationship with Practice” – Bo Eason

Single Biggest Danger to Your Career: “This Doesn’t Apply to Me.”

LEVEL 3 - MASTERY OF AUDITOR INTERNAL CONSULTING SKILLS
(EXPERT CRAFTSMAN)

50 – 50 Partnership with management
“How can we…”
Results come from expressing informed opinions
Work is based on authenticity, relationships and on real and apparent expertise

THEY ASK YOUR OPINION

LEVEL 2 - MASTERY OF INTERPERSONAL AND COMMUNICATION SKILLS
(ADVANCED TECHNICIAN)

1. Emotional intelligence
2. Establishing rapport and trust
3. Listening and interviewing
4. Speaking and presenting
5. Selling ideas and getting action
6. Writing persuasively
7. Leadership, collaboration and influence

Results come from interaction during projects

THEY BEGIN TO LISTEN

LEVEL 1 - CORE COMPETENCIES
(NOVICE/APPRENTICE)

1. Core business skills
2. Governance, Risk and Control Skills
3. Demonstrate knowledge of company/organization and industry
4. Auditing technical skills, including knowledge and application of the IPPF, data collection and analysis, CAATS, and critical thinking
5. Administration skills, including personal time management

Results come from designed tests and observation

WORK IS BASED ON AUTHORITY
HOW TO BUILD EFFECTIVE AUDITOR TECHNICAL SKILLS

Many are taught how to audit. Few are shown how to be an auditor…or manager.

1. Certification

2. Assigned research

3. Continuing education

4. Stretch assignments

5. Formal active mentoring and coaching

6. Supervisors who develop staff who can replace the supervisor

7. Planned pursuit of mastery in a chosen technical sub-specialty

8. Coaching

9. Conscious selection and pursuit of a technical subspecialty

10. Create and document a career development plan
EMOTIONAL INTELLIGENCE

Set of skills and competencies that affect our ability to successfully manage ourselves and navigate social environments. These skills can be learned and improved.

4 PARTS

1. Self-Awareness
   - 360 degree picture of who you are and the impact you have on others

2. Self-Direction
   - Control impulses
   - Motivate oneself
   - Adjust emotions and thoughts to changing situations

3. Empathy
   - Taking others perspectives into account
   - Sense others’ feelings and needs
   - Understand group dynamics

4. Social Facility
   - Applies to interactions with other people
   - How well we demonstrate
     ✓ Self-awareness
     ✓ Self-Direction
     ✓ Empathy

DISCUSSION

While auditing, we occasionally (frequently?) come up against someone who clearly has poor emotional intelligence skills. These folks seem to suck the energy right out of us, leaving us wondering why we even bother. Think of one such person in your work environment. Describe what you observed in their behavior in terms of:

<table>
<thead>
<tr>
<th>Self-Awareness</th>
<th>Empathy</th>
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<tbody>
<tr>
<td>Self-Direction</td>
<td>Social Facility</td>
</tr>
</tbody>
</table>
ESTABLISHING RAPPORT AND TRUST

1. It is a conscious campaign
2. Starts at first contact and continues through the end of the engagement
3. Deal actively with barriers and flawed beliefs
4. How others see us
   a) We see ourselves from the inside out
   b) Others see us from the outside in
   c) To someone who does not know us, perception is reality
   d) You have to be an attractive person
   e) Appropriate ‘Matching & Mirroring’
5. Six tips for building rapport
   a) Do our homework
   b) Ask questions
   c) Express the benefit to them
   d) Be courteous
   e) Be authentic
   f) Be present

BEING PRESENT: 4 QUESTIONS
“The Charge” Brendon Burchard

1. Where shall I focus my thoughts right now?
2. How shall I feel right now?
3. How are others thinking and feeling in this moment, and how would I like to interact with or influence them?
4. How present am I right now on a scale of 1 to 10?
DESCRIBING THE ‘PURPOSE’ OF YOUR AUDIT GROUP

Defining purpose answers the question: *Why?*

“Everyone sells their ideas every time they open their mouths – so why not get good at it”

- Bill Gove

After listening to the instructions from the program leader:

1. Write out your department’s ‘Purpose’
   
   “The Purpose of our department is

2. Write out your personal ‘Purpose’ in auditing:
   
   “The main reason I choose to audit in this organization is

3. If you were the chief executive of your organization, list three things you would want your audit organization to do.
LISTENING AND INTERVIEWING

The word “auditor” means one who listens. Individual and group interviews have always been a core method for gathering information during all phases of the audit process. Even auditors with minimal experience have daily opportunities to use and refine their interviewing and listening skills.

An interview is:

- A face to face communication
- Between two people
- Initiated for a specific purpose
- Focused on a specific content area

Audit interviewing is a core competency for professional auditors at all levels – a skill to be practiced, refined and mastered.

DISCUSSION QUESTIONS:

1. Drawing from your past audit interviewing experiences, please provide the following:

   i) An example of a great interview, and why?

   ii) An example of an interview where you were disappointed with the results, and why?

2. What are some of the factors that the auditor should consider in planning an audit interview?
INTERVIEWING CONSIDERATIONS

AUDIT IDEAS ARE SOLD DURING INTERVIEWS

Key issues to consider:

1. The questions you ask, how you ask them and types of things you specifically ask about will influence their thinking, their reactions and maybe their behavior

2. The questions tell them what you think is important
   
   Examples:
   - How do your supervisors know if…
   - How do you monitor…
   - Do you receive the right information to know if…
   - In your opinion, what causes…

3. Predict responses and script what to do next
   
   • Open ended questions
   • Statement of your belief or experience
   • Restatement
   • Hypothesis about the next layer of the issue

4. Dealing with resistance: pick up on it – name it – wait for response

5. Understand organizational realities

6. Understand the need for ideas to be actionable

7. Include the organization’s behavioral norms in your observations
   
   • How open are the people being interviewed?
   • How does a member of the group deal with issues like conflict, resource problems, or failures of other groups to support their objectives?
   • Get aware of history and folklore attached to the issue being examined

8. Plan the place, length, tone and any other controllable aspects

9. Script important points, questions and reminders

10. Summarize important conclusions and feelings immediately after the interview
INTERVIEW STRUCTURE SUGGESTIONS

1. Limit questions to short focused statements. Deal with one issue or question at a time.

2. Proceed in a logical order – chronologically, transaction order, processing steps, etc.

3. Move from general to specific (who, what, where, when, why, how)

4. Move from questions where the answer is known to those where the interviewer does not know the answer.

5. Proceed from non-sensitive to sensitive issues.

6. Avoid loaded terms.

7. Ask interviewee to give the basis of any conclusions or opinions stated.

8. Plan the introduction of documents into the interview.

9. Listen actively to both the answer given and any non-verbal statements.

10. Force the interviewee to stay on track.

11. Paraphrase the answers given to ensure that your understanding is correct. For example, “Let me summarize what I think I heard you say…”

12. Avoid verbal or nonverbal reactions demonstrating your own judgment, anger, disgust, disagreement or any similar emotions, unless intentionally done as part of the interview plan.
HOW TO PRESENT...BETTER!

1. What presentations do you make as a routine part of your job?

2. Call to mind an outstanding presentation you witnessed. List two specific details that cause you to remember that this presentation was outstanding.
   a. 
   b. 

3. Call to mind a presentation that you would rate as “poor” or “needs improvement.” List one specific detail that caused you to remember that presentation as failing to meet your expectations

4. What one change would you make to your own presentations that would move your presentation skills toward the master level.

5. List some of things that could go wrong during audit presentations. Be specific.
SPEAKING AND PRESENTING

1. Every time an auditor comes “in contact” during the audit process, a presentation occurs.

2. People are going to judge you when you present. Get used to it.

3. Know your purpose. Most business presentations don't achieve their purpose.

4. Beware the Lake Wobegone Effect.

5. Break down the presentation process – from concept, to planning, to delivery, to feedback and analysis. Objectively examine the quality of your presentation at each phase. Find opportunities to improve at each phase.

6. Visualize the presentation. Listen to your voice. Watch your behavior.

7. Get meaningful feedback. It can hurt and it can help.


9. Have something to present. Be your audience. Know their reason for listening. Ask and answer: “What’s in it for them?” Help them feel good.


11. Know your setting.

12. If there is something you do not want them to think about, don’t say it.

13. When you get to the end, stop.

14. Things will go wrong.

15. Get a coach.

"TELL ME ABOUT ME"

It’s all about them. Always.
When you think it’s about your meeting, idea, audit, point or agenda, you are wrong.
Even when you are absolutely certain that it is about your issue. You’re still wrong.
HOW YOU ‘APPEAR’ TO OTHERS

During presentations, assume that the audience is looking for verbal and non-verbal clues that reinforce or detract from your message. Of course, our well-planned words will make our case. Content is critical. But beware of undermining those words with non-verbal signs that conflict with your intended message.

What people supposedly 'hear':

- 55% visual
- 38% vocal
- 7% words

When there are conflicting messages, non-verbal attributes perceived by others far outweigh what is said.

Avoid giving people the opportunity to discount what you have to say. Stress clues that reinforce the message; eliminate or minimize those that get in the way. Packaging of the message and the messenger is important.

Understand “Apparent Expertise” – You are only as expert as you appear!

Look as great as you are.

Potential vocal contaminants:

- Tone
- Speed
- Range
- Volume and projection
- Relative accent

Other potential contaminants:

- Room set up
- Lectern
- AV
PREPARATION

Mark Twain

“It usually takes me more than three weeks to prepare a good impromptu speech.”

1. Start with a blank page.

2. Write out the Purpose of the presentation.

3. Begin with the end in mind. Ask yourself HDWK? How will you measure whether the presentation is a success?

4. What is the length of the presentation? Consider several “mini presentations” of 10 to 15 minutes each:
   - 20 minutes = 2 major points
   - 30 minutes = 3 major points
   - 45 minutes = 3 major points and possibly 1 minor point or Q&A

5. Research the audience – to better focus the presentation, set the correct level of discussion. Answer the question, “What is their need that this presentation will address?”

6. How should the presentation be structured? From general overview to specifics? Or is a high level discussion appropriate with specifics available if asked during the presentation? What does this audience need?

7. Specifically address whether active participation will be part of the presentation. Plan how to control this participation.

8. Ask yourself: Is a presentation the best way to accomplish our purpose?
   - Do people need an opportunity to have a discussion in order to act?
   - Do they need to be able to question the presenter to understand?
   - Is the purpose to sell an idea or action?
   - Is the purpose to teach or demonstrate?
   - Is there some other practical reason for the presentation to take place?
PRESENTATION AIDS

Few are good enough to present without some kind of notes.

Tailor presentation aids to the purpose of the presentation, the setting, the audience, the degree of formality, the experience level of the presenter, and other practical considerations. Presentation aids include:

1. Printed agenda
2. Handouts
3. Flip charts
4. Overhead “transparencies” and slides
5. PowerPoint and similar computer generated projections
6. Video and audio
7. Markers, pads, Post-It Notes, index cards
8. Seating arrangements and room layout
9. Lighting
10. The all-important script. Prepare a script, in whatever format works for you.
POWERPOINT

PowerPoint and similar software tools are great aids to an effective presentation.

But they are not the presentation – you are! As with any audio/visual aid, these tools should support the outstanding presentation you are making, not replace it.

Some thoughts on the slides:

1. Keep the slides simple
2. Keep transitions simple
3. Background color
4. Use visuals and text colors intentionally
   - Use red in moderation
   - Yellow conveys a positive warm message
   - Dark blue is relaxing
   - Red and green are the two colors most often confused by those with color blindness (10 % of men, 0.5 % of women)

Content suggestions:

1. Three points per slide
2. Delete unnecessary words or other content – use real examples
3. List points in order of priority:
   - “While all of the issues discussed here are important, we will cover them in terms of relative importance…”
4. When comparing, compare in a way that can be easily visualized
5. Label pie chart “slices” outside of the pie
PowerPoint (continued)

Other Suggestions:

1. Print out the slides in black and white. If they are difficult to read, consider changing your color scheme.

2. If possible, don’t turn down the lights in the room. It makes people sleepy, and takes the focus away from your own personal wonderfulness.

3. Change your own slides (and practice doing so!)

4. Practice with the actual:
   - Computer
   - Projector
   - Slide changer
   - Room

5. If someone else is pre-loading your slides, after they are done double check that the file is correct, complete and works. Make sure they made no changes to colors (especially background), format, or any other details. Keep a copy of your original file on a memory stick, and insist on using it if changes have been made without your knowledge.

6. Remember:
   - Projectors fail
   - Software fails
   - Computers fail
   - Batteries run out
   - Colors change
WHAT CAN GO WRONG

“You aren’t really alone when you stand and present. It just feels that way.”

Anticipate what can go wrong. Pre-plan your response. Here are some examples to consider:

1. Your mind goes blank or you lose your place
2. You drop your notes
3. Your mouth goes dry
4. Your voice goes away
5. Equipment malfunction (special attention to microphones and projectors)
6. Apparel malfunction
7. Back of heads versus faces
8. The lights go out
9. Someone needs medical attention
10. Last minute schedule, purpose, or content changes
11. Extensive discussion during program throws off your timing
12. The most important person is late or doesn’t show up
13. People are late
14. Coffee, water pitchers or other liquids get spilled
15. Room issues and other ‘contaminants’ are present
16. Communication gaps exist
17. Planned humor is not usually humorous
Q&A

Why do we have a period of Q&A?

- To create positive interaction
- To provide an opportunity for participants to clarify what was presented
- To reinforce points made during the presentation
- To get feedback, information or areas of special interest to participants

When should we take and address questions?

Be up front and tell the participants your preferences for questions.

- Questions addressed during presentation should be limited to legitimate clarifications of presentation material. Try to limited questions during the presentation. It’s too easy to lose control of time and presentation ‘flow.’
- More general questions should be saved until the end of the presentation.

How to Answer

1. Start by listening. Don’t think about answering until the question is done.
2. Then repeat the question, modifying it for the general audience. Consider looking away to other audience members as you repeat the question. During this period, formulate your answer.
3. Pause if you need to. Then give your answer.
4. If you don’t know the answer, say you don’t know. “I don’t know” is in fact an answer to a question. If possible, make (and keep!) a promise to get back to the questioner (or whole audience) at a specified time.
5. Avoid getting drawn into a cycle of speculation.

In Summary

Start by being relaxed and composed. Take a breath before soliciting questions.

Be polite but firm. Remember your responsibility is to the whole audience – not just to the individual who asked the question.

Repeatedly check in with the rest of the audience – visually and verbally. Make sure you are not alienating others as you spend time on one person’s interests.
SUMMARY

1. Know your purpose. Know your material. Know your audience.

2. Be yourself.

3. Pay attention to the physical.

4. Mind your voice.


7. Keep it simple.

8. Be clear.

9. Keep on point.

10. Have confidence in your self, your message, and your process.

11. Have fun. You have the best job in the room.
ANTICIPATING AND DISARMING RESISTANCE

1. In your opinion, why do people resist change – even when it is clearly in their own best interest to change their behavior?

2. Do you believe that the auditor has responsibility for causing change to occur? How far should we go, in your opinion?

3. List one objection frequently raised by the people and organizations you audit.

For the objection identified above, list the underlying beliefs that might cause this objection.

Write a one to three sentence response to clarity and disarm the objection.
SELLING AUDIT IDEAS AND GETTING ACTION

1. Selling implies that there is something to sell.

   “We Sell Intangibles.”

2. Selling requires an interested buyer.

3. Selling implies that the buyer will in fact buy.

4. Potential buyers don’t buy for many reasons.

5. Sellers can plan how to handle barriers to the sale.

6. The sale is only closed when the buyer takes action.

7. People tend to resist change that is forced on them, and they often mask that resistance in one or more of the following excuses:

   a) That’s the way we’ve always done it.
   b) What if I’m not as good at my job if I try the new idea?
   c) What if it doesn’t work? I’ll look silly for trying.
   d) The benefits don’t exceed the costs.
   e) I’m not clear on what I’m supposed to do.
   f) I don’t know how to do that.
   g) I just don’t want to.

Don't hit them between the eyes. Engage the little voice in their head.
DEVELOPING HIGH IMPACT AUDIT FINDINGS

DISCUSSION QUESTIONS

1. Do you feel that producing audit findings is important for the success of your audit department? For the success of individual auditors in your organization? Why or why not?

2. Some auditors have stated that they believe audit management feels so much pressure to complete audits on time and within budget that they shouldn’t follow through on immaterial exceptions. What is the impact of this belief on audit findings?

ATTRIBUTES OF A HIGH IMPACT FINDING

HIGH IMPACT FINDINGS:

• Grab the attention of the reader.

• Result in action!

• Are incident rather than opportunity focused.

• Avoid style and language that hurts.

• Never result in a “So What?” reaction from the reader.

• Provide recommendations and suggestions that demonstrate recognition of the realities of the auditee’s environment.
SUGGESTIONS ON SELLING IDEAS FROM “SWITCH”

1. The brain has two independent systems at work.
   (a) The emotional side that is instinctive and feels pain and pleasure
   (b) The rational side (reflective or conscious) that deliberates and analyzes

2. Some change is hard because people wear themselves out.
   (a) What looks like laziness is often exhaustion.

3. If you want people to change, you must provide crystal clear direction.
   (a) What looks like resistance is often lack of clarity.
   (b) Some is not a number; soon is not a time.

4. Find and communicate the ‘bright spots’ – successful efforts worth emulating
   (a) Answers: “What exactly needs to be done differently?”
   (b) Find it; verify it; clone it.
   (c) The paralyzing part of change is in the details.

5. Remove all ambiguity. Script the critical moves. Clarity dissolves resistance.
   (a) Every barrier that’s removed makes the path clearer.

6. Behavior change happens in highly successful situations mostly by speaking to people’s feelings.

7. Understand and use ‘seeding’. Starting an unpleasant task is always worse than continuing it. You need quick wins to get fired up.

8. Help them grow.

9. Everything is hard before it is easy.
   (a) Expecting ‘foggy periods’
   (b) People will persevere only if they perceive falling down as learning rather than failing

10. Look for ways to make undesirable behavior impossible.

11. Always keep the elephant moving forward.
LEADERSHIP, COLLABORATION, AND INFLUENCE

You are here to make a difference –
in your work and in those you serve in that work

1. This is the moment where preparation and opportunity meet
2. There is a massive need for your help
3. Leadership, collaboration and influence all stem from empowerment of others
4. The importance ‘giving permission’
5. We show them how to / facilitate their own efforts to fix their own issues
6. Help them make common sense common practice
7. Preach outcomes constantly
8. You have a personal brand (a ‘promise delivered’)
   a) The one thing you do better than anyone else
   b) Define it – work it – make sure others know about it
   c) Verbalize your commitment
9. The best marketing of self and team is being the absolute best at what you do
10. Make the client’s story and your story one and the same
11. Those we audit – need you to lead them
12. Rededication to fundamentals leads to next level performance
13. Auditing is walking a tightrope.
14. Beware: If you take the lid off, you won’t want to go back

Leadership is about fitting the right approach to the right context,
with the right people involved, to get the right things done.

Brendon Burchard
The Student Leadership Guide
THE INTERNAL AUDITOR AS INTERNAL CONSULTANT

1. In the book *Flawless Consulting*, Peter Block states,
   - “You are consulting any time you are trying to change or improve a situation but have no direct control over the implementation.”
   - “There is a way to manage yourself as you are consulting that maximizes your potential usefulness and directly deals with the resistance you encounter.”
   - “Consulting flawlessly requires intense concentration on two processes:
     - Being as authentic as you can be at all times with the client.
     - Attending directly, in words and actions, to the business of each stage of the consulting process.”

2. Consultants can be naturally classified as either internal or external.

3. The relationship between the internal auditor consultant and the organization is based on employment. As such, internal auditor consultants are expected to remain with the organization after the consulting task or project has been completed.

4. As employees, the internal consultant should have an interest in the success of the organization. However, as employees, auditing consultants are also greatly influenced by their position in the organization, organizational politics, and the need to achieve their primary purpose of providing objective auditing services.

5. While some auditors are called upon to participate in projects that are heavily consultative in nature, most internal auditors believe they have only limited opportunities to act as internal consultants in the context of their traditional auditing assignments. This belief is flawed.

6. The ideas discussed in this seminar can be used by any auditor in a risk free manner.
INTERNAL CONSULTING MOMENTS

You are an audit team leader on a project involving tests of processing, completeness and accuracy controls in your organization's centralized cash disbursements center. During the kickoff meeting on the first morning of the fieldwork portion of the audit, you ask the auditee managers present if there are any specific areas of concern that you might address if time permits.

The subsequent discussion reveals the following three issues. How would you respond to each?

A. In the opinion of one manager, the amount of paperwork and resulting cost involved in processing small dollar transactions probably exceeds the amount of the transaction itself. He asks, "Isn't there a better way to do this? What are other organizations doing?"

B. A second manager mentioned that she recently attended a conference where a vendor made a presentation on the benefits of issuing purchasing cards to field service technicians who work from their homes. She asks, "Would this be a good idea in our company?"

C. A third manager mentions that he heard a rumor about a fraud in another division involving the use of fictitious documents to initiate disbursements to non-existent payees. He asks, "What can we do here to prevent this from happening to us?"
SUGGESTED CONTRACTING PHASE QUESTIONS FROM “CONSULTING FOR DUMMIES”¹

1. What is the problem (or issue) you would like me to address?
2. Why do you think the problem is occurring?
3. How long has your organization had this problem?
4. Have you tried to solve the problem? How? What happened?
5. What suggestions do you have about how I should approach this problem?
6. What are your objectives for this project?
7. Are there any organizational obstacles in the way of finding a solution?
8. Are there any organizational obstacles in the way of implementing recommendations?
9. Is your management team committed to making the organizational changes needed to make this project a success?
10. What measurable outcomes do you want to see at the end of the project?
11. When would you like this project completed?
12. How do you see your role during the course of the project? After project completion?
13. What kinds of information and other support can your organization provide?
14. Will I be responsible for helping to implement the project recommendations?
15. Do you have a budget in mind for this project?
16. Do you have any personal concerns about this project?
17. How soon would you like to start?

¹ Consulting for Dummies, By Bob Nelson and Peter Economy. IGB Books Worldwide, Foster City, CA
BLENDING CONSULTING CONCEPTS INTO THE AUDIT PROCESS

1. Focus on incorporating the consulting skills and techniques discussed in this seminar in routine audit assignments.

2. Example opportunities include:
   
   a) Informal instruction on the purpose of standard control procedures
   b) Passing along best practices observed on other project
   c) The organization's biggest challenge
   d) The organization's most common complaints
   e) Concerns and frustrations expressed by auditee representatives
   f) Safety, security, efficiency issues
   g) Full scope audits aimed at operational or process improvement
   h) Follow up comments and satisfaction survey results from recent projects
   i) Internal issues facing the audit department

3. On select projects, consider allocating five to ten percent of the project budget to pursue consulting-type issues.

4. Offer small step projects to key management personnel.

5. Make a soft offer during planning or at the kickoff meeting, and be prepared for resistance or an outright rejection.
‘MUST DO’ GUERRILLA AUDITOR ACTION CHECKLIST

“Auditors provide suggestions that will encourage well-intentioned management to do the right thing.”

1. Always act in alignment with your group and individual purpose
2. Constantly improve your skills
3. Communicate relentlessly about your purpose, process and value
4. Bring important issues to the attention of those who can take action
5. Identify and report the real reason why an issue or problem exists
6. Assist managers and other clients in their efforts to implement needed changes
7. Embrace the role of internal consultant
8. You are an expert. Be willing to teach others
9. Identify and eliminate any barriers to audit quality.
10. Adapt Root Cause Analysis to your audit approach. Use it on every finding you intend to report.
11. Increase performance auditing efforts. Study what auditors in government are doing in this area.
12. Use the P.O.V. approach in all of your work
13. Before you put away your notes from this seminar, read through them one more time. Make a separate list of the ideas you will implement. Set deliverables, deadlines and measures for each action commitment.